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DPG China Monitor

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Cover Photograph:

*Chinese President Xi Jinping attends the 12th BRICS Summit on November 17, 2020. Source: Xinhua*

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Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre,
Lodhi Road, New Delhi- 110003.
www.delhipolicygroup.org
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Abstract

The China-India relationship oscillated between stalemate at the border and animosity in rhetoric through the month. The 8th round of military talks did not result in concrete steps towards disengagement as both sides prepared to sustain their positions through the imminent winter. The talks attracted differing strands of discussion, the Indian media reporting possible plans for disengagement which were refuted by the Chinese side.

The month also saw India’s inclusion of Australia in the Malabar naval exercise for the first time in a development that appended a military dimension to the Quadrilateral Security Dialogue (QUAD). The move prompted sources in Beijing to liken the security grouping to an “Asian version of NATO.”

China pushed forward its economic interaction with India’s neighbours, emerging as Nepal’s biggest source of FDI (81%). Additionally, Beijing also signed a USD 300 million agreement with Sri Lanka, to build an “export-oriented tire factory” in the Hambantota port industrial zone. With India and China locked in a tenuous border situation for months, Beijing’s bid to enhance economic engagement in South Asia can be seen as an effort to expand influence in New Delhi’s vicinity. Nonetheless, as Beijing made strides in its relationship with South Asian countries, it was reported that the Belt and Road Initiative, which serves as the fulcrum for Chinese projects and investments overseas, is expected to slow down since China is reeling with an increased debt burden.

The China-U.S. relationship further deteriorated this month, with Washington enhancing ties with Taiwan, engaging on Tibet and imposing various bans and sanctions on Beijing. The U.S.’s approval of the sale of four Weapons-Ready MQ-9B Remotely Piloted Sea Guardians to Taiwan annoyed China which demanded that Washington halt the deal, calling it a “serious violation of the one-China principle.” The U.S.-China row over Taipei was further complicated by the arrival of U.S. Marines in Taiwan to “instruct troops on the island”. The development provoked a sharp Chinese response that such attempts “will not change cross-strait military balance, the island’s military capability is limited and would collapse in the first blow.” The month also marked the historic visit of Lobsang Sangay, president of the Central Tibetan Administration, to the White House for the first time in six decades. Sources in Beijing, irked by the visit, called it a “grave interference” in its “internal affairs.”

Exacerbating bilateral tensions further, the White House banned American investment in companies thought to be owned by the Communist Chinese
Military. The Trump administration claimed that Beijing is using American capital for the “modernisation of its military, intelligence”, which pose a threat to the U.S.. The Chinese Commerce Ministry criticised this decision for lacking “evidence” and flouting “legal principles.” Additionally, the U.S. also imposed sanctions on four Chinese officials for their role in implementing the Hong Kong Security Law. China deemed these sanctions as “bullying” by the U.S. and maintained that such actions would not dampen “China's resolve to safeguard its national security.”

The Hong Kong Government expelled four legislators from the Legislative Council, a move that culminated in the mass resignation of pro-democracy legislators. The Five Eyes Alliance protested the expulsion as a “concerted campaign to silence all critical voices,” which the Chinese Foreign Ministry condemned as “blatant interference in China’s affairs.”

The month also marked the U.S. Presidential election, which was extensively covered in China. The media attempted to showcase the faults of the American political system which “splits US society” and “could endanger a big country with complex conditions like China.” As netizens on Chinese social media followed the election closely, Chinese state media cited the alleged "bias" of the American media to negate its past coverage of China as an “anti-human” country that “maliciously violates human rights”. Chinese media also projected the election and its aftermath as “an entertainment, a sneak-peek into the US and its chaotic society.” On the official front, President Xi Jinping congratulated President-elect Biden and reiterated “the spirit of non-conflict, non-confrontation, mutual respect and win-win cooperation” for the purpose of a stable U.S.-China relationship.

China also participated in various multilateral meetings this month, with President Xi attending the Shanghai Cooperation Organisation (SCO) Summit, the 12th BRICS Summit, APEC CEO Dialogues and the 15th G20 Leaders’ Summit. The common theme of President Xi’s addresses at these meetings was building a “community of health” and security through epidemic cooperation and the peaceful resolution of disputes, opposing “unilateral sanctions” and foreign “interference in others’ internal affairs” while emphasising the smooth functioning of the global economy and “international cooperation” for “common development.” Chinese Premier Li Keqiang represented Beijing at the 23rd China-ASEAN Summit, the 23rd ASEAN+3 Summit and the 15th East Asia Summit. At these summits, he called for economic cooperation between East Asian countries and spoke of boosting public health capacity. He also applauded the signing of the Regional Comprehensive Economic Partnership.
(RCEP) as a “landmark achievement of East Asian regional cooperation” and “a victory of multilateralism and free trade.”

On the domestic front, the Communist Party of China (CPC) unveiled the full text of the Party leadership’s proposals for formulating the 14th Five Year Plan (2021-2025). While expounding on these proposals, President Xi Jinping underscored the “importance of adopting a ‘New Development Pattern’ with focus on deepening the supply-side structural reforms and making domestic market the mainstay of China’s economic development with ‘dual circulation’ involving both domestic and foreign markets”. China’s next five-year plan is likely to address the problem of ‘ageing population’ by scrapping the rhetoric of ‘family planning’. The 14th Five Year Plan will also see a steady promotion of the free trade zones, the Hainan Free Trade Port and national level economic development zones as the main areas of the economy. During the month, state media described China as a ‘stabiliser’ and ‘safe haven’ for global multinational investments. To make this point, they highlighted stronger-than-expected growth in the quarterly earnings of MNCs such as Estee Lauder and Coca Cola. In another major development, China successfully hosted the third edition of ‘China International Import Expo (CIIE)’ in Shanghai, where President Xi reiterated “China’s commitment to open its economy further and become a greater market shared by the world”.

In a significant development signalling China’s likely shift towards a stronger Yuan exchange rate policy to help domestic demand, the Chinese Yuan jumped by more than 200 basis points to 6.5637/USD in early November, its strongest level since June, 2018. China’s State Council also unveiled guidelines on innovative foreign trade development. Further, Chinese analysts lauded the ‘Regional Comprehensive Economic Partnership (RCEP)’ trade agreement as a catalyst in Asia’s long-term integration.

China is set to modernise its armed forces by the 100th anniversary of the founding of the PLA in 2027, with momentum on domestic development of weapons and equipment as well as the associated military reforms. China is likely to roll-out a new fourth generation stealth bomber like America’s B2 Spirit, improve the J-20 stealth fighter aircraft, commission a third aircraft carrier and launch aircraft carrier based stealth aircraft similar to the FC-31. New amphibious vessels will also be launched and existing destroyers and frigates, such as the Type 055 and Type 054A, will be upgraded. Furthermore, China is set to implement legislation that would allow its Coast Guard to use force against vessels believed to be violating China’s sovereignty.
On the infrastructure front, China will soon start the construction of the Sichuan-Tibet Railway’s Ya’an-Nyingchi section. It will help build a national security barrier in Tibet while consolidating and tightening China’s control over the border areas. Meanwhile, in a bid to inculcate a sense of national pride among its residents, Hong Kong’s three major radio stations will start playing the Chinese national anthem every morning from mid-November.

In light of the reported victory of Joe Biden in the U.S. Presidential election, Chinese analysts believe that Taiwan’s Democratic Progressive Party (DPP) has embarrassed itself by rooting openly for President Donald Trump. Furthermore, Chinese authorities are also likely to blacklist secessionists in Taiwan including regional leader Tsai Ing-Wen, especially in the aftermath of U.S. Secretary of State Mike Pompeo’s statement describing “Taiwan as not a part of China”.
Foreign and Security Policy

China-India Relations

Although the military channel of negotiations remained active during the month, the border standoff in Ladakh saw little positive development. On November 6, India and China held the 8th round of military talks in their continued effort to reach agreement. While the talks were described as a “candid, in-depth and constructive exchange of views”, there was no breakthrough towards disengagement; resultantly, both sides prepared to sustain their respective positions through the harsh winter. Nonetheless, both sides reiterated their desire to keep negotiation channels open for another round of talks in the near future.

Chinese analysts held that the “Indian side” is “to blame for the situation” given their “reluctance to retreat” from Pangong Tso (South Bank and Kailash Range), which has allegedly been regarded as the “trophy of war” and has contributed to the “failure in addressing the row.” The entire focus of Chinese disengagement initiatives centred on Pangong Tso, with no discussion on pull back from Depsang Plains and other locations.

There were claims and counterclaims with regard to possible disengagement plans. The Indian media reported progress in the military talks resulting in a three-step disengagement plan which included “removal of armoured personnel carriers within one day of inking an agreement, withdrawal of troops from specific areas on the north and south banks of the Pangong Tso in eastern Ladakh and carrying out verification of the disengagement process by both the sides.” Chinese state media disputed these claims, alleging that the disengagement reports were “inaccurate and not helpful for the two sides to reach their established goals.” Chinese sources attributed these claims to India’s “aim of stirring up domestic nationalism”, claiming that “India has always had ‘unrealistic’ ideas about the Line of Actual Control (LAC) and

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1 “8th round of India-China Corps Commander Level Meeting”, Ministry of External Affairs of India, November 08, 2020.
2 “8th round of India-China Corps Commander Level Meeting”, Ministry of External Affairs of India, November 08, 2020.
4 “India, China on verge of reaching agreement to resolve border standoff in eastern Ladakh”, The Economic Times, November 11, 2020.
   Also see: Rajat Pandit, “India, China on the verge of troop disengagement in Pangong Tso-Chushul Area”, The Times of India, November 12, 2020.
5 Guo Yuandan and Liu Xin, “Indian media’s reports on detailed border disengagement plan with China ‘inaccurate’: sources”, Global Times, November 12, 2020.
disregarded history.” In another development, a Chinese scholar claimed that the Chinese army “used microwave weapons (EMP) to force Indian troops to retreat,” allowing China to retake India occupied positions “without an exchange of conventional fire.” The Indian Army categorically rejected this claim, calling it “baseless” and “fake.”

The Chinese media also displayed some apprehension regarding the “recent enhancement of India-US ties” in the context of the Basic Exchange and Cooperation Agreement for Geo-Spatial Cooperation and the QUAD, which they concluded will “encourage the Indian side to act tougher during talks.” Chinese state media claimed that the “People’s Liberation Army (PLA) has an overwhelming superiority over the Indian army if there is ever a winter war.”

The border issue also found considerable mention in the speeches of Indian leaders and officials this month. The stalemate was highlighted by Indian Chief of Defence Staff General Bipin Rawat, who attributed the dispute to “transgressions and belligerent actions by the Chinese” and hinted at the possibility of a “large scale conflict.” Speaking along the same lines on November 5, Indian Defence Minister Rajnath Singh placed prime importance on India’s “ability to secure India’s territorial integrity and sovereignty from external threats.” Additionally, President Xi Jinping and PM Modi came face to face at various multilateral meetings such as the 20th Summit of the Shanghai Cooperation Organisation (SCO) Heads of State, 12th BRICS Summit and the 15th G20 Leaders’ Summit. PM Modi used the SCO Summit on November 10 to send a clear message to China to stop its provocations by

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8 “‘Baseless, fake’: Indian Army on reports that China used ‘microwave weapons’ in Ladakh”, The Indian Express, November 19, 2020.
10 See 11 Ibid
12 “Raksha Mantri Shri Rajnath Singh: Determined to protect India’s sovereignty and territorial integrity ; outlines broad principles for national security at a Webinar of National Defence College’s Diamond Jubilee Celebrations”, Press Information Bureau, November 5, 2020.
emphasising the need to follow “principles respecting each other’s sovereignty and territorial integrity.”

Overall, even though the standoff remained free of active confrontation or escalation, the continued rhetoric through an orchestrated “influence campaign” and deadlock over disengagement forebodes a continuation of the standoff into the icy winter.

Amid the backdrop of the ongoing border tensions with China, India hosted the Malabar naval exercise with the three other members of the QUAD this month. The exercise, first conducted between November 3-6 and then between November 17-20, included Australia for the first time, completing the presence of all QUAD members and adding a military component to the strategic grouping. The four nation exercise, which symbolised the evolution of the QUAD, drew a strong reaction from Chinese state media, which called the grouping the “Asian version of NATO.” Maintaining that “China will not be intimidated by an ordinary annual military exercise”, the media concluded that


it is “unwise and irrational for the Modi government to hold the naval drill that includes all QUAD countries.”

**China-South Asia Relations**

The month also saw China stepping up its investments in Nepal and Sri Lanka. It was revealed that China became Nepal’s biggest FDI investor in the first quarter of 2020-2021, which commenced in July 2020, accounting for 81% of Nepal’s FDI. Beijing pledged USD 132 million to Kathmandu, of which USD 89 million were attributed to rejuvenating the tourism sector which has been worst affected by COVID-19. Furthermore, on November 19, Beijing signed a USD 300 million agreement with Sri Lanka to build an “export-oriented tire factory in an industrial zone adjacent to the Hambantota International Port.” This development comes after President Rajapaksa’s request to Beijing to disprove the allegation that China only funded mega projects generally seen as “debt traps”.

Chinese media also claimed that following Secretary Pompeo’s visit to Sri Lanka last month, Colombo supported Beijing against the U.S. The Sri Lanka-China Friendship Association (SLCFA) allegedly chastised the “U.S. and its allies” for a “massive campaign of misinformation and disinformation about Sri Lanka’s relationship with China” and maintained that they would not abandon their “relationship with our beloved China.”

Additionally, at the Asia Pacific Economic Cooperation (APEC) CEO Dialogues this month, President Xi Jinping projected the Belt and Road Initiative (BRI) as a “model of cooperation, health, recovery and growth and deeper cooperation on green development”. He further indicated that Beijing intended to “pursue

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17 “China tops in pledging FDI to Nepal in 1st quarter of fiscal year 2020-21”, *Xinhua*, November 5, 2020.

18 “Sri Lanka, China sign 300 mln USD investment agreement to manufacture tires in Hambantota”, *Xinhua*, November 21, 2020.


high-quality Belt and Road cooperation with its partners.” Notwithstanding these assertions, the reality is that the BRI centric ambitious projects in South Asia, including the China-Pakistan Economic Corridor (CPEC), are likely to slow down in the near future primarily on account of an increasing debt burden due to the COVID-19 pandemic, lending for overseas commitments etc.

**China-U.S Relations**

U.S.-China relations retained their usual acrimony this month as well, with sanctions and bans further impacting ties. The U.S. elections were covered extensively in China, as state media attempted to showcase the American political system for its alleged divisiveness and chaos.

In a development of far-reaching consequence, the U.S. State Department approved the potential sale of four Weapons-Ready MQ-9B Remotely Piloted Sea Guardians “and related equipment for an estimated cost of $600 million” to Taiwan. The potential sale, which is at its last stage of clearance, elicited a sharp response from Beijing. China’s Ministry of Defence called this a “serious violation of the one-China principle and the three China-U.S. Joint Communiques.”

Reiterating that the “Taiwan question bears on China’s sovereignty and territorial integrity and concerns China’s core interests”, Beijing asked the U.S. to relinquish this effort. In its bid to forge close relations with Taipei, the U.S. is also considering “four other sales of sophisticated military equipment to Taiwan” worth USD 5 billion.

On November 12, Secretary Pompeo held that “Taiwan has not been a part of China” and the U.S.’s “weapon sales to Taiwan to assist in developing its defence capabilities” is to “honour the commitments that have been made” to

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23 Cissy Zhou, “China debt: Beijing may cut belt and road lending due to domestic pressure, to ensure future of project”, South China Morning Post, November 24, 2020.
28 “US drone sale to Taiwan crosses key hurdle, nears approval”, South China Morning Post, November 3, 2020.
the Taiwanese people. These comments further irked the Chinese media which responded that Secretary "Pompeo seems to love attention as much as his boss." Claiming that "history testifies that the island of Taiwan is an inalienable part of China", the media called his comments a "violation of international law." With the Taiwan issue causing increasing animosity, a Chinese military researcher expressed that the issue could "increase the risk of war, even though neither side wants a military confrontation."

Reportedly, a military training team of U.S. Marines arrived in Taiwan on November 9. This further upset China. Xu Guangyu, a senior adviser to the China Arms Control and Disarmament Association, maintained that "U.S. military's training of Taiwan's troops will not change cross-strait military balance, as the island's military capability is limited and would collapse in the first blow." Chinese media asked the U.S. to heed to the advice of Henry Kissinger who called on "President-elect Biden to quickly restore lines of communication with China; otherwise, the world will slide into a catastrophe such as World War I". The U.S. Marines' arrival in Taiwan was followed by an "unusual" and "unprecedented" visit by Rear Admiral Michael Studeman, director of intelligence in the U.S.'s Indo-Pacific Command, on November 22. The visit, the details of which were not announced, is reportedly "intended to test Beijing's limits."

Along with enhancing ties with Taipei, for the first time in six decades, Washington invited Lobsang Sangay, the President of the Central Tibetan Administration (CTA) (Tibet's government in exile), to the White House on

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30 Md Enamul Hassan, “Pompeo’s Taiwan remarks are against reality, total nonsense”, Global Times, November 16, 2020.
31 Md Enamul Hassan, “Pompeo’s Taiwan remarks are against reality, total nonsense”, Global Times, November 16, 2020.
32 Kritin Huang, "US actions could raise risk of war over Taiwan, warns Chinese leading military researcher", South China Morning Post, November 19, 2020.
33 Zhang Han and Liu Xuanzun, “Taiwan in awkward position to befriend Biden as DPP leaned toward Trump during election”, Global Times, November 9, 2020.
34 Zhang Han and Liu Xuanzun, “Taiwan in awkward position to befriend Biden as DPP leaned toward Trump during election”, Global Times, November 9, 2020.
35 All sides need to heed Kissinger’s warning: Global Times editorial’, Global Times, November 17, 2020.
36 Minnie Chan & Lawrence Chung, “Taiwan visit by admiral ‘suggests two months of provocation by Donald Trump’”, South China Morning Post, November 23, 2020.
37 Minnie Chan & Lawrence Chung, “Taiwan visit by admiral ‘suggests two months of provocation by Donald Trump’”, South China Morning Post, November 23, 2020.
November 20 for a meeting with the U.S.’s Special Coordinator for Tibetan Issues. The visit was chastised by Chinese media as a “grave interference in China’s internal affairs” as “the Tibet question concerns China’s core national interests.” It was also viewed as a part of the Trump administration’s bid to “stir trouble with China during the transition period.”

On November 12, the White House revealed its decision to ban American investment in Chinese companies believed to be owned by the Communist Chinese military. The move was prompted by a belief that Beijing “is increasingly exploiting United States capital to resource and to enable the development and modernisation of its military, intelligence, and other security apparatus” which “threaten the United States homeland and forces overseas.”

The Chinese Ministry of Commerce maintained that the “move lacked evidence and did not conform to legal principles”, claiming Chinese companies “have always adhered to laws and regulations.”

In a continuation of its approach to maintain pressure against China for its crackdown against Uyghur Muslims, the U.S. revoked the designation of the Eastern Turkistan Islamic Movement, also known as ETIM, as a “terrorist organization”. The Chinese Foreign Ministry labelled this as the “U.S. administration’s double standard on counter-terrorism and its repulsive practice of condoning terrorist groups as it sees fit.” Maintaining that “terrorism is terrorism”, Beijing asked the U.S. to “refrain from whitewashing terrorist organisations.”

Furthermore, on November 9, the U.S. State Department levied sanctions against four Chinese officials for their engagement in “developing, adopting,
or implementing” the Hong Kong Security Law.⁴⁵ China condemned these sanctions and maintained that this “bullying” on “Hong Kong-related issues cannot in any way shake China's resolve to safeguard its national security.”⁴⁶ The central government’s support for HKSAR agencies “to prevent, stop and punish any act and activity that violate the national security law and other laws of Hong Kong” was reiterated.⁴⁷

The Chinese National People's Congress on November 11 adopted a law that would allow members of the Hong Kong's Legislative Council (LegCo) to be “disqualified for the office once they are determined by law to have failed to meet the legal requirements of upholding” HKSAR law.⁴⁸ Almost immediately after the passing of this legislation, the Hong Kong government announced its decision to expel four members of the LegCo, a move that prompted the mass resignation of pro-democracy legislators.⁴⁹ The development also drew “serious concern” from the Five Eyes alliance comprising Australia, Canada, New Zealand, the United Kingdom and the United States which issued a statement branding the decision as a “concerted campaign to silence all critical voices.”⁵⁰ The Chinese Foreign Ministry accused the Five Eyes countries for “blatant interference in China's internal affairs”, claiming that “no country tolerates public servants who do not recognise their national identity.”⁵¹ The Ministry maintained that this was an “internal affair of China” which merited no international intervention.⁵²

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⁴⁶ “China condemns U.S. "sanctions" against officials over Hong Kong", Xinhua, November 11, 2020.
⁴⁷ “China condemns U.S. "sanctions’ against officials over Hong Kong”, Xinhua, November 11, 2020.
⁴⁸ “China's top legislature adopts decision on HKSAR LegCo members’ qualification”, The National People's Congress China, November 12, 2020.
Also see: “Five Eyes’ group slams China crackdown on Hong Kong legislators”, Al Jazeera, November 19, 2020.
The U.S. Presidential election was closely followed by the Chinese government, media and public. Reportedly, there was significant discussion around the election and social media posts about President-elect Joe Biden attracted over 730 million views on Weibo, with equivalent traction on WeChat.\(^{53}\) Large scale interest in the election seemed to have generated caution in the state media and government, which acknowledged that while in the past Chinese people "envied how America could hold such democratic elections" any "collective feeling of envy has long dissipated".\(^{54}\) State media emphasised that the elections "splits US society" and maintained that "such division could endanger a big country with complex conditions like China."\(^{55}\) Chinese media also highlighted the flaws in the election system, especially targeting the polls for allegedly projecting a bigger win for Biden than achieved.\(^{56}\) Media opinion claimed that "not only pollsters but entities that manipulate public opinion have gone wrong," comparing them to "warriors who take sides than neutral reporters."\(^{57}\) This alleged gap and bias in reporting was cited to negate American coverage of an "anti–human" China that "maliciously violates human rights" and "is ready to declare a war anytime."\(^{58}\) The media further highlighted a civil war like situation in the U.S. post the election, calling the scenario "an entertainment, a sneak-peek into the US and its chaotic society".\(^{59}\) The media also reported netizens expressing that "US democracy is failing, because it can’t solve problems; it divides societies and creates conflicts."\(^{60}\)

After holding back owing to undetermined election results, on November 13 the Chinese Foreign Ministry finally congratulated "Mr. Biden and Ms. Harris", while maintaining that the "U.S. election will be determined in accordance with its laws and procedures."\(^{61}\) Subsequently, on November 25, President Xi Jinping

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also sent President-elect Biden a congratulatory message, emphasising the need to “uphold the spirit of non-conflict, non-confrontation, mutual respect and win-win cooperation, to manage differences, as also to advance the healthy and stable development of China-U.S. ties.”

Foreign Ministry Spokesperson Wang Wenbin congratulated President-elect Biden and Vice President-elect Harris on behalf of China on November 13, 2020. Source: Ministry of Foreign Affairs, China.

Furthermore, in light of American sanctions and bans related to Beijing this month, Chinese state media held that the Trump’s administration’s “attacks” on China will produce a “weaker international impact” now since the world knows that the outgoing administration “intends to make such disruptions before leaving.”

**China in Multilateral Fora**

The month saw significant participation by the Chinese leadership in various multilateral fora, including the Shanghai Cooperation Organisation (SCO), 12th BRICS Summit, APEC CEO Dialogues, 15th G20 Leaders Summit, 23rd China-ASEAN Summit, 23rd ASEAN+3 Summit, 15th East Asia Summit, and signing of the Regional Comprehensive Economic Partnership (RCEP).

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At the SCO meeting on November 10, President Xi Jinping focused on issues that included stepping up epidemic cooperation, building “a community of health for us all” and safeguarding “security and stability” as a pre-condition for resolving disputes and differences through dialogue and consultations. He also encouraged countries to “further integrate their industrial, supply and value chains for unimpeded economic movement in the region.” At the 12th BRICS Summit on November 17, President Xi emphasised the value of multilateralism, calling for BRICS countries to “oppose interference in others’ internal affairs, as well as unilateral sanctions.”

At the APEC CEO Dialogues on November 19, President Xi Jinping, while elucidating on China’s 14th Five Year Plan objectives, highlighted that China’s internal goal was to build a moderately developed society that would enable the country to “create greater demand for other countries” and enhance demand for other countries’ products.

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“international cooperation” along with “common development.” 67 Subsequently, on November 21 at the G20 meeting, President Xi expressed the need to “build a global firewall against COVID-19” while ensuring a smooth global economy and harnessing “the role of the digital economy,” among other issues. 68

Chinese Premier Li Keqiang attends the 23rd China-ASEAN Summit on November 12, 2020. Source: Ministry of Foreign Affairs, China

Chinese Premier Li Keqiang attended the 23rd China-ASEAN Summit on November 12 and the ASEAN+3 Summit on November 14. In his remarks, he underscored the need for enhanced economic cooperation between the countries, calling for FTAs along with “fast tracks” and “green lanes” for supply chains within East Asia. 69 Similarly, at the East Asia Summit on November 14, Premier Li reiterated the need for economic integration and bolstering public health capacity as a consequence of COVID-19. 70 Furthermore, acknowledging the complexity of the South China Sea issues, he pledged China’s commitment

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Also see: “Full text: Speech by Chinese Premier Li Keqiang at 23rd ASEAN Plus China, Japan and ROK Summit”, Xinhua, November 14, 2020.
70 “Full text: Speech by Chinese Premier Li Keqiang at the 15th East Asia Summit”, Xinhua, November 15, 2020.
to “safeguarding and promoting international rule of law” including the UNCLOS, while calling for the proper handling of the South China Sea issue.”

Premier Li also hailed the signing of RCEP on November 15 as a “landmark achievement of East Asian regional cooperation” and “a victory of multilateralism and free trade.”

**Economy**

The Communist Party of China (CPC) on November 3, 2020 unveiled the full text of the proposals for formulating the 14th Five Year Plan (2021-2025). In a speech expounding on these ideas, President Xi Jinping laid emphasis on ‘High Quality Development’ to forestall and defuse various risks and to proactively address challenges posed by external changes. Without naming the United States, Xi stressed “acts of unilateralism, protectionism and upsurge in de-globalization process that has weakened the global economy”. In light of this, the Chinese President underscored the importance of adopting a ‘New Development Pattern’ with a focus on deepening supply-side structural reforms and making the domestic market the mainstay of China’s economic development with ‘dual circulation’ involving both domestic and foreign markets.

While talking about the ‘Economic Development Targets’, Xi stated that, “It is completely possible for China to meet the current standards of the high-income countries by the end of the 14th Five-Year Plan period and to double the per capita income by 2035.” The proposals also called for “more notable and substantial progress in promoting ‘common prosperity’ for all.” He noted that such expressions were included, for the first time, in the documents of the CPC Central Committee plenary sessions. Finally, President Xi reiterated the CPC’s firm commitment to comprehensively building a moderately...
prosperous society for the benefit of more than 1 billion people by the time the CPC marks its 100th founding anniversary.78

The 14th Five Year Plan includes steady promotion of the free trade zones, the Hainan Free Trade Port and national level economic development zones as the main areas of economic growth.79 Zong Changqing, Director-General of China’s foreign investment administration, highlighted the country’s early recovery from the COVID-19 pandemic and strong supply chains, describing China as a ‘stabilizer’ and ‘safe haven’ for global multinational investments.80 To make this point, the Chinese state media highlighted stronger-than-expected growth in the quarterly earnings of MNCs such as Estee Lauder and Coca Cola in the Chinese markets.81 China’s Foreign Direct Investment grew 5.2 percent to USD 107.2 billion in the first three quarters of this year, while it expects to attract FDI worth USD 690 billion during the on-going 13th Five Year Plan (2016-2020) period.82 In a significant development, the Chinese Yuan jumped by more than 200 basis points to 6.5637/USD in early November, its strongest level since June, 2018.83

On November 9, China’s State Council unveiled guidelines on innovative foreign trade development.84 It specified nine areas to promote trade development, including searching for new ways to explore international markets, optimising the domestic layout of foreign trade and enhancing the competitiveness of firms involved in foreign trade.85 China will uphold the multilateral trading system with the World Trade Organization (WTO) at its core and sign more free trade agreements while utilising new technologies and channels to explore the international market.86 Chinese analysts also believe

78 Xi expounds on CPC proposals for China’s new development plan”, Global Times, November 4, 2020.
83 “Chinese yuan jumps to its strongest level in over two years”, Global Times, November 9, 2020.
84 also see, Karen Yeung, “China signals shift to stronger yuan exchange rate policy to help develop domestic demand, analysts say”, South China Morning Post, September 9, 2020.
that the Regional Comprehensive Economic Partnership (RCEP) trade deal fits perfectly with the 'Dual Circulation' strategy.\(^{87}\) China’s plans to boost domestic consumption will make it the RCEP’s import magnet, catalysing Asia’s long term integration.\(^{88}\) It could also provide a foundation for China’s membership in more advanced trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). President-elect Biden’s openness to renegotiate the TPP abandoned by the Trump administration would not only help stabilise relations between the U.S. and China, but it will also provide a template for World Trade Organisation (WTO) reforms.\(^{89}\)

President Xi Jinping addresses the China International Import Expo held in Shanghai, November 4, 2020. Source: Global Times.

China hosted the third edition of the China International Import Expo (CIIE) in Shanghai from November 5-10. At CIIE, President Xi reiterated “China’s commitment to further open its economy and share Chinese markets with the world”.\(^{90}\) Xi also highlighted China’s expanding imports, measures adopted to facilitate foreign investments and the increase in the pilot free trade zones in

\(^{87}\) Wang Huiyao, "RCEP’s synergy with China’s economic strategy bodes well for Asia-Pacific", South China Morning Post, November 24, 2020.

\(^{88}\) Wang Huiyao, "RCEP’s synergy with China’s economic strategy bodes well for Asia-Pacific", South China Morning Post, November 24, 2020

\(^{89}\) Wang Huiyao, "RCEP’s synergy with China’s economic strategy bodes well for Asia-Pacific", South China Morning Post, November 24, 2020

\(^{90}\) “Xi vows all-round opening up at Shanghai import expo”, Global Times, November 5, 2020.
China from 18 to 21 in the past year. The Chinese state media lauded CIIE as the world’s largest business expo and stated that it sends a strong signal to the outside world about China’s determination to open up. Chinese media and leadership underscored that the two major challenges - the trade war launched by the U.S. and the COVID-19 pandemic - have not been able to disrupt the fundamental direction of the Chinese economy. Xinhua dubbed CIIE as a platform that provided impetus for the economic recovery of the countries that are part of the Belt and Road Initiative (BRI) during the on-going pandemic.

On the Energy front, Oil Observer and Shanghai Petroleum and Natural Gas Exchange jointly hosted the ‘China Energy Week 2020’. Chinese experts laid stress on global cooperation in deep water oil and gas exploration as a key trend in the energy sector to reduce costs amid low oil prices. Zhu Weilin, a professor at Tongji University, highlighted that “South China Sea’s deep water is now more open to foreign companies for exploration; central and southern regions of the South China Sea will also be more easily accessible as China continues to open up”.

**Internal Security**

China is set to modernize its armed forces by the 100th anniversary of the founding of the PLA in 2027, with momentum on domestic development of weapons and equipment and associated military reforms. The overall aim of the defence forces has been defined to uphold national sovereignty, safeguard against threats posed by the hegemony in the Western Pacific Ocean and protect China’s growing overseas developmental interests.

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91 “Xi vows all-round opening up at Shanghai import expo”, Global Times, November 5, 2020.
93 “Xi vows all-round opening up at Shanghai import expo”, Global Times, November 5, 2020.
94 “CIIE provides impetus for economic recovery along Belt and Road”, China Economic Net, November 9, 2020.
least as good as the U.S. B2 Spirit Stealth Bomber." Fu also highlighted China’s plans to mass produce and also improve the J-20 stealth fighter performance with new and more powerful engines. In terms of naval capabilities, expert Lie Jie predicted the potential “commissioning of China’s ‘third aircraft carrier’ during the 14th Five Year Plan period.” It would be China’s first aircraft carrier using a flat flight deck equipped with electromagnetic catapults. “New amphibious vessels will also be launched and existing destroyers and frigates, such as the Type 055 and Type 054A, will be upgraded”. PLA is reportedly developing aircraft-carrier based stealth aircraft similar to that of China’s FC-31 aircraft and aircraft-carrier based early warning system KJ-600.

Furthermore, China is set to implement legislation that would allow its Coast Guard to use force against vessels believed to be violating China’s sovereignty. This law, which is expected to be passed in December, would further complicate the situation in the South China Sea and East China Sea, where Beijing is already involved in various territorial disputes. The Chinese Foreign Ministry held that the purpose is to “ensure that the coast guard has laws to follow in safeguarding rights and enforcing laws and conducting foreign cooperation.” Reiterating that China’s “policy and position on maritime issues remain unchanged”, the Foreign Ministry claimed that the legislation is “in line with international conventions.”

China will soon start the construction of Sichuan-Tibet Railway’s Ya’an-Nyingchi section. Ya’an in Sichuan and Nyingchi in Tibet is the third part of the strategically important Sichuan-Tibet Railway. This 1,742Km long railway is

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100 Liu Xuanzun and Leng Shumei, “China to modernize military, arsenal in next 5 years”, Global Times, November 2, 2020.
102 Tsukasa Hadano, “China’s coast guard allowed to fire on foreign ships under new law”, Nikkei Asia, November 6, 2020.
103 Tsukasa Hadano, “China’s coast guard allowed to fire on foreign ships under new law”, Nikkei Asia, November 6, 2020.
a key project listed in the 14th Five Year Plan at the cost of approximately USD 54 billion. Sichuan-Tibet railway will be another important transport channel linking Tibet to the rest of China. It will also help build a national security barrier in Tibet, consolidating China’s national unity, maintaining stability in the border areas, and facilitating the implementation of Belt and Road Initiative (BRI).\textsuperscript{107}

**Communist Party of China (CPC)**

In line with the Communist Party’s goal of expanding its ideological base, a collection of articles authored by President Xi Jinping has been published by the CPC.\textsuperscript{108} The publication of these articles is of great significance as it fulfils the mission of upholding socialism, rallying public support, fostering a new generation of people with sound values and ethics as well as developing Chinese culture and building a good image of China.\textsuperscript{109}

\textsuperscript{107} Gesang Zhuoma, "New railway to boost Tibet's development", *China Daily*, November 11, 2020.

\textsuperscript{108} "Xi Focus: Collection of Xi’s articles on CPC’s public communication published", *Xinhua*, November 9, 2020.

\textsuperscript{109} "Xi Focus: Collection of Xi’s articles on CPC’s public communication published", *Xinhua*, November 9, 2020.