



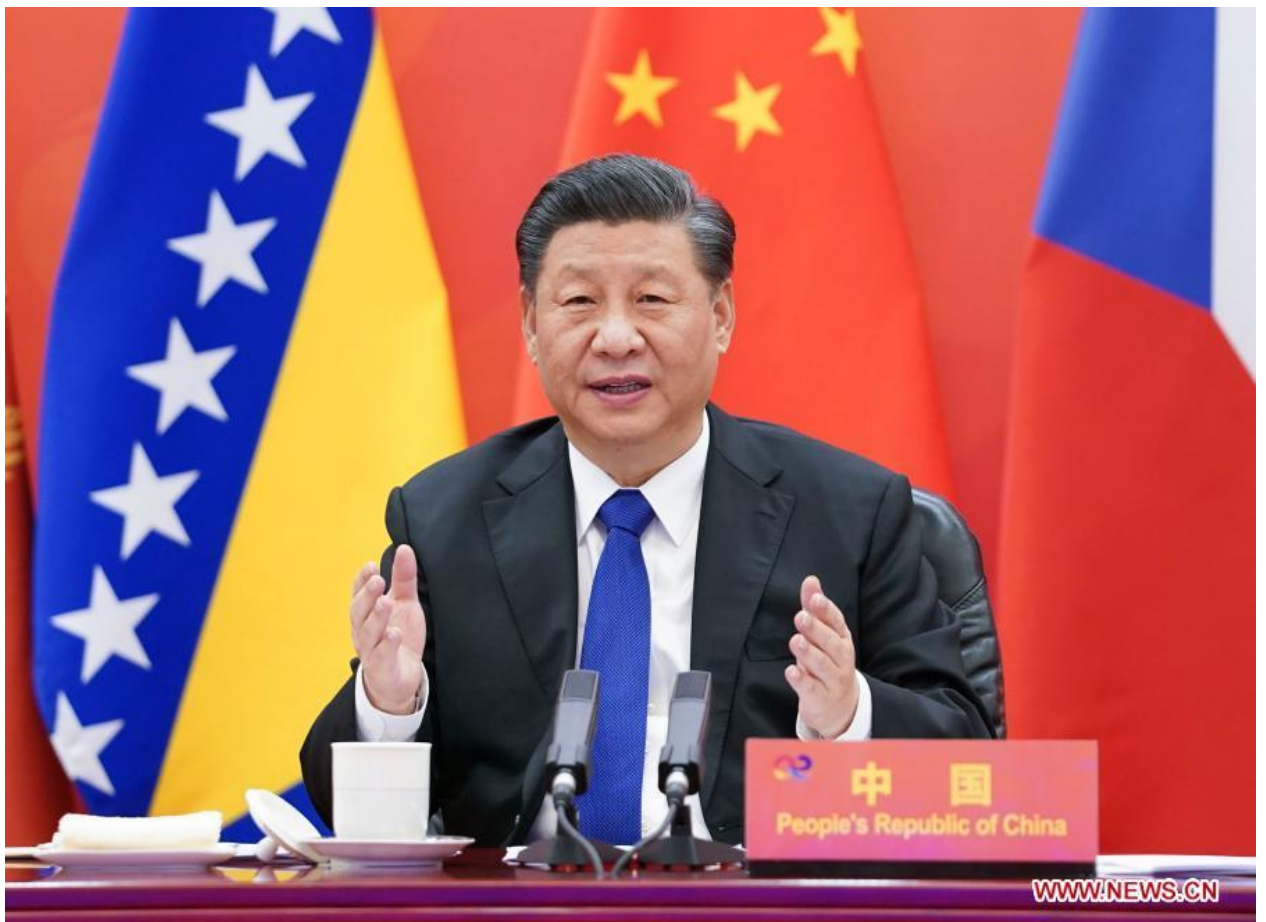
Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG China Monitor

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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:

President Xi Jinping chairs the China-Central and Eastern European Countries (CEEC) Summit via video link, February 9, 2021. Source: Xinhua Net

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Contents

Abstract	i
Foreign and Security Policy	1
I. China-India Relations	1
II. South Asia-China Relations	2
III. US-China Relations	4
IV. Russia-China Relations	7
V. European Union-China Relations	7
China's Global Image	8
I. Wolf Warrior Diplomacy	8
II. Coronavirus	9
III. Human Rights and Democracy	9
Trade and Economy	10
Defence and Security	13
Technology	16

Abstract

India-China relations during the month were marked by two events. First, the 10th round of Military Commanders' talks were held on February 20, which failed to progress disengagement from remaining friction points following the rapid disengagement at the Pangong Tso. The second was a candid discussion between External Affairs Minister Dr. S. Jaishankar and his Chinese counterpart Wang Yi on the status of disengagement in Eastern Ladakh and the way forward for bilateral relations. While Dr. Jaishankar was clear that improvement in bilateral relations required complete disengagement, de-escalation and restoration of border peace and tranquility, the Chinese stand was to restart the process of building bilateral relations now that the disengagement process has commenced. The only positive outcome was an agreement to establish a hotline between the two foreign offices. Meanwhile, China, for the first time, admitted suffering casualties in a very choreographed narrative: it released a video blaming the Indian Army for destroying peace in the border area, in an apparent bid to whip up a nationalist emotions.

In terms of big-power competition, the US-China acrimony continued albeit with a change of tone. Despite Chinese leaders and state media prescribing for the need to "manage differences" and return to cooperation, the Biden administration continued to be tough on China, while leaving room for "practical, result-oriented" engagement. Setting the tone for his China policy, President Biden underlined the need to boost US preparedness for "a long term strategic competition with China" in his address at the 2021 Munich Security Conference.

Reacting to the latest meeting of QUAD foreign ministers, the Chinese state media cautioned participants not to be enchanted by the US and to consider their countries' national interests based on rational calculations.

US Secretary of State Anthony J. Blinken bid out a strong and unequivocal US position on upholding human rights and democratic values in Xinjiang, Tibet, and Hong Kong. Amidst an international outcry against human rights violations in China, Russian experts called for China and Russia to strengthen cooperation and draw attention to violations in the West. Speaking at the 46th session of the UN Human Rights Council, State Councillor and FM Wang Yi's called for "a people-centred approach for Global Human Rights" termed criticism on Xinjiang as slanderous and an excuse to interfere in other countries' internal affairs.

President Xi Jinping stressed the 'Spirit of the Ox' in his Chinese Lunar New Year address, while re-iterating calls for the Chinese nation's great rejuvenation. In another address during the virtual 'China-Central and Eastern European Countries (CEEC) summit', President Xi announced that Beijing intends to import more than USD170 billion of goods (mainly agricultural products) from CEE countries in the coming five years. On his part, US President Joe Biden in his address at a virtual G7 Summit stressed the need to deal collectively with the "economic threat posed by China" and to prepare "together for a long-term strategic competition with Beijing

In terms of China-India bilateral trade and investment relations, the Chinese state media highlighted a report that spoke about the Indian government's intent to approve China's investment proposals in "non-sensitive" sectors in order to lift economic growth.

On US-China trade, the first year of the phase one US-China trade deal has been described as a "failure". China appears to have benefited from the economic slowdown in the US, with some forecasts claiming that China will overtake the US as the world's biggest economy by 2028", instead of an earlier projection of 2032.

While China's economic turnaround continued, its media highlighted concerns about the "high-debt ratios among China's state-owned enterprises, making it challenging for Beijing to shift away from an economic growth model driven by state investment and infrastructure".

Chinese analysts noted the modest rise in India's defence budget for 2021-22, underscoring that this would not reduce the existing military asymmetry, even as Delhi attempted to plug existing gaps. Commenting on India-US relations, Chinese experts warned India not to get over-excited about joint military exercises and other defence cooperation with the US, as the "Biden administration is using India as a pawn in its Indo-Pacific policy for China containment".

China conducted a land-based mid-course missile interception test, highlighting Beijing's technological and military strength. Meanwhile, Chinese strategists discarded the warning from the head of the US Strategic Command (STRATCOM) about the "very real possibility" of a nuclear war between the US and China or Russia as "groundless".

In another landmark success in space, Tianwen-1, China's first Mars probe, entered Mars Orbit after a seven month-long journey.

Foreign and Security Policy

I. China-India Relations

The [10th round of Military Commanders talks](#) took place on February 20. A [joint statement](#) after the talks highlighted that both sides discussed disengagement from remaining areas without reaching any agreement, while agreeing to continue the talks.¹

In a follow-up meeting between India's External Affairs Minister (EAM) Dr. S. Jaishankar and his Chinese counterpart Wang Yi, the ministers also discussed [the status of disengagement](#) in Eastern Ladakh and the way forward.² EAM called for a quick resolution of remaining issues along the LAC, adding that once the disengagement is completed at all friction points, the two sides could then look at the broader de-escalation of troops and work towards the [restoration of peace and tranquility](#).³ Importantly, these remarks were excluded from the statement issued by the Chinese MOFA, which instead called upon India to rectify mistakes and called for delinking the border situation from progress in the overall bilateral relationship. At the same time, the Chinese state media termed the disengagement as a wise and pragmatic step, while calling out India for imposing restrictions on Chinese investment as a form of retaliation".⁴

In a significant development, the People's Liberation Army (PLA) announced that four Chinese soldiers were killed in the '[Galwan Valley Standoff](#)' in June 2020.⁵ The Chinese state media blamed India for the attack on PLA troops, claiming that the "[foreign military violated the previous agreement](#), trespassed the borderline to build roads and bridges and intentionally incited trouble while changing the status-quo along the border".⁶ Chinese analyst Qian Feng stressed that "China unveiled the details of the [Galwan] incident to refute previous disinformation that stated China suffered greater casualties than India, or China incited this incident". Qian also lauded the timing of release with the start of the disengagement process, highlighting that "this

¹ "Joint Press Release of the 10th Round of China-India Corps Commander Level Meeting", [Ministry of External Affairs](#), India, February 21

² "EAM Jaishankar, Chinese counterpart discuss disengagement status in eastern Ladakh," [The Indian Express](#), February 25, 2021

³ "India, China foreign ministers hold talks, assert on restoration of peace and tranquillity," [The Times of India](#), February 26, 2021

⁴ "Will China-India ties ease with troop pullout and upcoming investment deals?," [Global Times](#), February 18, 2021

⁵ Liu Xin, Guoyuandan and Zhang Hui, "China unveils details of 4 PLA martyrs at Galwan Valley border clash for first time, reaffirming responsibility falls on India", [Global Times](#), February 19, 2021.

⁶ Ibid.

demonstrates China's resolution to safeguard the stability of bilateral relations and the determination to not hype hatred or incite nationalism like Indian politicians and media".



An excerpt from the video released by People's Liberation Army (PLA) paying tribute to four PLA martyrs in Galwan Valley clash with India, February 19, 2021. Source: Global Times

As disengagement efforts continue in eastern Ladakh, China has been undertaking [military infrastructure upgradation](#) across the Subansiri district in Arunachal Pradesh, including building troop sheds, a new 66 km road, and three new upper bridges.⁷

II. South Asia-China Relations

Following reports of Pakistan seeking to reschedule USD 22 billion in outstanding credits, the Chinese Foreign Ministry clarified that the "Pakistani government does not need to repay any of the loans, underlying China-Pakistan cooperation will continue to make great contribution to Pakistan's national development and people's well-being".⁸ As per [reports](#), China has

⁷ "Chinese infra push across Sikkim, Arunachal border raises a red flag in Delhi," [The Hindustan Times](#), February 25, 2021

⁸ "CPEC energy projects create no debt for Pakistan: Chinese FM," [Global Times](#), February 25, 2021

proposed a joint parliamentary oversight committee to tighten control over the speed and quality of projects.⁹ This comes in the wake of increasing concerns about the slowing down of CPEC projects.¹⁰

The Inspector General Frontier Corps (Balochistan South), Major General Aymen Bilal Safdar, reportedly [confessed](#) to China's role in crushing the freedom movement in Baluchistan. Meanwhile, provincial minister Asad Baloch, lamented that CPEC is not [benefitting](#) the people of Baluchistan.¹¹

The navies of China, Russia and six other regional countries participated in the multinational [AMAN 21 maritime exercise](#) conducted by the Pakistan Navy.¹² The exercise was aimed at enhancing professional communication and friendly interaction among the participating navies. The Chinese media observed that the [PLA Navy's presence](#) in the Indian Ocean region is an important element in maintaining the regional balance of power and promoting maritime security.¹³



Chinese People's Liberation Army (PLA) Navy participates in the Multinational Exercise 'AMAN-2021' hosted by Pakistan, February 12, 2021. Source: PLA Daily

⁹ "China moves for more control over Belt and Road in Pakistan," [Nikkei Asia](#), February 11, 2021

¹⁰ Ibid

¹¹ "CPEC not benefitting people of Balochistan: Provincial minister," [ANI News](#), February 6, 2021

¹² "Pakistani, Chinese navies play important roles in maintaining maritime order of Indian Ocean: Exclusive with Pakistan Navy chief," [Global Times](#), February 4, 2021

¹³ Ibid

Four [China-funded projects of Bangladesh Railway](#) worth USD 5.9 billion (Akhaura-Sylhet dual gauge, Joydevpur-Jamalpur dual gauge, Joydev-Isurdi, and Padma bridge rail link) have reportedly been put on hold on account of delay in the processing of loans owing to differences between Chinese funding agencies and Bangladesh implementing agencies.¹⁴ Bangladesh, meanwhile, has been added to a list of [preferred destinations](#) by Japan in its proposed shift of manufacturing facilities out of China.¹⁵

Meanwhile, China, in an "[undeclared trade blockade](#)", has been holding on to merchandise laden container trucks in the wake of the political turmoil in Nepal. These trucks have not been allowed to cross the border into Nepal.¹⁶

In Sri Lanka, China refuted reports of the Hambantota port deal being renegotiated. [Foreign Minister Dinesh Gunawardena](#) was, however, quoted as saying "we are implementing our policies giving much attention to all countries, the previous government made a mistake on the Hambantota port deal when they cancelled the lease and gave it for a longer period of another 99 years once the present 99 year lease ends".¹⁷ Reports also suggest that [President Gotabaya Rajapaksa](#) was revisiting the Hambantota port deal and, after many discussions with Chinese officials, has decided to relocate the Sri Lanka Naval base from the Chinese-controlled area of the port.¹⁸

III. US-China Relations

The first month of the Biden administration was marked by a robust approach towards China while leaving room for "practical, result-oriented" engagement. The Chinese Ambassador to the US, Cui Tinkai, underlined "[the clear need for good sense of mutual respect](#)" in putting the US-China ties back on a "stable and constructive track".¹⁹

US President Joe Biden's remarks on "[America's Place in the World](#)" on February 4 called attention to China's advancing authoritarianism and growing ambition to rival the United States.²⁰ Calling out China as the "most serious

¹⁴ "Bangladesh's four railway mega projects under Belt and Road Initiative suffer delay," [Financial Express](#), February 25, 2021

¹⁵ "Bangladesh gets an investment boost as Japanese firms quit China," [The Print](#), February 16, 2021

¹⁶ "Nepali Traders Say China Imposing 'Undeclared Blockade'," [Business World](#), February 6, 2021

¹⁷ "China counters Sri Lankan media report terming Hambantota port 99-year lease extendable," [DD News](#), February 25, 2021

¹⁸ Ibid

¹⁹ "Good sense of mutual respect needed in putting US-China ties back on track: ambassador," [Global Times](#), February 8, 2021

²⁰ "Remarks by President Biden on America's Place in the World," [The White House Press Release](#), February 4, 2021

competitor," President Biden stated "We'll confront China's economic abuses; counter its aggressive, coercive action; to push back on China's attack on human rights, intellectual property, and global governance". The Chinese state media responded positively to President Biden's "[competitor](#)" comment, calling it an indicator of the healthy competition ahead.²¹ A Chinese report observed that "[Under Biden's rule](#), the actions that aimed to harm China but brought no benefit to the US, like the trade war, the closure of the consulate and pushing decoupling with China are unlikely to happen again, but this is not because Biden wants to play nice, but US establishment elites desire to beat China via competition, unwilling to abandon the benefits they receive from China".²²

On February 2, [Yang Jiechi](#), Director of the Foreign Relations Commission and member of the Politburo, in a virtual dialogue with the National Committee on US-China Relations, called the former Trump administration's policies towards China as misguided and urged both sides to manage differences and focus on cooperation through enhanced interaction.²³ While appealing for greater synergy on trade issues, he emphasised closer exchanges and cooperation between militaries, law enforcement, drug control and cyber security agencies, including coordination on regional hotspot issues and major global challenges such as poverty reduction through development, counterterrorism and non-proliferation.²⁴

In the wake of Yang Jiechi's comments, US Secretary of State Anthony Blinken, in a [phone call with Yang Jiechi](#), "stressed the United States would continue to stand up for human rights and democratic values, including in Xinjiang, Tibet, and Hong Kong"²⁵ and will "hold the PRC accountable for its efforts to threaten stability in the Indo-Pacific, including across the Taiwan Strait, and its undermining of the rules-based international system".²⁶

On February 10, [US President Joseph R. Biden spoke to President Xi](#).²⁷ The readouts on the conversation from the two sides were markedly different. According to the Chinese MOFA, President Xi Jinping laid emphasis on

²¹ "Biden needs to 'find or create occasion' for talks after China sent message," [Global Times](#), February 8, 2021

²² Ibid

²³ "Full text of Yang Jiechi's speech at the dialogue with National Committee on US-China Relations," [Xinhua](#), February 2, 2021

²⁴ Ibid

²⁵ "Secretary Blinken's Call with PRC Director Yang," [US State Department](#), February 5, 2021

²⁶ Ibid

²⁷ "Readout of President Joseph R. Biden, Jr. Call with President Xi Jinping of China," [The White House Press Release](#), February 10, 2021

"restoration and growth of China-US relations, stressing that both gain from cooperation and lose from confrontation".²⁸

Chinese state media [questioned](#) the Biden administration's stance on Taiwan, saying that US One-China Policy does not ensure its endorsement of a one China Principle.²⁹ A state media report commented that the US One China policy is a combination of the Three Communiqués (the political foundation for China and the US to establish formal diplomatic ties, which respects the one China principle), the Taiwan Relations Act of the US (an unlawful act passed by the US Congress that interferes in China's domestic affairs), and the so-called Six Assurances (the US' informal promises made to the Taiwan authority without notifying the People's Republic of China, the only legitimate representative of China in the world).³⁰

As the Biden administration is undertaking a [global posture review](#), the US Secretary of Defence Lloyd Austin has underlined the need for NATO allies to help the Pentagon address the China challenge.³¹ In early February, the Biden administration ordered a Pentagon review of national security strategy on China in order to recalibrate the US approach towards Beijing. China criticised the Austin statement as reflecting a [cold war mentality](#)³², claiming that contrary to America's hostile posture, "China always adheres to peaceful development and win-win cooperation, while pursuing a defensive national defence strategy".

Setting the tone for his China policy, President Biden underlined the need to boost US preparedness for "a long term strategic competition with China" at the [2021 Virtual Munich Security Conference](#).³³ "Competition with China is going to be stiff challenges with China. are real," he stated.³⁴ NATO Secretary General Jens Stoltenberg further attributed the ["rise of China"](#) as a defining issue for the transatlantic community.³⁵ Further, [Ned Price](#), the US State Department spokesperson, reacting to FM Wang Yi's appeal to ["establish dialogue mechanisms"](#) in various areas and at various levels", stated that Wang Yi's comments "reflect the continued pattern of Beijing's tendency to avert blame

²⁸ "Xi speaks with Biden on phone," [Xinhua](#), February 11, 2021

²⁹ "China's efforts toward national reunification won't stop, US should show sincerity through action, not words: expert," [Global Times](#), February 4, 2021

³⁰ Ibid

³¹ "Biden calls for China review during first Pentagon visit," [Associated Press](#), February 11, 2021

³² "上任后首次简报会，美防长：中国是"首要挑战"，但中美在国际安全问题存在合作可能," [Huanqiu](#), February 20, 2021

³³ "Remarks by President Biden at the 2021 Virtual Munich Security Conference," [The White House Press Release](#), February 19, 2021

³⁴ Ibid

³⁵ "China's rise to define transatlantic ties, NATO chief says," [Reuters](#), February 19, 2021

for its predatory economic practices, its lack of transparency, its failure to honour its international agreements, and its repression of universal human rights".³⁶

IV. Russia-China Relations

In early February, the Chinese and Russian Foreign Ministers, during a video conference, discussed "the principle of [non-interference in other countries' internal affairs](#)", while pledging to jointly preserve global and regional strategic stability. Further, in the wake of an international outcry against [human rights violations](#) in China, "Russian experts suggested China and Russia strengthen their cooperation in the field of human rights, proposing there should be more 'wolf warriors' disclosing Western violations of the human rights".³⁷

Russia is in talks with China to work on a [lunar base](#). Russia's decision to work with China instead of the US was seen by Chinese observers "as a conspicuous Russian tilt toward China that is hardly surprising".³⁸ A state media report stated, "that the development fits into a larger trend of both countries encountering a range of difficulties in working with the US for different reasons. Both also showed concern over how the US is pushing its space agenda, such as the "Artemis Accords"³⁹, aggressively based on obsolete cold war mentality".⁴⁰

V. European Union-China Relations

In an apparent attempt to create a wedge between the US and EU, the Chinese state media highlighted that China had replaced the US as the EU's largest trading partner based on partial trade statistics. Meanwhile, during the Munich Security Conference, Germany and France called for pursuing a "choice by ourselves" policy when it comes to China. German Chancellor Angela Merkel argued that the transatlantic partners should develop a common strategy towards China calling it "a [systemic competitor](#)".⁴¹

³⁶ "Department Press Briefing : Ned Price," [US State Department](#), February 22, 2021

³⁷ "China, Russia to face more challenges as US rejoins UNHRC; more 'wolf warriors' called for to fight back," [Global Times](#), February 26, 2021

³⁸ "Russia opting for moon base cooperation with China over US 'not surprising'," [Global Times](#), February 18, 2021

³⁹ The Artemis Accords establish a practical set of principles to guide space exploration cooperation among nations participating in the agency's 21st century lunar exploration plans.

⁴⁰ Ibid

⁴¹ "Merkel for joint transatlantic policy on Russia, China," [Andolou Agency](#), February 19, 2021

Meanwhile, France has stepped up its presence in the South China Sea, where its amphibious assault ship the [Tonnerre](#) and the frigate [Surcouf](#) are slated to take part in a combined exercise with the Japanese and US navies in May.⁴²

China's Global Image

I. Wolf Warrior Diplomacy

During an [interview](#), China's Ambassador to the US, Cui Tinkai, upon being asked about China's aggressive foreign policy posture from the Himalayas to Vietnam, Taiwan and the Senkaku Islands, rejected the notion and termed it "an independent policy of peace, underscoring that all the issues mentioned are either part of the Chinese territory or places very close to China. So to know who is on the offensive, who is on the defensive, you just have a look at the map".⁴³ He further added, "China and its neighbours have been able to address these disputes and solve them through dialogue and peaceful negotiations".⁴⁴

In early February, China denounced the UK's decision to expel three Chinese nationals identified as spies posing as journalists, saying the action revealed a deep-seated worldview framed by the "[Cold War](#)".⁴⁵ Tensions in UK-China relations have grown since the UK called out China over its crackdown in HongKong and Xinjiang and barred Huawei participation in its domestic 5G network owing to security concerns. Additionally, British regulators revoked the licence of Chinese state backed news network CGTN, and China retaliated by banning BBC broadcasts in China.⁴⁶

Reacting to the latest QUAD Foreign Ministers' meeting that stressed their commitment to a rules-based order, territorial integrity and sovereignty, [Chinese state media](#) commented that "the world has changed, and the interests of various countries have diversified. The United States cannot do everything alone. The bond of interest is one of the important factors. If the United States wants its allies to engage in a strategic competition with China, these countries must consider their own interests, because the United States has not much to

⁴³ "Full text: Ambassador Cui Tiankai's interview with CNN's Fareed Zakaria," [CGTN](#), February 8, 2021

⁴⁴ Ibid

⁴⁵ "Chinese embassy denounces Daily Telegraph 'spy' report as framed by 'Cold War' mentality," [Global Times](#), February 7, 2021

⁴⁶ "Regulator bans China's state-run CGTN from broadcasting in UK over ownership structure," [Hong Kong Huffington Post](#), February 4, 2021

offer them....increasingly conservative and extreme values will reduce the cohesion of the US values".⁴⁷

II. Coronavirus

As the World Health Organisation's investigation to trace the origins of Covid-19 continues, the Chinese media has become increasingly susceptible to questions raised by the international community on its handling of the pandemic, resulting in the launching of multiple propaganda campaigns for image cleansing.

A [research project](#) report published by the US-based DFR lab and the Associated Press on Covid-19 titled the "Narrative Arms Race" evoked considerable debate and spurred a misinformation campaign.⁴⁸ The report outlined that in the wake of the Covid-19 outbreak, "factual information about the disease, its origin, and its symptoms was lacking or withheld - most notably by China".⁴⁹ The report emphasised the politicisation of the pandemic, led by misinformation campaigns and false narratives propagated by China and Russia that blamed the US for developing and weaponising the virus. The report was based on the "anatomical analysis" of social media posts and articles across the US, China, Russia, and Iran. The report found a "conscious effort by China to cast doubt on the origins of the pandemic".

A report published in the Guardian quoted an [internal World Health Organization document](#), to the effect that "Chinese officials did little in terms of epidemiological investigations into the origins of the Covid-19 pandemic in Wuhan in the first eight months after the outbreak".⁵⁰ China refuted such reports, [claiming](#) that "China has kept close communication and cooperation with the World Health Organization on global origin-tracing in an open and transparent spirit".⁵¹

III. Human Rights and Democracy

Amidst the international outcry against China's human rights violations, State Councilor and Foreign Minister Wang Yi attended the 46th session of the UN

⁴⁷ "美日印澳"四方安全对话"牵制中国? 专家: 美国能给盟国的已经差不多了,"[Huanqiu](#), February 19, 2021

⁴⁸"Weaponized: How Rumours about COVID-19's origins led to a narrative arms race," [Atlantic Council](#), February 2021

⁴⁹ Ibid

⁵⁰"China did 'little' to hunt for Covid origins in early months, says WHO document," [Guardian](#), February 23, 2021

⁵¹ "Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on February 24, 2021", [Ministry of Foreign Affairs, China](#), February 24, 2021

Human Rights Council. While delivering his speech on "[A people-centered Approach for Global Human Rights Progress](#)", Wang termed criticism on Xinjiang as slanderous and an excuse to interfere in other countries' internal affairs.⁵² According to Chinese spokesperson [Liu Yuyin](#), countries like Britain, Germany, Denmark, and Finland "abused the platform of the UN rights body to spread false information, smear China, and interfere in China's internal affairs".⁵³ [Thinlay Chukki](#), Special Appointee for Human Rights at the Tibet Bureau in Geneva, while briefing the EU delegation about Tibet's deteriorating human rights situation, stated that "China uses its vague terminologies and absurd interpretation of laws to frame Tibetan human rights defenders with criminal charges".⁵⁴

Trade and Economy

President Xi Jinping stressed the '[Spirit of the Ox](#)' in his Chinese Lunar New Year address, stating "China, an ancient civilization nurtured by its agriculture and fertile lands, has always considered the Ox an important animal as it helps farmers cultivate the farmlands".⁵⁵ Further, he called for efforts to "achieve the second centenary goal and reiterated calls for the great rejuvenation of the Chinese nation". In another address during the virtual 'China-Central and Eastern European Countries (CEEC) summit', President Xi announced [Beijing's intention to import](#) more than USD170 billion of goods [mainly agricultural products] from CEE countries in the coming five years.⁵⁶ Zhang Hong, a research fellow at the Chinese Academy of Social Sciences commented that "it is reasonable for China to expand goods imports from CEE countries, especially the agricultural products, given the need to narrow the trade surplus and help them recover from recession". It must, however, be noted that [self-reliance in food security](#) is Beijing's economic priority ahead of the 100th anniversary of the Communist Party of China (CPC) and the dual circulation strategy, meaning fewer agricultural imports over time.⁵⁷

⁵² "A People-centered Approach for Global Human Rights Progress," [Ministry of Foreign Affairs, China](#), February 22, 2021

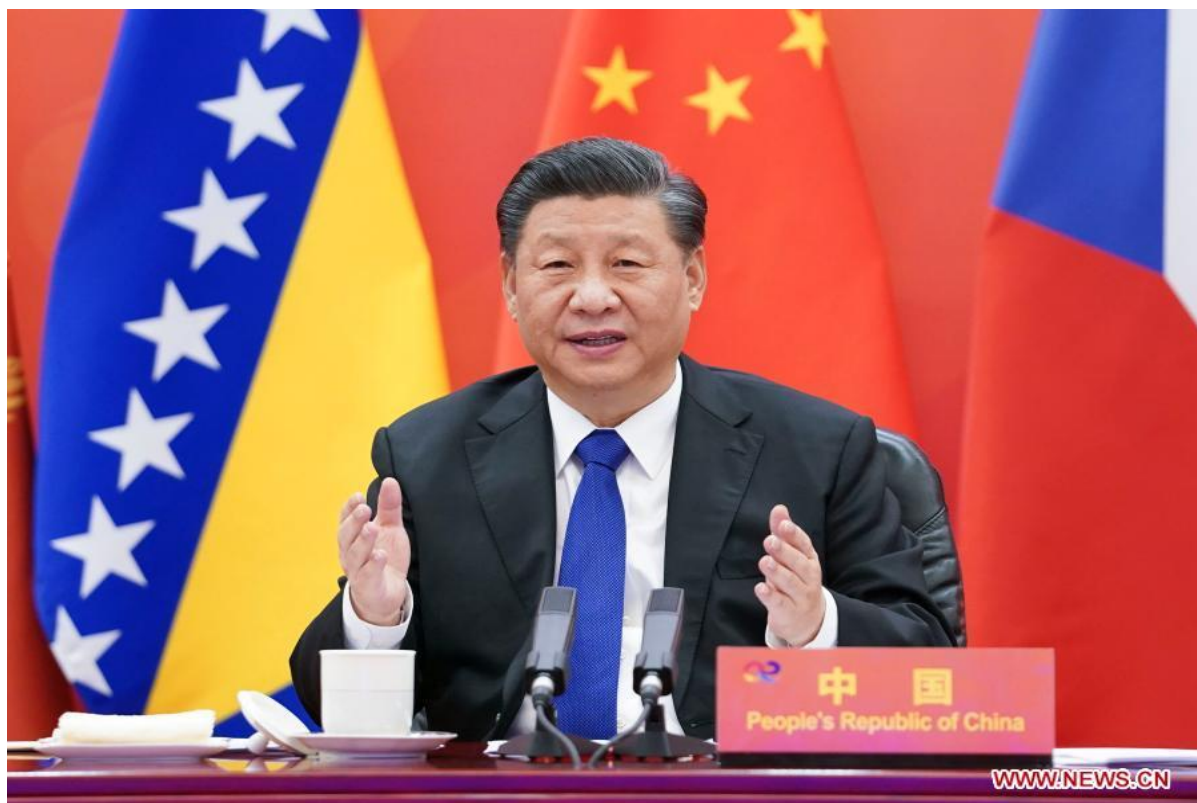
⁵³ "Chinese diplomat refutes British official's erroneous remarks at UN rights body session", [Ecnscn](#), February 24, 2021

⁵⁴ "China uses absurd interpretation of laws to frame Tibetan human rights defenders with criminal charges: Thinlay Chukki," [The Tibet Post](#), February 5, 2021

⁵⁵ "Xi Focus: Pioneering spirit, hard work urged as China embraces Year of the Ox", [Xinhua Net](#), February 13, 2021.

⁵⁶ "China to double agricultural imports from CEE countries over next 5 years", [Global Times](#), February 9, 2021.

⁵⁷ Orange Wang, "China food security: time to boost domestic output as focus on imports 'fundamentally incompatible'", [South China Morning Post](#), February 12, 2021.



President Xi Jinping chairs the China-Central and Eastern European Countries (CEEC) Summit via video link, February 9, 2021. Source: Xinhua Net

In his remarks at a G7 summit and at the Munich Security Conference 2021, US President Biden stressed the need to collectively deal with the [“economic threat posed by China”](#) and “preparing together for a long-term strategic competition with Beijing”.⁵⁸ Chinese analysts commented that “President [Biden’s call has not gained much traction](#) among America’s European allies..the joint statement issued following the G7 meeting focused on tackling real challenges stemming from the Covid-19 pandemic and economic recovery and noticeably only mentioned China once – in favourable terms”.⁵⁹ The speeches of German Chancellor Merkel and French President Macron at the Munich Conference were highlighted to argue that “the European leaders are disinterested in confronting China”.⁶⁰ Chinese analysts underscored the “huge economic and trade links between Beijing and Europe” while arguing that European allies “are losing trust in America as the leader of the West due to the profound turmoil in American politics and its problematic foreign policies”.

⁵⁸ Zhang Han, “Biden fails to pit allies against China in debut at G7, Munich events”, [Global Times](#), February 20, 2021.

⁵⁹ Ibid.

⁶⁰ Ibid.

On China-India economic relations, the state media highlighted a report that spoke about the Indian government's intent to approve China's [investment proposals](#) in "non-sensitive" sectors to lift economic growth.⁶¹ While commenting on this development, Chinese analyst Liu Zongyi observed that "restrictions on Chinese businesses were hurting Indian consumers, as the country lacks alternatives to replace the Chinese products, from infrastructure to smartphone apps". Other commentaries, however, cautioned Chinese investors about investing in India, considering uncertainties in the Indian markets.

In a significant report the Peterson Institute for International Economics highlighted the first year of the phase one [US-China trade deal](#) has been a "failure".⁶² As part of the deal, China had committed to buying USD200 billion in additional goods and services over the two years, above 2017 levels. According to the report, "US exports of phase one goods to China fell more than 40 percent short of the target in 2020". Economist Chad Brown, while highlighting the failure of the trade deal, stressed that "[China was never on pace to meet its commitment](#), with the economic devastation of the Covid-19 pandemic only partly to blame...[former President] Trump's objective of reducing bilateral trade deficit – was self-defeating from the start. It did not help that neither China nor the United States was willing to de-escalate their debilitating tariffs".

Further, it appears that China has benefited immensely from the US economic slowdown. The gap between the US and the Chinese economies trimmed in 2020.⁶³ "Beijing's official estimates point towards China overtaking the nominal GDP of the US by 2032. However, analysts now forecast that China could overtake the US as the world's biggest economy by 2028".⁶⁴ According to a report, "US economy is forecast to grow by about 1.9 percent every year from 2022 to 2024 and then slow down to about 1.6 percent after that".⁶⁵ In stark contrast, "the Chinese economy could expand by 5.7 percent annually until 2025, and 4.5 percent thereafter till 2030".⁶⁶ On the investments front, China's Ministry of Commerce (MoC) stressed that "China remains an attractive destination for [foreign direct investment](#) (FDI) amid easing market access. FDI

⁶¹ "India may ease curbs on investment from China to lift growth", [Global Times](#), February 17, 2021.

⁶² Andrew Mullen, "US-China trade war: phase one trade deal largely a 'failure', as purchases fall well short of targets", [South China Morning Post](#), February 8, 2021.

⁶³ Sidney Leng, "China GDP: coronavirus helped Chinese economy trim US\$1 trillion from gap with US in 2020", [South China Morning Post](#), January 29, 2021.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

into the Chinese mainland expanded 4.6 percent year on year to CNY91.61 billion in Jan 2021".⁶⁷

China-EU economic cooperation has gained momentum with the signing of 'Comprehensive Agreement on Investment' (CAI). The Chinese state media widely highlighted statements of German Chancellor Angela Merkel, Herbert Diess, CEO of Volkswagen, and Noel Quinn, CEO of HSBC to argue that "[Western companies speak up for China](#)".⁶⁸ Herbert Diess was reported to have said that "China is moving in the right direction and that it is easier to [invest in China](#) than China is allowed to invest in Germany or other places".⁶⁹ On this basis, the Chinese state media argued that "Western companies could not stand the smearing of China and politicisation of business circles, which threatens the livelihood of MNCs". Chinese media further revealed that [Germany's trade with the Xinjiang autonomous region's textile industry](#) is soaring, despite evidence of forced labour.⁷⁰

On the other hand, according to the Institute for International Finance, the debt of China's [state-owned enterprises](#) has grown from 130 percent in 2019 to a record high of more than 142 percent in 2020.⁷¹ Analysts stressed that "high debt ratio [among state firms] makes it challenging for Beijing to shift away from an economic growth model driven by state investment and infrastructure". Martin Raiser, World Bank country director for China, Mongolia, and South Korea warned that "Corporate debt is probably [China's] biggest risk...one reason is that [SOEs] are not only highly leveraged, but tend to be less profitable than private firms".⁷²

Defence and Security

Commenting on India's defence budget, Chinese analysts noted that "Indians would use a modest budget rise to [buy new military hardware](#) to urgently plug the gaps...however, it is an illusion to believe that India can improve its military

⁶⁷ "Foreign investment gravitates toward China amid easing market access", [People's Daily](#), February 10, 2021.

⁶⁸ "Why Western companies 'speak up for China': Global Times editorial", [Global Times](#), January 28, 2021.

⁶⁹ Chen Weihua, "Germans keen to boost cooperation with China", [China Daily](#), January 27, 2021.

⁷⁰ Finbarr Bermingham, "Soaring EU-Xinjiang trade in textile machinery, tomatoes piles pressure on Brussels to act on alleged forced labour", [South China Morning Post](#), February 17, 2021.

⁷¹ Karen Yeung, "China debt: highly-leveraged state firms could threaten 'efficient growth', private investment post-pandemic", [South China Morning Post](#), February 8, 2021.

⁷² Ibid.

capability by buying weapons from other countries".⁷³ Analyst Qian Feng observed that "due to its low capacity for research and development, India is seeking to buy advanced and high-tech weaponry globally, which makes it hard to gain the advantage it has longed for in facing China, especially in prolonged, large-scale and intensive stand-offs".⁷⁴ Further, Chinese experts cautioned India about getting over-excited over [Indo-US military exercises](#). [They warned India that](#) the "Biden administration might consider using India as a pawn to contain China in the Indo-Pacific, while criticising India's record on issues of race, human rights, and religion".⁷⁵ At the same time, they acknowledged that these exercises show that the Biden administration is broadly aligned with Trump on defence cooperation with India".

On US-China relations, the head of US Strategic Command (STRATCOM) Charles Richard issued a warning about the "very real possibility of [nuclear war between the US and China](#) or Russia".⁷⁶ He expressed his belief that "a regional crisis with Russia or China could escalate quickly to a conflict involving nuclear weapons if they perceive a conventional loss would threaten the regime or state". Chinese analysts rejected this warning as "groundless". Analyst Jiang Tianjiao highlighted that "China has no-first-use policy of nuclear weapons at any time and under any circumstances...therefore, as long as the US does not launch a nuclear strike against China, it need not worry about China starting a nuclear war."⁷⁷ He added further that "President Biden is a typical democrat who prefers to pursue arms control negotiations...against this backdrop Richard hyped up the hypothetical threat of a nuclear war so that the progressives would give up the intention of restricting America from using nuclear weapons".⁷⁸

In a related development, Chinese analyst Li Zhe, while commenting on the [extension of new START](#) (Strategic Arms Limitation Treaty) by the US and Russia, observed that the "future of nuclear arms control remains undecided...ever since the US quit the INF treaty in early 2018, the US has been trying to bring China into multilateral arms control negotiations...by expanding

⁷³Liu Xin, "Buying weaponry won't help India's military modernization with modest rise of defense budget: expert", [Global Times](#), February 2, 2021.

⁷⁴ Ibid.

⁷⁵ Wang Qi, "India should be cautious about 1st Biden-era military drill: experts", [Global Times](#), February 6, 2021.

⁷⁶Jiang Tianjiao, "US Strategic Command chief's warning of nuclear war groundless", [PLA Daily](#), February 8, 2021.

⁷⁷ Ibid.

⁷⁸ Ibid.

the bilateral treaty [START] into a trilateral one, Washington aims to limit other countries [nuclear capabilities] guaranteeing it absolute nuclear superiority".⁷⁹

Chinese state media strongly criticised the US think tank Atlantic Council's policy recommendation titled 'The Longer Telegram: Toward a new American China strategy', which hinted at the possibility of the [US waging limited war against China in the South China Sea](#), with the presumption that Washington might win this war.⁸⁰ A US victory would then lead to divisions within the Communist Party of China (CPC), resulting in an intra-party coup. A Russia based analyst arguing in China's favour commented that "it is a political fantasy to imagine that differences of opinion within the CPC will lead to an intra-party coup...differences may exist about policy proposals, however, all CPC members have China's best interests in mind...it is impossible for any force to divide the CPC, let alone an external one as openly hostile as the US government". "The People's Liberation Army's Navy will deliver a befitting response to all aggression in pursuit of the stated objective of waging war against China within its maritime borders, guaranteeing Beijing victory".⁸¹

In a speech highlighting [China's growing footprint in the Middle East](#) (West Asia), CENTCOM Commander Gen. Kenneth McKenzie warned that "The United States faces greater competition in the region from both China and Russia".⁸² He added that "Moscow and Beijing have taken advantage of the perceived decrease in US presence in the Middle East under the former US administration to raise their influence over the past year". Gen. McKenzie expects "Beijing to prioritize access to energy by building defence cooperation in the region through arms sales and exercises while deepening trade ties".⁸³

In a development highlighting Beijing's technological and military strength, China conducted a [land-based mid-course missile interception](#) test on February 4.⁸⁴ While lauding this missile test, analyst Xie Yongliang commented that "as the US has withdrawn from the intermediate-range nuclear forces (INF) treaty and deployed ballistic missiles on a large scale, reliable mid-course

⁷⁹ Lie Zhe, "Future of nuclear arms control remains undecided", [PLA Daily](#), February 7, 2021.

⁸⁰ Andrew Korybko, "Atlantic Council won't succeed with its South China Sea scheme", [China Daily](#), February 10, 2021.

⁸¹ Ibid.

⁸² Sarah Zheng, "Crises allowed China and Russia to pursue Middle East power and influence, warns US general", [South China Morning Post](#), February 10, 2021.

⁸³ Ibid.

⁸⁴ Xie Yongliang, "What does China's successful "mid-course missile interception test" mean to national security?", [PLA Daily](#), February 7, 2021.

missile interception ability will undoubtedly reinforce China's national security and is vital for safeguarding the territorial security".⁸⁵

China's new coastguard law, which came into effect on February 1, came under severe criticism from countries in East Asia. The Philippines "objected to the [language regarding the use of force](#) and...the possible application of this law in areas that Manila considers beyond China's territory or within the Philippines' EEZ (Exclusive Economic Zone)".⁸⁶ The Philippines' foreign minister Teodoro Locsin described China's coastguard law as "a verbal threat of war to any country that defies it".⁸⁷ In a related development, Chinese media highlighted internal infighting in Manila over Beijing's coastguard law. Presidential spokesperson Harry Roque reportedly stated "Manila was considering taking China to the international tribunal for the Law of the Sea"; while foreign minister Teodoro Locsin discarded this suggestion. The Chinese media projected these contradictory remarks and the silence of Philippines President Rodrigo Duterte as [evidence of lack of clarity in Manila](#) on China's coastguard law.⁸⁸

Further, Chinese analyst Yan Yan argued that "the provisions in Beijing's Coastguard Law on the use of force, police equipment, and weapons are [consistent with international law](#) and within the boundary of current national practices...earlier China was criticised for lacking legal supervision over its maritime law enforcement; now they [China's critics] deliberately distort and misinterpret certain content in the latest law...the international community should walk toward China with goodwill and positive attitude to advance bilateral or multilateral maritime enforcement cooperation based on law".⁸⁹

Technology

Beijing issued the [final version of anti-monopoly guidelines](#) to reign in Big-Tech.⁹⁰ China's State Administration for Market Regulation (SAMR) stressed that "new guidelines aim to prevent and stop the monopolistic behaviour of internet platforms and protect fair competition".⁹¹ The new guidelines "prohibit

⁸⁵ Ibid.

⁸⁶ Laura Zhou, "China sought to reassure Philippines over new coastguard law, envoy says", [South China Morning Post](#), February 16, 2021.

⁸⁷ Ibid.

⁸⁸ Alan Robles, "In South China Sea, Philippines fights itself over Beijing's coastguard law", [South China Morning Post](#), February 2, 2021.

⁸⁹ Yan Yan, "Smearing China's Coast Guard Law does maritime security cooperation no good", [PLA Daily](#), February 10, 2021.

⁹⁰ Jane Zhang and Iris Deng, "China issues final version of anti-monopoly guidelines as Beijing moves to rein in Big Tech", [South China Morning Post](#), February 8, 2021.

⁹¹ Ibid.

internet companies from forcing merchants to pick one platform as their exclusive distribution channel and from using price discrimination through big data analysis". However, SAMR noted that "the use of data, algorithms and platform rules are making it more difficult to discover and determine monopolistic behaviours, as [the methods] may help the operators exchange sensitive information quickly and frequently".

According to a Beijing-based market research company 'the [gap between the computing power of the US and China](#) has been shrinking'.⁹² As computing power plays a vital role in mapping the limits of AI, this could have significant ramifications in the artificial intelligence competition between the two superpowers. The report found a close [correlation between computing power and economic growth](#), "with 1 percentage point improvement in computing power, the digital economy and the GDP will increase 3.3 per thousand and 1.8 per thousand, respectively".⁹³ China has contributed nearly 50 percent of the expenditure growth in the AI computing market between 2015 and 2019. Chinese experts argued that an early realization of this relation between computing infrastructure and economic growth would increase the likelihood of reaping its technological benefits. China also made [significant strides in robotics](#) as its industrial robot production grew by 19.1 percent in 2020.⁹⁴

After the United States sanctioned Chinese semiconductor giants Huawei and SMIC, China has strongly emphasised '[self-reliance in the integrated chip \(IC\) industry](#)'.⁹⁵ In this endeavour, domestic firms have attracted massive investments from the Chinese government. The Chinese state media highlighted that "China's [semiconductor industry is embracing unprecedented opportunities](#), as the government has emphasised technological innovations and intensified efforts to develop chips at home".⁹⁶ At the same time, Chinese experts acknowledge that the next 10-20 years are challenging for their semiconductor industry for three reasons-firstly, the supply of high-end materials is insufficient post the US sanctions; secondly, being a value chain industry, the R&D cycle in semiconductor research is cumbersome and long term; and thirdly, it has a high risk on capital returns because cultivating human resources in the industry takes time. Thus, developing indigenous

⁹² Sun Chi, "Report: China, US computing power gap shrinks", [China Daily](#), February 5, 2021

⁹³ For more information, visit the video on [ibid](#).

⁹⁴ "China's industrial robot production up 19.1% in 2020", [China Daily](#), February 2, 2021

⁹⁵ Yuan Yang, Kathrin Hille and Qianer Liu, "China's biggest chipmaker SMIC hit by US sanctions", [Financial Times](#), September 27, 2020

⁹⁶ "How China's chip industry is striving for self-reliance", [China Daily](#), February 5, 2021

chip-manufacturing ability is a must if China seeks to cater to its 'rising domestic demand' and lead the 'global digital transformation'.⁹⁷

In addition to production, the Chinese Ministry of Industry and Information Technology (MIIT) has also sought to improve the evaluation standards to optimize the semiconductor supply chain. It announced that "a new [semiconductor standardization committee](#) would support and guarantee the healthy development of the integrated circuit (IC) industry".⁹⁸ MIIT argues that a lack of a "unified performance evaluation standard" increases the communication costs between consumers and chip manufacturers. It would invite public opinion on this issue for a start through a committee of 90 members consisting of technocrats from the leading Chinese tech companies.



China's Tianwen-1 Mars orbiter captured this view of the Red Planet as it entered orbit around the planet on February 10, 2021. Source: Space.com

[Tianwen-1, China's first Mars probe](#), entered Mars Orbit after a seven-month long journey spanning 500 million kilometres.⁹⁹ It is expected to carry out orbital course corrections before it attempts to touch down on the red planet's

⁹⁷For more information, visit the video on [ibid](#).

⁹⁸ Che Pan, "China aims to strengthen its semiconductor supply chain with new standards group that includes Huawei, SMIC", [South China Morning Post](#), January 29, 2021

⁹⁹ Deng Xiaoci and Fan Anqi, "China's Tianwen-1 probe successfully enter Mars orbit", [Global Times](#), February 10, 2021

surface in the forthcoming months. According to the China National Space Administration (CNSA), "the development marks China's [completion of a key step in its current Mars exploration program](#), which is designed to complete orbiting, landing and roving in one mission".¹⁰⁰ Meanwhile, Chinese experts urged Western countries to get rid of their "Cold War mentality" and advance space cooperation as a common cause. China will resist unilateral attempts to privatise or militarise space. Russian space experts, while congratulating China, acknowledged its rapid advance in aeronautics and looked to [cooperate on planetary expeditions](#) in the future.¹⁰¹

Chinese companies have also made notable advances in the commercial space sector. One private Chinese space company developed the final assembly of a [new liquid-propellant rocket's first space engine](#).¹⁰² One Space, another private space company, launched a new smart suborbital rocket, which is the "first time that a private Chinese rocket company has realized controlled re-entry flight and [human-in-the-loop space flight control](#)".¹⁰³ These developments indicate attempts by the private companies towards developing reusable launch vehicle systems.

China's five-hundred meters [aperture spherical radio telescope](#) (FAST) 'Sky Eye' has become operational.¹⁰⁴ It is believed to be the world's most sensitive radio telescope that will help scientists observe astronomical phenomena like pulsars and interstellar molecules.

¹⁰⁰ "China's Tiawen-1 probe enters orbit around Mars", [Xinhua](#), February 10, 2021

¹⁰¹ "Russian experts hail China's Mars probe, expect cooperation", [Xinhua](#), February 11, 2021

¹⁰² "China completes final assembly of new liquid-propellant rocket's first-stage engine", [Xinhua](#), February 4, 2021

¹⁰³ "Private Chinese company launches smart suborbital rocket", [Xinhua](#), February 6, 2021

¹⁰⁴ "Across China: FAST telescope unites worldwide scientists to explore universe", [Xinhua](#), February 5, 2021



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