



Delhi Policy Group

Advancing India's Rise as a Leading Power



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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:

India and China hold the 26th Meeting of Working Mechanism for Consultation and Coordination on China-India Border Affairs in Beijing on February 22, 2023. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

US Navy recovers a Chinese high-altitude surveillance balloon off the coast of Myrtle Beach, South Carolina on February 5, 2023. Source: [US Navy Official Website](#)

President of Russia, Vladimir Putin, meets Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee in Moscow on February 22, 2023. Source: [President of Russia Official Website](#)

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Abstract

India and China held the 26th meeting of the 'Working Mechanism for Consultation and Coordination on India-China Border Affairs' (WMCC) physically in Beijing on February 22, 2023. The two sides discussed the security situation in eastern Ladakh, including proposals regarding disengagement from remaining friction points. They agreed to hold the 18th round of the senior military commanders' meeting at an early date. Separate post-meeting statements released by the two sides clearly indicated continued differences in perceptions on the resolution of outstanding issues.

In the backdrop of this continued standoff, now nearly three-year-old, the Indian Army reiterated its preparedness to give a befitting response to any Chinese aggression in eastern Ladakh, with appropriate posturing of forces backed by complete synergy among the three services. Furthermore, to enhance the existing border deployment, the government of India sanctioned the raising of seven additional battalions of the Indo-Tibetan Border Police (ITBP), comprising 9,400 personnel. The Indian Army is also enhancing its firepower along the LAC through the introduction of long-range weapon systems.

A bipartisan resolution was introduced in the US Senate to recognise Arunachal Pradesh as an integral part of India, as a push back against China's military aggression to change the status quo along the LAC. Meanwhile, China has started working on a new railway line between Xinjiang and Tibet that is expected to enable faster deployment of troops in the border region.

Pakistan, along with China and 50 other countries, took part in the annual 'AMAN-23' multinational maritime exercise off the Karachi coast. The drills were aimed at enhancing interoperability to deal with threats in the Indian Ocean region, securing safeguarding vital international sea lines of communication, and safeguarding the China-Pakistan Economic Corridor (CPEC).

In a move that could slow down IMF's aid to Sri Lanka, China has asked multilateral lenders to provide debt relief to Sri Lanka as part of a broader loan restructuring. The statement from China came after the Paris Club of creditors joined India in formally supporting debt restructuring for Sri Lanka, bolstering Colombo's efforts to unlock a USD 2.9 billion bailout from the IMF.

US-China relations continued to fray during the month. China strongly criticised Washington's move to shoot down an unmanned Chinese civilian

airship (balloon) over US airspace, stressing that “the civilian airship was being used for research, mainly meteorological purposes, and had unexpectedly entered the US due to force majeure”. Describing US’s actions as “irresponsible” and “a violation of international practices”, China declined Washington’s proposal for a phone call between the defence ministers of the two countries. Owing to the balloon incident, US Secretary of State Antony Blinken postponed his China visit.

Chinese state media severely criticised US democracy in the aftermath of President Biden’s ‘State of the Union’ address. China issued a report titled “US hegemony and its perils”, shedding light on the US’s “Political Hegemony - Throwing Its Weight Around”, “Military Hegemony - Wanton Use of Force”, “Economic Hegemony - Looting and Exploitation”, “Technological Hegemony - Monopoly and Suppression”, and “Cultural Hegemony – Spreading False Narratives”.

Ahead of the first anniversary of the Russian special military operation in Ukraine, Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, met Russian President Vladimir Putin in Moscow on February 22, 2023. Wang Yi reiterated that China-Russia relations have “stood the test of the international situation and are mature, resilient, and stable”.

Further, China released a paper on its position on the ‘political settlement of the Ukraine crisis’, in which it called for a ceasefire and talks between the two parties. The US and the European Union rejected China’s 12-point peace plan for Ukraine.

Wang Yi, in his address at Munich Security Conference, warned that “standing at a critical juncture in history, human society must not repeat the path of antagonism, division, and confrontation, and must not fall into the trap of zero-sum game, war and conflict”.

Following Wang Yi’s address, Chinese Foreign Minister Qin Gang released a concept paper on the country’s “Global Security Initiative” (GSI). Core principles of GSI include “staying committed to the vision of common, comprehensive, cooperative and sustainable security”, “respecting the sovereignty and territorial integrity of all countries”, “abiding by the purposes and principles of the UN Charter”, “taking legitimate security concerns of all nations seriously”, “peacefully resolving differences and disputes between countries through dialogue and consultation”, and “maintaining security in both traditional and non-traditional domains”.

Amidst China's economic slowdown, the International Monetary Fund (IMF) called upon Beijing to pursue "comprehensive reforms" to bring the country's economy back in line with its true growth potential. The IMF warned that without reforms, China's growth could drop to about 4 percent on average over the next five years, and 3 percent thereafter between 2028-37.

Foreign and Security Policy

I. China-India Relations

India and China held the 26th meeting of the 'Working Mechanism for Consultation and Coordination on India-China Border Affairs' (WMCC) physically in Beijing on February 22. The Indian delegation was led by Shilpak Ambule (Joint Secretary East). The two sides discussed the security situation in eastern Ladakh including proposals regarding disengagement from remaining friction points. At the meeting, it was also agreed to hold the 18th round of the senior military commanders' meeting at an early date.¹



India and China hold the 26th Meeting of Working Mechanism for Consultation and Coordination on China-India Border Affairs in Beijing on February 22, 2023. Source: [Ministry of Foreign Affairs of the People's Republic of China](#)

Separate post meeting statements released by the two sides clearly indicated continued differences in perceptions on the resolution of the outstanding issues. Whilst India's Ministry of External Affairs called the talks 'open and constructive', the Chinese Foreign Ministry called them as 'candid and in-depth'. Furthermore, while the Indian side mentioned that both sides discussed

¹ "India, China talk on disengagement at friction points," [The Times of India](#), February 23, 2023

disengagement in the remaining areas, the Chinese statement was silent on both disengagement and de-escalation.²

To augment the existing border deployment, government has sanctioned raising of seven additional battalions of ITBP, comprising 9,400 fresh troops. The additional ITBP force will be deployed to manage 47 new border posts including additional troop bases along the LAC.³

Meanwhile, the Indian army is enhancing its firepower along the LAC through the introduction of long-range weapon systems. The army's upgradation plans include development of critical combat capabilities and upgrading legacy systems.⁴ Addressing the Northern Command Investiture Ceremony, General officer Commanding in Chief Lt General Upendra Dwivedi highlighted that India is ready to give a befitting response to any Chinese aggression in Ladakh. Adding that "on the LAC, our response to unilaterally change the status quo by the Chinese will be swift, undaunted, and synergised action by the Armed Forces. Any aggressive designs or attempts will be met with appropriate posturing of forces and strong intent with complete synergy among the three service", he added.⁵

China has started working on a new railway line between Xinjiang and Tibet that is expected to enable faster deployment of troops in the region. The plan envisages expanding the TAR rail network from the current 1,400 km to 4,000 km by 2025, including new routes that will connect India through Nepal borders.⁶ The Xinjiang-Tibet Railway will roughly follow the route of the G219 national highway, also known as the Tibet-Xinjiang Highway which runs along the southwestern border of China. The construction of G219 through Aksai Chin had created tensions between India and China that lead to the 1962 war.⁷

A bipartisan resolution was introduced in the US Senate to recognise Arunachal Pradesh as an integral part of India, pushing back against Beijing's military aggression to change the status quo along the Line of Actual Control.⁸ The

² "India-China WMCC meeting: No immediate progress," [The Times of India](#), February 27, 2023

³ "Union Cabinet approves 7 new battalions; 9,400 personnel for Sino-India LAC guarding ITBP", [The Economic Times](#), February 16, 2023.
also see, "Army gears up to face 3-tier PLA deployment along LAC," [The Hindustan Times](#), February 10, 2023

⁴ "Bit by bit, army adding lethal firepower to boost capability," [The Times of India](#), February 13, 2023

⁵ "China's aggression to be met with...": Army commander," [The Hindustan Times](#), February 7, 2023

⁶ "China plans railway line to connect Tibet, Xinjiang," First post, February 13, 2023

⁷ "Why China's plans of a new railway line through Aksai Chin is worrying news for India," [Firstpost](#), February 15, 2023

⁸ "Bipartisan resolution introduced in U.S. Senate recognising Arunachal Pradesh as integral part of India," [The Hindu](#), February 17, 2023

resolution condemns [Chinese provocations](#), including use of military force to change the status quo along the LAC, construction of villages in contested areas, publication of maps with Mandarin-language names for cities and features in the Indian state of Arunachal Pradesh, and expansion of Beijing's territorial claims in Bhutan.

Chinese Foreign Minister [Qin Gang](#) is expected to visit New Delhi on March 1-2 to attend the G-20 foreign ministers' meeting. There are reports, that during the visit he will hold bilateral meeting with External Affairs Minister Dr. S. Jaishankar.⁹

II. China-South Asia Relations

Adding to the debate on China dragging its feet in helping debt ridden Pakistan casting around for loans to pay older loans, a Pakistani nuclear physicist and commentator, [Pervez Hoodbhoy](#) has stressed that "the 'unbreakable bonds' of Pakistan-China friendship are under stress". Elaborating on his argument Pervez wrote "Chinese capitalism – like any other capitalism – is about profit, not philanthropy. Adding that Chinese companies, state or private, are like other companies. While no doubt China understands the strategic importance of Pakistan, they nevertheless are aware that Pakistan is not the world's best place to park your capital."¹⁰ On the other hand a report in the '[Foreign Policy](#)' stressed that even as "Beijing-funded infrastructure projects have slowed, but long-time partnership remains inevitable". Elaborating on the argument about the fallacies and weakness of China - Pakistan economic ties, the report argues that "the slowing pace of CPEC projects stems in part from Pakistan's ongoing economic crisis—it increasingly cannot afford infrastructure loans—as well as Beijing's own economic slowdown".¹¹

Pakistan along with China and 50 other countries took part in '[AMAN-23](#)' multinational maritime exercise off the Karachi coast. The drills were aimed at enhancing interoperability to deal with instabilities and threats in the Indian Ocean region and safeguarding vital international sea lines of communication and the China-Pakistan Economic Corridor (CPEC).¹²

Economic forecasts predict, given China's growing [trade with Afghanistan](#), there is a possibility it may become Afghanistan's second largest trading partner after Pakistan in 2023. According to China customs data, in December 2022, China imported US\$9.09 million from Afghanistan and exported US\$59

⁹ "Chinese foreign minister Qin Gang to visit New Delhi for G20 meet," [The Hindustan Times](#), February 28, 2023

¹⁰ "Don't blame the Chinese," [Dawn](#), February 18, 2023

¹¹ "Have China and Pakistan Hit a Roadblock?," [Foreign Policy](#), February 9, 2023

¹² "China joins multinational naval drills in Pakistan, contributing to safeguarding sea lines, CPEC," [Global Times](#), February 10, 2023

million, resulting in surplus trade balance of US\$49.9 million. Based on this projection, there are estimates that in 2023, bilateral trade between China and Afghanistan could be as much as US\$816 million.¹³

In a move that could likely slow down [IMF's aid to Sri Lanka](#), China has asked for multilateral lenders to provide debt relief to Sri Lanka as part of a broader loan restructuring.¹⁴ The statement from China came after the Paris Club of creditors joined India in formally supporting debt restructuring for Sri Lanka, bolstering the Colombo's efforts to unlock a \$2.9 billion bailout from the IMF.

Various NGOs and civil societies, Ulemas, and other organisations across Bangladesh protested against Chinese atrocities on Uyghur's to mark the 26th anniversary of the '[Ghulja Massacre](#)' that took place in 1997 when Chinese forces allegedly killed and imprisoned thousands of innocent Uyghurs, participating in a peaceful demonstration in Ghulja in Xinjiang Uyghur Autonomous Region (XUAR) demanding religious and cultural freedom and equal rights.¹⁵

To fast-track bilateral relations, newly-appointed Chinese Ambassador Yao Wen assured Bangladesh of increased investment and cooperation to build a [Smart Bangladesh](#) and a Sonar Bangla. "China is interested to invest in ICT, food processing, and renewable energy sectors in Bangladesh", he said.¹⁶

A report published in an online magazine in Nepal, alleged that [China's major investments in Nepal](#) are equally aimed at boosting the economy as also asserting its influence. The report emphasised that proposed investments result in major imports and fewer exports.¹⁷ China's significant investment in Nepal include building, highways, tunnels, dams, and railway lines. The most important among these being Nepal- China trans-Himalayan multi-dimensional connectivity system.

According to a report in local daily, '[the Maldives Voice](#)' political rivalry between President Ibrahim Mohamed Solih, and Mohamed Nasheed from the same party is benefitting China.¹⁸ Report claims China's interference in the domestic politics of Maldives became rampant under the Yameen regime. It

¹³ "China To Become Afghanistan's Second Largest Trade Partner in 2023," [Silk Road Briefing](#), February 16, 2023

¹⁴ "Sri Lanka IMF Deal Stalls Amid China-World Bank Relief Split," [The Bloomberg](#), February 3, 2023

¹⁵ "Ghulja Massacre: Protests held in Bangladesh over Uyghur atrocities by China," [India Blooms](#), February 6, 2023

¹⁶ "New Chinese ambassador assures of further investment in Bangladesh," [The Business Standard](#), February 7, 2023

¹⁷ "Chinese investments in Nepal may be aimed at asserting its influence in country: Report," [The Economic Times](#), February 10, 2023

¹⁸ "Political turmoil in Maldives ultimately benefits China: Report," [DT Next](#), February 10, 2023

stresses the FTA signed under Yameen, a proxy for China is what led to Maldives' debt to China.

III. China-United States Relations

Amid simmering tensions, [Chinese fighters confronted a US Navy plane](#), flying 21,500 feet over the South China sea 30 miles off the Paracel Island which has Chinese military bases. The plane was intercepted by Chinese fighters armed with an air-to-air missile. Reacting to the incident Chinese state media commented "Freedom of navigation is a pretext for the US to intervene in the South China Sea affairs. To satisfy its geopolitical interests, Washington has been stirring up trouble in the region and flaunting its power by frequently sending ships and aircraft. Claiming it has been instigating tension in the South China Sea, making itself a disrupter of peace and stability in the region. Such a dangerous and irresponsible approach seriously deviates from the common will of countries around the South China Sea".¹⁹

Meanwhile, the US dismissed China's 12 Point peace plan on Ukraine. Secretary of State Antony Blinken accused China of trying to draw the world's eyes away from its support for Russian President Vladimir Putin. [Secretary Blinken said](#), "China's been trying to have it both ways – on the one hand, trying to present itself publicly as neutral and seeking peace, while at the same time, it is talking up Russia's false narrative about the war.... If they were serious about the first one, 'sovereignty', then this war could end tomorrow."²⁰ Blinken's comments echoed remarks of National Security Adviser, [Jake Sullivan](#), who said "My first reaction to it is that it could stop at point one, which is to respect the sovereignty of all nations ... this was a war of choice waged by Putin."²¹ In a separate interview National Security Adviser Jake Sullivan warned China that there will be "[real costs](#)" if China provides lethal military assistance to Russia for use in its war in Ukraine.²² Commenting about the potential of China sending "[lethal equipment](#)" to Russia, CIA Director William Burns said the United States is "confident" that the Chinese leadership is considering it.²³

¹⁹ "US Navy's provocative stunt in S.China Sea irresponsible, disruptive," [Global Times](#), February 28, 2023

²⁰ "West reacts with skepticism to Chinese ceasefire proposal for Ukraine," [The Print](#), February 24, 2023

²¹ "US dismisses China's Ukraine peace proposal as an attempt to distract," [Politico](#), February 24, 2023

²² "US says China will face 'real costs' if it provides lethal aid to Russia for war in Ukraine," [CNN](#), February 26, 2023

²³ "U.S. Renews Warning To China About Providing Lethal Weapons To Russia For War In Ukraine," [Rferl.org](#), February 26, 2023



US Navy recovers a Chinese high-altitude surveillance balloon off the coast of Myrtle Beach, South Carolina on February 5, 2023. Source: [US Navy Official Website](#)

A diplomatic crisis between the US and China ratcheted up weeks before Beijing released its peace plan on Ukraine over the Chinese spy balloon triggering speculation of China's clandestine operations to carry out global surveillance. While the US expressed its concerns pertaining to national security after shooting down 'benign' objects that potentially had military intelligence objectives, China denounced US actions calling it "an obvious overreaction and a serious violation of international practice".²⁴ Days after the balloon row, Secretary of State Antony Blinken met the Director of the CPC Central Foreign Affairs Office Wang Yi wherein Blinken spoke about the unacceptable violation of US sovereignty and international law by the PRC high-altitude surveillance balloon in US territorial airspace, underscoring that this irresponsible act must never occur again. He further asserted that the "United States will not stand for any violation of our sovereignty and that the PRC's high altitude surveillance balloon program – which has intruded into the air space of over 40 countries across 5 continents – has been exposed to the world".²⁵ Later Wang Yi criticised the US for its "nearly hysterical reaction" to the Chinese balloon issue underlining misperception and strategic misjudgement of China by the US.

²⁴ "China condemns US military strike on suspected spy balloon," [Al Jazeera](#), February 5, 2023

²⁵ "Secretary Blinken's Meeting with People's Republic of China (PRC) Director of the CCP Central Foreign Affairs Office Wang Yi," [US Department of State](#), February 18, 2023

US Assistant Secretary of Defence [Michael Chase](#) paid a rare visit to Taiwan. While there was no official statement on the visit, China strongly condemned the same while reaffirming its sanction against Lockheed Martin and a unit of Raytheon for supplying military equipment to Taiwan.²⁶ Following Chase's visit Blinken in a recent interview stated that "the world is so concerned about a crisis across the Taiwan Straits because of which this is not an internal matter" maintaining that were there a crisis in Taiwan as a result of the Chinese mainland's aggression in some fashion, "that would have disastrous consequences. Calling these remarks "extremely irresponsible and ridiculous", the Chinese Foreign Ministry urged Secretary Blinken to heed the lesson of history seriously on the issue.²⁷

Amidst the war of words over Ukraine crisis and spy balloon, President Joe Biden is scaling back a planned executive order to oversee [American investments in China](#) to focus largely on increasing transparency of those deals. However, the order may still prohibit US investments in advanced semiconductors industry but will likely not regulate the flow of investments to other parts of China's high-tech economy.²⁸

Criticism of the US Democracy

Chinese state media severely criticised President Biden's '[State of the Union](#)' [address](#) in which Biden claimed that the US was in its "strongest position in decades to compete with China or anyone else in the world", and "winning the competition with China should unite us all".²⁹ Further, underscoring the "[confrontation between democracies and autocracies](#)", President Biden claimed that "democracies have become stronger, not weaker".³⁰ Global Times editorial rejected President Biden's remarks asserting that the "aggressiveness of US democracy is derived from hegemony, bullying, and domineering". "US-style democracy is in crisis, either the US will adjust itself according to changing times or it will be passively left behind by the tide of time", Global Times added.³¹

Further, China issued a report titled "[US hegemony and its perils](#)" shedding light on US's "Political Hegemony - Throwing Its Weight Around", "Military

²⁶ "Pentagon's top China official travels to Taiwan, sources say," [Reuters](#), February 18, 2023

²⁷ "China rejects Blinken's erroneous claims on Taiwan," [Pakistan Today](#), February 28, 2023

²⁸ "White House scales back plans to regulate U.S. investments in China," [Politico](#), February 27, 2023

²⁹ "Xinhua Commentary: Biden's State of the Union speech was divorced from reality", [Xinhua](#), February 14, 2023.

³⁰ "Aggressiveness of US democracy derived from hegemony, bullying and domineering: Global Times editorial", [Global Times](#), February 11, 2023.

³¹ Ibid.

Hegemony - Wanton Use of Force”, “Economic Hegemony - Looting and Exploitation”, “Technological Hegemony - Monopoly and Suppression”, and “Cultural Hegemony – Spreading False Narratives”.³² People’s Daily called upon the US to renounce its “long-arm jurisdiction” especially unilateral sanctions imposed on other countries to maintain US hegemony.³³ It reminded the US that “decoupling from China is impractical”³⁴ and called upon Washington to “focus on the larger picture”, “avoid bloc confrontation”, “pursue mutual benefit” and “win-win cooperation”.³⁵

Xinhua released a report on “Rising Economic Polarisation in the US” calling on Washington to take earnest measures to solve the problem of ever-widening wealth gap in the country.³⁶

IV. China-Russia Relations

Ahead of the first anniversary of Russia’s special military operation in Ukraine, Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee met Russian President Vladimir Putin in Moscow on February 22.³⁷ Wang Yi reiterated that China-Russia relations have “stood the test of the international situation and are mature, resilient, and stable”.³⁸

Further, China released its position paper³⁹ on the Russia-Ukraine war, in which it called for a ceasefire and talks between the two parties. “All parties must stay rational and exercise restraint, avoid fanning the flames and aggravating tensions, and prevent the crisis from deteriorating further or even spiralling out of control,” it said.⁴⁰

The proposal mainly elaborates on long-held Chinese positions, including that all countries’ “sovereignty, independence and territorial integrity be effectively

³² “US Hegemony and Its Perils”, Ministry of Foreign Affairs of the People’s Republic of China, February 20, 2023.

³³ “U.S. should renounce long-arm jurisdiction measures as soon as possible”, People’s Daily Editorial, February 8, 2023.

³⁴ “Decoupling from China is not the answer”, People’s Daily Editorial, February 3, 2023.

³⁵ “Bloc confrontation leads nowhere, mutual benefit and win-win results prevail”, People’s Daily Editorial, February 5, 2023.

³⁶ “Rising Economic Polarization in the United States: Truth and Facts”, Xinhua, February 23, 2023.

³⁷ “China, Russia relations are mature, resilient and stable, Wang Yi says in meeting with Putin”, Global Times, February 23, 2023.

³⁸ Ibid.

³⁹ “Full text: China’s Position on Political Settlement of Ukraine Crisis”, CGTN, February 24, 2023

⁴⁰ Ibid.

guaranteed".⁴¹ It said nuclear power plants must be kept safe and the threat or use of nuclear weapons should be opposed. The plan also called for an end to the "Cold War mentality", which is Beijing's standard term for what it regards as global dominance by the United States and its interference in other countries' affairs.⁴² Reacting to the report Kremlin said that China's peace plan for Ukraine deserved to be studied in detail, but claimed the conditions for a "peaceful" solution had not been met "for now".⁴³



President of Russia, Vladimir Putin, meets Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee in Moscow on February 22, 2023.

Source: [President of Russia Official Website](#)

China's Permanent Representative to the United Nations expressed support for Russia's draft resolution calling for an investigation into the [Nord Stream Gas pipeline sabotage](#).⁴⁴

Russia's economy, delimited from Western financial networks, is now using the [Chinese Yuan](#) for transactions. A report in the Wall Street Journal stated that Russia's sovereign-wealth fund, a cushion fund created to support government spending burdened by the Ukraine war, is using the Chinese currency to store its oil riches. Russian companies have borrowed in Yuan. The Chinese

⁴¹ Ibid.

⁴² Ibid.

⁴³ "Kremlin says 12-point Chinese peace plan on Russia-Ukraine war treated with 'great attention'," [Euro News](#), February 24, 2023

⁴⁴ "China supports speeding up probe into Nord Stream sabotage", [China Military Online](#), February 22, 2023.

currency's rise inside Russia is an affirmation of its deepening ties between the two countries. It also serves China's long-standing campaign to make the Yuan a more prominent feature of global finance and commerce.⁴⁵ Reports also state the rise of Chinese made automobile and electronic products in Russia post the imposition of western sanctions on Moscow.⁴⁶

V. China-European Union Relations

China's 12-point peace plan that called for a ceasefire between Ukraine and Russia, calling it a "Ukraine Crisis" and not a 'war' was rejected by the EU. Criticising the peace plan Nabila Massrali, EU's Foreign Policy spokeswoman said, "China's position builds on a misplaced focus on the so-called 'legitimate security interests and concerns' of parties, implying a justification for Russia's illegal invasion, and blurring the roles of the aggressor and the aggressed".⁴⁷ Further Massrali added "the position paper doesn't take into account who is the aggressor and who is the victim of an illegal and unjustified war of aggression, calling the Chinese position paper "selective and insufficient about their implications for Russia's war of aggression against Ukraine."⁴⁸ Echoing Nabila's opinion Ursula von der Leyen, President of the European Commission, said China's stance was anything but neutral. "It is not a peace plan but principles that they shared...China has taken sides, by signing for example an unlimited friendship right before Russia's invasion in Ukraine started...So we will look at the principles, of course. But we will look at them against the backdrop that China has taken sides."⁴⁹

Meanwhile, as China steps up lobbying of EU decision-makers to revive a planned investment deal, reports claim EU Commission President Ursula von der Leyen and European Council President Charles Michel may visit China in the first half of 2023.⁵⁰ Chinese state media emphasised that the visits will 'send signals of solidarity and cooperation' between the EU and China. French President Emmanuel Macron is slated to visit China in April.⁵¹

⁴⁵ "Russia Turns to China's Yuan in Effort to Ditch the Dollar," Wall Street Journal, February 28, 2023

⁴⁶ "Chinese cars, phones gain ground in Russia's sanctions-hit economy," Nikkei Asia, February 28, 2023

⁴⁷ "NATO and EU give sceptical reaction to China's peace proposal for Ukraine," Euractiv, February 24, 2023

⁴⁸ Ibid.

⁴⁹ "China's peace plan for Ukraine is 'selective' and blurs roles of aggressor and victim, says Brussels," Euro News, February 24, 2023

⁵⁰ "Exclusive: China, EU to usher in frequent high-level mutual visits soon, says Chinese ambassador to EU," Global Times, February 24, 2023.

⁵¹ "France's Macron says he will visit China in April," Reuters, February 25, 2023.

Internal Developments

Key Meetings and Addresses by Chinese Leaders

President Xi Jinping chaired the second group study session of the CPC Political Bureau on “accelerating the establishment of a New Development Pattern”, a “strategic decision” toward realising the second centenary goal of building China into a great modern socialist country, while ensuring development and security.⁵² Major issues touched by President Xi included “expanding domestic demand and deepening supply-side structural reforms”, “self-reliance in science and technology”, “modernisation of the industrial system”, “coordinated development between urban and rural areas”, “pursuing reforms and high-level economic opening-up” that would enhance the “vitality of domestic circulation” and “strengthen China’s voice in global economic circulation”, “promote high-quality BRI cooperation”, and “actively participate in negotiations on international economic and trade rules for an open, pluralistic, and stable world economic order”.⁵³

In an address at China’s National Academy of Governance, President Xi called upon the newly elected members and alternate members of the 20th CPC Central Committee to thoroughly understand and vigorously advance Chinese modernisation.⁵⁴ President Xi reiterated that the country’s modernisation is characterised by five features that include “modernisation of a huge population”, “common prosperity”, “material and cultural-ethical advancement”, “harmony between humanity and nature”, and “peaceful development”. Chinese modernisation offers a “new model for human advancement”, especially in developing countries, by “dispelling the myth that modernisation is equal to westernisation”, Xi noted.⁵⁵

On February 16, the Standing Committee of the Political Bureau of the CPC Central Committee declared a “decisive victory” in Covid-19 prevention and control in China.⁵⁶ US Energy Department, in its investigation report on the other hand, concluded with “low confidence” that the COVID-19 virus most likely arose from an unintended Chinese laboratory leak.⁵⁷ In 2021, the US’s

⁵² “Xi Jinping stresses accelerating the establishment of a new development pattern when presiding over a political bureau group study session”, [People’s Daily](#), February 2, 2023.

⁵³ Ibid.

⁵⁴ “Xi stresses grasping, advancing Chinese modernization”, [Xinhua](#), February 7, 2023.

⁵⁵ Ibid.

⁵⁶ “China achieves major, decisive victory in COVID response: CPC leadership”, [Xinhua](#), February 17, 2023.

⁵⁷ “Lab Leak Most Likely Origin of Covid-19 Pandemic, Energy Department Now Says”, [The Wall Street Journal](#), February 26, 2023.

Federal Bureau of Investigation (FBI) too had come to a similar conclusion albeit with “moderate confidence”.⁵⁸ China rejected the lab leak theory and called on the US to stop “smearing China” and “politicising the origins of COVID”.⁵⁹

In his message to the 36th African Union Summit, President Xi called for building China-Africa community with a shared future.⁶⁰ Amidst Western criticism, South Africa, deepening its defence cooperation with China and Russia, held a joint maritime exercise (Mosi II) from February 20-27, off the port city of Durban and Richards Bay, a strategically important shipping route connecting Europe and Asia.⁶¹

Iranian President Ebrahim Raisi met Chinese President Xi Jinping in Beijing on February 14. The two leaders agreed to deepen China-Iran Comprehensive Strategic Partnership and oppose unilateralism, hegemony, and external forces that interfere in their domestic affairs. Xi also met Cambodia’s Prime Minister Hun Sen “opening a new era of building China-Cambodia community with shared future”.⁶²

Trade and Economy

Amidst China’s economic slowdown, the International Monetary Fund (IMF) called upon Beijing to pursue “comprehensive reforms” to bring the country’s economy back in line with its true growth potential.⁶³ IMF warned that without reforms China’s growth could drop to about 4 percent on average over the next five years and 3 percent on average between 2028-37.⁶⁴ IMF’s latest World Economic Outlook forecast China’s economy to grow by 5.2 percent in 2023 and 4.5 percent in 2024.⁶⁵

⁵⁸ Ibid.

⁵⁹ “Coronavirus: China hits back at US for stirring up lab leak theory on Covid-19 origins”, South China Morning Post, February 27, 2023.

⁶⁰ “Xi calls for high-level China-Africa community with shared future”, Xinhua, February 18, 2023.

⁶¹ “Chinese navy vessels participate in China-Russia-South Africa joint maritime exercise”, Ministry of National Defense of the People’s Republic of China, February 22, 2023.

⁶² “To open new era of building China-Cambodia community with shared future”, People’s Daily, February 15, 2023.

⁶³ “China GDP: IMF urges ‘comprehensive reforms’ to bring economy back in line with growth potential”, South China Morning Post, February 10, 2023.

⁶⁴ Ibid.

⁶⁵ “Global Economy to Slow Further Amid Signs of Resilience and China Re-opening”, IMF Blog, January 30, 2023.

Meanwhile, concerns were also expressed about China's sputtering export sector, as shipping containers reportedly are piled up at 'Yantian International Container Terminal' with overseas orders dwindling.⁶⁶ To revive the country's flagging economy, Chinese banks issued a record CNY 4.9 trillion (USD 720 billion) worth of loans in January 2023.⁶⁷

Xinhua, pointing towards robust tourism and consumption boom during Spring Festival, and an expansion in country's manufacturing sector in January 2023, stressed that "Chinese economy is poised to stimulate global growth" in the coming year.⁶⁸ China Daily report shed light on "Wall Street's growing confidence in Chinese equities" based on country's strong economic fundamentals and the progress made in the supervision and regulation of Big-Tech companies.⁶⁹

Premier Li Keqiang chaired a plenary meeting of the State Council deliberating on draft government work report scheduled to be delivered at "Two Sessions" in March 2023.⁷⁰ Premier Li noted that, over the past year Covid-19 has impacted economic operations, but China has responded resolutely by implementing policies that has stabilised the economy.⁷¹

Further, China issued "No.1 central document for 2023" drawing roadmap for "advancing rural vitalisation".⁷² Underscoring that the most arduous task of building a modern socialist country in all respects still lies in the countryside, the document called for "ensuring food security", "no large-scale return to poverty", "building high-quality rural industries to increase farmers income", and "developing a beautiful countryside".⁷³

In a major reform to its Initial Public Offering (IPO) system, China issued draft rules to broaden the registration-based IPO system to main boards in Shanghai and Shenzhen.⁷⁴ Currently, IPOs listed on China's main boards – home to

⁶⁶ "China's shipping containers pile up at overcrowded port as overseas orders dwindle", [South China Morning Post](#), February 20, 2023.

⁶⁷ "China GDP: IMF urges 'comprehensive reforms' to bring economy back in line with growth potential", [South China Morning Post](#), February 10, 2023.

⁶⁸ "Xinhua Headlines: Good start to the Chinese economy in 2023 poised to stimulate global growth", [Xinhua](#), February 2, 2023.

⁶⁹ "Wall Street's confidence growing in Chinese equities", [China Daily](#), February 19, 2023.

⁷⁰ "China's cabinet discusses draft gov't work report", [People's Daily](#), February 4, 2023.

⁷¹ Ibid.

⁷² "China issues No. 1 central document for 2023, highlights rural vitalization tasks", [Xinhua](#), February 14, 2023.

⁷³ Ibid.

⁷⁴ "Economic Watch: Full rollout of IPO reform underway in China to better serve real economy", [Xinhua](#), February 7, 2023.

country's blue-chip stocks, require "a nod from China's Securities Regulatory Commission (CSRC) under an approval-based system, and IPO prices are capped by the regulators".⁷⁵ Under the registration-based system, "stock exchanges will vet IPOs with a focus on information disclosure, while, CSRC will only oversee if listings are in line with national industrial policy".⁷⁶

A report by South China Morning Post (SCMP) shed light on the prospects of normal trade resuming between China and Australia.⁷⁷ Australia's Prime Minister Anthony Albanese is likely to visit China later in 2023 to show that the two countries have got their relations back on track.⁷⁸

Defence and Security

Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee in his address at 'Munich Security Conference' warned that "standing at a critical juncture in history, human society must not repeat the path of antagonism, division and confrontation, and must not fall into the trap of zero-sum game, war and conflict".⁷⁹ Major issues touched on by Wang Yi in his address included "China and Europe as two major civilisations joining hands to build a safer multipolar world", "necessity of dialogue for resolving the Ukraine conflict", and "firm opposition to Taiwan independence".⁸⁰

In the aftermath of Wang Yi's address, Chinese Foreign Minister Qin Gang released a concept paper on country's "Global Security Initiative" (GSI).⁸¹ Core principles of GSI include "staying committed to the vision of common, comprehensive, cooperative and sustainable security", "respecting the sovereignty and territorial integrity of all countries", "abiding by the purposes and principles of the UN Charter", "taking legitimate security concerns of all nations seriously", "peacefully resolving differences and disputes between countries through dialogue and consultation", and "maintaining security in both traditional and non-traditional domains".⁸²

⁷⁵ "China expands IPO reform to help companies raise capital", [Reuters](#), February 1, 2023.

⁷⁶ Ibid.

⁷⁷ "Exclusive: China-Australia normal trade resumption may be at hand, but what still stands in the way?", [South China Morning Post](#), February 14, 2023.

⁷⁸ Ibid.

⁷⁹ "Wang Yi calls for mutual trust to promote a safer world", [China Military Online](#), February 20, 2023.

⁸⁰ Ibid.

⁸¹ "China will remain defender of world peace: foreign minister", [Xinhua](#), February 21, 2023.

⁸² "Full text: The Global Security Initiative Concept Paper", [Xinhua](#), February 21, 2023.



Wang Yi, Director of the Office of the Foreign Affairs Commission of the CPC Central Committee delivered a keynote speech at Munich Security Conference on February 18, 2023.

Source: [Twitter/@SpokespersonCHN](https://twitter.com/SpokespersonCHN)

NATO Secretary General Jens Stoltenberg in a speech in Japan accused China of “substantially building up its military forces, including nuclear weapons, without any transparency”, adding that Beijing was “attempting to assert control over the South China Sea and Taiwan”.⁸³ Pointing towards the Ukraine conflict, Stoltenberg warned that “what is happening in Europe could happen in East Asia tomorrow”.⁸⁴ In a rejoinder, Global Times editorial asserted that the “connection between NATO and Tokyo is devilish” and is a “bad news for the Asia-Pacific and the whole world”.⁸⁵ It called upon “Japan to not bind itself to the detonators of US military”⁸⁶, and urged regional countries, including peace-loving forces in Japan to resist the deepening bonds between NATO and Tokyo.⁸⁷ China’s Permanent Representative to the UN called upon NATO to “draw lessons from history, abandon the obsolete Cold War mentality and bloc

⁸³ “Why Stoltenberg’s speech was so blatant in Tokyo: Global Times editorial”, [Global Times](#), February 1, 2023.

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ “Japan shouldn’t bind itself to ‘detonators of US military’: Global Times editorial”, [Global Times](#), February 6, 2023.

⁸⁷ “Why Stoltenberg’s speech was so blatant in Tokyo: Global Times editorial”, [Global Times](#), February 1, 2023.

confrontation, stop dangerous acts of creating imaginary enemies, destabilising Europe and messing up Asia-Pacific".⁸⁸

Amidst continuing tensions in Taiwan Strait, in a warning to the US, PLA's Strategic Support Force officially revealed the performance of its anti-ship hypersonic missile 'YJ-21' that has a terminal speed of 'Mach 10' and cannot be intercepted by any anti-missile weapon system.⁸⁹ On the other hand, Taiwan reportedly test-fired cruise missile believed to be capable of striking central and eastern China.⁹⁰ Further, open-source intelligence reports alluded to China's second aircraft carrier 'Shandong' having a close encounter with US aircraft carrier 'Nimitz' in South China Sea.⁹¹ In light of these developments, concerns were expressed about growing risk of conflict between China and the US, however, defence analysts believe "high cost of conflict would make any war a last resort option".⁹²

US Strategic Command (US STRATCOM) in a report to Congress informed that China currently has more land-based Intercontinental Ballistic Missile (ICBMs) launchers than the US.⁹³ Chinese Ministry of National Defence criticised the report and asserted that Washington continues to "hype up the so-called China nuclear threat", "seeking excuses for expanding its own nuclear arsenal" and "maintaining military hegemony".⁹⁴

PLA Navy plans to recruit women and recent graduates to fly carrier-based warplanes as it faces pilot shortage.⁹⁵

⁸⁸ "Chinese envoy urges NATO to contribute positively to world peace, stability", [China Military Online](#), February 18, 2023.

⁸⁹ "Chinese military announces YJ-21 missile abilities in social media post read as warning to US amid tension in Taiwan Strait", [South China Morning Post](#), February 2, 2023.

⁹⁰ "Taiwan weapons firm test-fires cruise missile believed to be capable of striking central and eastern mainland China", [South China Morning Post](#), February 7, 2023.

⁹¹ "China's second aircraft carrier Shandong likely to have had close encounter with US ship: military experts", [Global Times](#), February 17, 2023.

⁹² "Why the high cost of conflict may be the best hope for peace in the Taiwan Strait", [South China Morning Post](#), February 10, 2023.

⁹³ "US hype of 'China's nuclear threat' aims to maintain military hegemony: Defense Spokesperson", [China Military Online](#), February 23, 2023.

⁹⁴ Ibid.

⁹⁵ "China recruits women to fly carrier-based warplanes as navy faces pilot shortage", [South China Morning Post](#), February 26, 2023.

Technology

China will continue to push forward its lunar research with 'Chang'e-6', 'Chang'e-7' and 'Chang'e-8' missions.⁹⁶ The 'Chang'e-6' mission is expected bring back samples from the far side of the moon, 'Chang'e-7' mission will involve landing on the lunar south pole and detecting water resources.⁹⁷ The 'Chang'e-8' mission would be launched in 2028 and will work in collaboration with 'Chang'e-7' to build a basic model of scientific research station on the moon's south pole.⁹⁸

Further, China plans to launch Shenzhou-16 and Shenzhou-17 manned spacecrafts in May and October 2023 that will dock with Tianhe space station core module.⁹⁹

China Semiconductor Industry Association (CSIA) protested against an agreement between the US, Japan, and Netherlands aimed at further restricting China's access to advanced chip-making technology.¹⁰⁰ CSIA claimed that this "inappropriate intervention" by governments poses a threat to global chip industry and free trade.¹⁰¹ In another sign of decoupling from China, Taiwan is reportedly encouraging domestic start-ups to expand operations in Japan rather than mainland China.¹⁰²

Even as the Chinese officials pledged to support local companies in developing 'ChatGPT' rival (a conversational bot that can understand sophisticated questions and give humanlike answers), analysts claimed that building ChatGPT alternative faces challenges such as censorship, high cost, and the availability of data sets in China.¹⁰³

⁹⁶ "China to advance lunar exploration program", [Xinhua](#), February 6, 2023.

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ "China to launch 2 manned spaceships plus cargo spacecraft annually from 2023", [Xinhua](#), February 15, 2023.

¹⁰⁰ "China chip trade group warns US pact with Japan, Netherlands to tighten semiconductor export controls threatens global industry and free trade", [South China Morning Post](#), February 15, 2023.

¹⁰¹ Ibid.

¹⁰² "Taiwan tells start-ups to shun mainland China and go to Japan instead, amid supply-chain decoupling", [South China Morning Post](#), February 6, 2023.

¹⁰³ "ChatGPT has grabbed headlines but developing a Chinese competitor will face censorship, cost and data challenges", [South China Morning Post](#), February 20, 2023.



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