



# Delhi Policy Group

Advancing India's Rise as a Leading Power



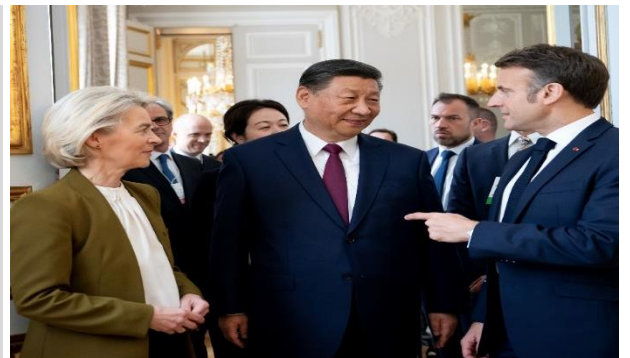
## China Monitor

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## China Monitor Volume VII, Issue 5 May 2024

### ABOUT US

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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 and Sanket Joshi, Research Associate, from open-source reports and publications.

### Cover Photograph:

*President Xi Jinping attended the China-France-European Union trilateral summit in Paris on May 6, 2024. Source: [Official X Handle/Emmanuel Macron](#)*

*Chinese President Xi Jinping met Russia's President Vladimir Putin in Beijing on May 16, 2024. Source: [Official Website/President of Russia](#)*

*During the military exercise "Joint Sword-2024A", the PLA Eastern Theatre Command simulated airstrikes on targets around Taiwan on May 23-24, 2024. Source: [China Military Online](#)*

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**China Monitor**  
**Volume VII, Issue 5**  
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## Abstract

During a foreign policy discussion on May 6, 2024, India's External Affairs Minister, Dr. S. Jaishankar, commented on India-China relations, among other issues. He reiterated that bilateral relations are abnormal primarily due to a lack of peace and tranquility on the borders, and improving relations is dependent on resolving the boundary issue. On India-China economic ties, he stressed that despite growing trade, India will take all necessary steps against China's predatory trade practices. Amidst ongoing border tensions, China has emerged as India's largest single trading partner in 2023-24, with bilateral trade totalling USD 118.4 billion.

On May 26, 2024, Defence Minister Rajnath Singh rejected claims of Chinese incursions, asserting that no one can occupy an inch of India's territory. He also underscored that both countries are currently engaged in resolving outstanding border issues. Meanwhile, the latest satellite imagery has indicated that China has deployed its most advanced J-20 stealth fighter jets at the Shigatse dual-use airfield, barely 155 Km from the LAC and close to Doklam, near the Sikkim-Bhutan-Tibet tri-junction.

Pakistan's Prime Minister Shehbaz Sharif highlighted China's role as a key partner in Pakistan's development, as the two countries prepared to launch the second phase of the China-Pakistan Economic Corridor (CPEC). China is also reportedly enhancing military support to Pakistan along the Line of Control (LoC).

On May 14, 2024, President Biden ordered an increase in tariffs on Chinese imports worth USD 18 billion under Section 301 of the Trade Act of 1974. A key objective of this action is to protect US companies and workers from China's "unfair trade practices" in strategic sectors such as steel and aluminium, semiconductors, electric vehicles (EVs), batteries, critical minerals, solar cells, ship-to-shore cranes, and medical devices.

China, on its part, asked the US to abide by WTO rules and expressed concern that protectionist policies would further damage global industrial and supply chains. A Global Times editorial referred to the revised US tariffs as a "farce" and warned that "US-China relations should not be used as a scapegoat for domestic politics".

President Xi visited France, Serbia, and Hungary from May 5-10, 2024. The visit was aimed at promoting mutual trust and friendship with Europe at a time when the US has stressed the importance of working with Europe to counter

China's industrial overcapacity and support for Russia. In his remarks at a China-France-European Union Trilateral Leaders' meeting held in Paris, Xi called upon Europe to view relations with China from a long-term strategic perspective, see each other as partners, and strive to make new contributions to world peace and development. He rejected the claims of "industrial overcapacity", asserting that China's new energy industry has excelled in open competition and has made substantial contributions to global climate response and the green transition.

On May 16-17, 2024, Russian President Vladimir Putin paid an official state visit to China, his first foreign trip since taking office. During his meeting with President Xi, the two sides reaffirmed their commitment to further deepening comprehensive partnership and strategic cooperation based on mutual respect and unwavering support on issues concerning both parties' core interests.

On May 27, 2024, Premier Li Qiang attended the ninth China-Japan-Republic of Korea summit in Seoul. In his remarks, Li hailed the trilateral summit as a "new beginning", denounced protectionism and the decoupling of supply chains, and called for a return to cooperation between the three countries.

Taiwan's 16th President, Lai Ching-te, was sworn in on May 20, 2024. In his inaugural address, Lai described Taiwan as a "sovereign, independent nation" that will "neither yield nor provoke and maintain the status quo" regarding cross-strait relations, and called on China to cease its political and military intimidation. Beijing warned that Lai was promoting separatism, inciting cross-strait confrontation, and seeking independence by relying on foreign assistance as he made no mention of the 1992 "One China" consensus. To deter separatist forces, the PLA's Eastern Theatre Command conducted joint military drills around Taiwan code-named 'Joint Sword-2024A' on May 23-24, 2024. China's third aircraft carrier 'Fujian' also completed its maiden sea trials, indicating its combat readiness.

China-Philippines tensions in the South China Sea showed no signs of abating. During a meeting held in Hawaii on May 2, 2024, the defence ministers of Australia, Japan, the Philippines, and the US reiterated their commitment to a free, open, secure, and prosperous Indo-Pacific. Analysts believe this emerging regional bloc ("Squad") could develop into an institutionalised group that will enhance the Philippines' capacity to confront China's challenge in the South China Sea.

The 20th CPC Central Committee will hold its third plenary session in July 2024, focusing on deepening reform and advancing China's modernisation. Meanwhile, amidst continuing concerns about the country's property sector, the People's Bank of China (PBOC) announced that it would establish a CNY 300 billion (USD 41.5 billion) facility to support affordable housing.

On May 3, 2024, China launched the Chang'e-6 spacecraft, the first human effort to collect samples from the far side of the Moon.

## Foreign and Security Policy

### I. China-India Relations

In a foreign policy round table discussion at the Economic Times, India's External Affairs Minister, Dr. S. Jaishankar highlighting the government's foreign policy achievements spoke on India-China relations among other issues. According to him, bilateral relations are abnormal primarily due to a lack of peace and tranquillity on the borders, and improving these relations is dependent on resolving this issue. On India–China economic cooperation, he underlined that even as we continue to trade with China, we will simultaneously protect our manufacturing and labour in the backdrop of Chinese predatory practices. This essentially means that India will take all necessary steps to secure its economic interests. Second, on the issue of opening the Indian economy to China, he highlighted there are certain sensitivities about sectors connected to national security and India will take all necessary steps to protect its interests.<sup>1</sup>

Despite ongoing border tensions, China emerged as India's largest trading partner in 2023-24 with bilateral trade totalling USD 118.4 billion.<sup>2</sup> India's imports from China rose by 3.24 percent to USD 101.7 billion, while exports increased by 8.7 percent to USD 16.67 billion.<sup>3</sup>

In an exclusive interview with NDTV, Defence Minister Rajnath Singh snubbed opposition charges of alleged Chinese intrusions, asserting that no one can occupy an inch of Indian territory. Rajnath Singh also disclosed that India and China are currently holding talks in a good atmosphere to solve the border dispute. He stated that it would not be proper to disclose details, adding that the outcome of these discussions would make people proud.<sup>4</sup>

After a gap of 18 months, Xu Feihong, the newly appointed Chinese Ambassador to India, arrived in New Delhi on May 10, 2024, to assume office. He outlined his priority to work to restore exchanges and cooperation in various fields and create favourable conditions for a sound and steady India-China relationship. In his remarks to Chinese media, he outlined "President Xi

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<sup>1</sup> India can't, in the name of open economy, open up its national security to work with China: S Jaishankar, The Economic Times, May 6, 2024

<sup>2</sup> Department of Commerce - Export Import Data Bank, Ministry of Commerce and Industry, Government of India, May 30, 2024

<sup>3</sup> Ibid.

<sup>4</sup> "People Will Be Proud If I...": Rajnath Singh On India-China Border Talks", NDTV, May 26, 2024

[Jinping] and Prime Minister [Narendra] Modi have agreed on the important assessment that China and India are cooperation partners and not competitors. And reached an important common understanding that our two countries are each other's development opportunities and not threats. This should serve as the fundamental guidelines for the growth of bilateral relations".<sup>5</sup>

Latest satellite imagery indicates that China, on May 27, 2024, deployed six of its most advanced J-20 stealth fighter jets, at Shigatse dual-use airfield, barely 155 Km from the LAC, close to Doklam, near Sikkim-Bhutan-Tibet tri-junction. Deployment is being supported by KJ-500 AEW&C (Airborne Early Warning and Control), already deployed there.<sup>6</sup>

According to Human Rights Watch Report titled "Educate the Masses to Change Their Minds: China's Coercive Relocation of Rural Tibetans", dated May 21, 2024, Chinese authorities used extreme pressure to relocate 500 villages in Tibet Autonomous Region, comprising over 140,000 residents. The report highlights Chinese officials' "misleading claims of relocation will lead to improved employment and higher incomes" and "protect the ecological environment". Even more disturbing is the fact that Chinese law requires those relocated to demolish their former homes to deter them from returning.<sup>7</sup>

## II. China-South Asia Relations

As China-Pakistan prepare to launch the second phase of the China-Pakistan Economic Corridor (CPEC), Pakistani Prime Minister Shehbaz Sharif chairing a meeting on cooperation between the two countries, underscored China as a key partner in Pakistan's development and growth. He emphasised that in the second phase of the CPEC, Pakistan desires to further enhance its cooperation with China in various sectors including agriculture, information technology, and energy.<sup>8</sup>

China is enhancing military support to Pakistan along the LoC. This includes the construction of steelhead bunkers and the provision of Unmanned Aerial and Combat Vehicles. Chinese assistance also extends to the installation of

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<sup>5</sup> "After 18 months, China sends Ambassador to India", The Hindu, May 10, 2024

<sup>6</sup> "Satellite images show China's J-20 stealth fighters near Indian border in Sikkim", The Economic Times, May 30, 2024

<sup>7</sup> "China using 'extreme pressure' to relocate Tibetans: HRW Report", Hindustan Times, May 22, 2024

<sup>8</sup> "Pakistani PM hails China as key partner in country's economic development", Xinhua, May 29, 2024



highly encrypted communication towers and the laying of underground fibre cables along the LoC. Advanced radar systems of Chinese origin, such as the 'JY' and 'HGR' series, are also reported to have been deployed to enhance medium and low-altitude target detection capabilities, providing crucial intelligence support for army and air defence units.<sup>9</sup>

There are signs of China and Nepal's Left Alliance government deepening connectivity and transit for mutual benefit. Deputy Prime Minister and Foreign Minister of Nepal, Narayan Kaji Shrestha, in a recent press conference, stressed that his visit to Beijing has deepened mutual understanding and respect between the two countries. Although no agreements were signed, there was a major focus on connectivity and transit, which remains a big challenge considering the mountainous Himalayan terrain that forms the natural barrier between the two nations. For Nepal as a landlocked country, an alternate transit route through China for its third-country trade would be beneficial. It also helps Nepal reduce its dependence on India, which is currently the only route for its third-country trade, and enhance trade resilience in the face of possible border disruptions such as in 2015.<sup>10</sup>

To further cement the bilateral relationship, China is helping Nepal in oil exploration, as it competes for influence with India. A team of about 20 Chinese engineers and 45 Nepali technicians began a six-month drilling campaign in Dailekh, Nepal, earlier this month. Financed by the Chinese government, this is part of an earlier agreement between China and Nepal signed in 2007. Drilling is expected to reach as deep as 4km (2.5 miles) below ground to determine oil and gas reserves.<sup>11</sup>

Bangladesh Prime Minister Sheikh Hasina asserted that she was promised a hassle-free election by a "white man" in return for allowing a foreign country to build an air base in Bangladesh. Replying to a question on PM Hasina's remarks, Chinese Foreign Ministry spokesperson Mao Ning said, China has noted Prime Minister Hasina's remarks, which reflects the spirit of the Bangladeshi people to be independent.<sup>12</sup>

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<sup>9</sup> "China enhances military support to Pakistan along LoC in Kashmir", Business Today, May 29, 2024

<sup>10</sup> "China sees a chance in Nepal with left alliance", 9Dashline, May 2, 2024

<sup>11</sup> "China helps Nepal look for oil, vying with India for influence in Himalayan nation", South China Morning Post, May 28, 2024

<sup>12</sup> "China praises Bangladesh PM Hasina for refusing to permit foreign air base", Deccan Herald, May 28, 2024

### III. China-United States Relations

On May 14, 2024, President Biden ordered an increase in tariffs under Section 301 of the Trade Act of 1974 on Chinese imports worth USD 18 billion.<sup>13</sup> A key objective of this action is to protect US companies and workers from China's "unfair trade practices" in strategic sectors such as steel and aluminium, semiconductors, electric vehicles (EVs), batteries, critical minerals, solar cells, ship-to-shore cranes, and medical devices.<sup>14</sup> The revised tariff rates are: 25 percent for steel and aluminium products, 50 percent for semiconductors, 100 percent for electric vehicles (EVs), and 50 percent for solar panels.<sup>15</sup> During a meeting held in Stresa, Italy on May 23-25, 2024, G7 Finance Ministers and Central Bank Governors also expressed concern over China's "extensive non-market policies and practices" undermining industries and economic resilience.<sup>16</sup>

China, on its part, asked the US to abide by the WTO rules and expressed concern that protectionist policies would further damage global industrial and supply chains.<sup>17</sup> A Global Times editorial, in advance of the US Presidential Elections 2024, referred to the revised US tariffs as a "farce" and warned that the "US-China relations should not be used as a scapegoat for domestic politics".<sup>18</sup> People's Daily, in an editorial comment, rejected the US's "overcapacity" claims against China's new energy industry, stressing that it has contributed significantly to the global green and low-carbon transition aimed at addressing climate change.<sup>19</sup> Analysts noted that despite US curbs on Chinese-made electric vehicles (EVs), exports of Chinese EVs are projected to increase in 2024 owing to increased demand from Southeast and West Asia (Middle East).<sup>20</sup> Amidst intensifying US-China trade and technology competition, the

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<sup>13</sup> "FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices", The White House, May 14, 2024

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> "G7 Finance Ministers and Central Bank Governors' Communiqué", G7 Italy, May 25, 2024

<sup>17</sup> "Foreign Ministry Spokesperson Wang Wenbin's Regular Press Conference on May 15, 2024", Ministry of Foreign Affairs PRC, May 15, 2024

<sup>18</sup> "Farce of new US tariffs on China this time doesn't even match the lines: Global Times editorial", Global Times, May 15, 2024

<sup>19</sup> "Achieving green, low-carbon transition calls for more quality production capacity", People's Daily, May 24, 2024

<sup>20</sup> "China's EV makers, unfazed by US, European export curbs, will push overseas vehicle shipments to new heights, analysts say", South China Morning Post, May 6, 2024

International Monetary Fund (IMF) reiterated concern over the potential "reversal of significant gains in global economic integration".<sup>21</sup>

As a follow-up to last year's meeting between President Biden and President Xi in San Francisco, the US and China held talks on artificial intelligence (AI) risk and safety on May 14, 2024, in Geneva.<sup>22</sup> Washington stressed the importance of building global consensus and the need for safe, secure, and trustworthy AI systems while raising concerns about AI misuse, including by China.<sup>23</sup> Further, the US stressed the importance of maintaining open lines of communication concerning AI risks and safety as an essential component of managing competition responsibly.<sup>24</sup> China, on the other hand, reiterated its commitment to strengthening global AI governance with the United Nations at its core and expressed concern regarding US restrictions on China in the field of AI.<sup>25</sup>

The US and China held climate talks in Washington on May 8, 2024.<sup>26</sup> Major issues discussed included methane reduction and deforestation, as well as Chinese overcapacity in solar and battery manufacturing, coal power, and steel production.<sup>27</sup>

US Deputy Assistant Secretary of State in the Bureau of East Asia and Pacific Affairs, Mark Baxter Lambert presented a research paper on UNGA Resolution 2758 of October 25, 1971, that "restored the lawful rights of the People's Republic of China in the United Nations".<sup>28</sup> According to Mr. Lambert, the "resolution does not endorse, is not equivalent to, and does not reflect a consensus on China's 'one China principle', and has no bearing on individual countries' sovereign choices regarding their relationships with Taiwan".<sup>29</sup> Moreover, he claimed that the "resolution did not constitute the UN taking an institutional position on the ultimate political status of Taiwan; and that the resolution does

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<sup>21</sup> "China-West divide threatens 'reversal' for global economy, IMF official warns", South China Morning Post, May 8, 2024

<sup>22</sup> "Statement from NSC Spokesperson Adrienne Watson on the U.S.-PRC Talks on AI Risk and Safety", The White House, May 15, 2024

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> "China-US artificial intelligence talks deep, professional and constructive", South China Morning Post, May 15, 2024

<sup>26</sup> "US discussed 'overcapacity' in Chinese solar manufacturing, coal in climate talks", Reuters, May 11, 2024

<sup>27</sup> Ibid.

<sup>28</sup> "MOFA response to US Deputy Assistant Secretary Lambert's condemnation of China's mischaracterization of UNGA Resolution 2758", Ministry of Foreign Affairs Republic of China (Taiwan), May 1, 2024

<sup>29</sup> Ibid.

not preclude Taiwan's meaningful participation in the UN system and other multilateral forums".<sup>30</sup> In line with this, the US urged the World Health Organisation (WHO) to invite Taiwan to its 2024 World Health Assembly.<sup>31</sup> Chinese Foreign Ministry rejected the US' false narrative regarding UNGA Resolution 2758, warning that Washington is violating international law and misinforming international public opinion on Taiwan.<sup>32</sup>

#### IV. China-European Union Relations

President Xi visited France, Serbia, and Hungary from May 5-10, 2024. The visit was aimed at promoting mutual trust and friendship with Europe<sup>33</sup> at a time when the US has stressed the importance of working with Europe to counter China's industrial overcapacity and support for Russia.<sup>34</sup> During his meeting with French President Macron, President Xi emphasised the importance of preserving strategic autonomy and jointly preventing a new Cold War or bloc confrontation, promoting an equal and multipolar world, and opposing "de-coupling".<sup>35</sup> Further, Xi stressed China's support for a balanced, effective, and sustainable security architecture in Europe and its role as a peacemaker between Russia and Ukraine.<sup>36</sup>

President Macron, for his part, advocated "fair competition" to strengthen bilateral economic relations.<sup>37</sup> For a just and lasting peace in Ukraine, Macron emphasised the importance of coordination with China and proposed an "Olympic truce" for all theatres of war during the Olympic Games to be held in Paris in July-August 2024.<sup>38</sup> China and France issued four joint statements on the situation in the Middle East, AI and Global Governance, Biodiversity and Oceans, and Agricultural Cooperation.<sup>39</sup>

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<sup>30</sup> Ibid.

<sup>31</sup> "China opposes U.S. statement encouraging Taiwan's presence at WHA", People's Daily, May 2, 2024

<sup>32</sup> "Chinese FM slams US' false narrative on UN Resolution 2758", Global Times, May 11, 2024

<sup>33</sup> "Xi's visits to France, Serbia, Hungary chart course for future: Chinese FM", Xinhua, May 11, 2024

<sup>34</sup> "US working with EU to counter China on its Russia support, overcapacity, say Antony Blinken and Janet Yellen", South China Morning Post, May 22, 2024

<sup>35</sup> "Xi's visits to France, Serbia, Hungary chart course for future: Chinese FM", Xinhua, May 11, 2024

<sup>36</sup> Remarks by H.E. Xi Jinping, President of the People's Republic of China At the Joint Meeting with the Press with H.E. Emmanuel Macron, President of the French Republic, Ministry of Foreign Affairs PRC, May 7, 2024

<sup>37</sup> "Macron urges Xi to offer 'fair rules for all' amid brewing trade spat", Politico, May 6, 2024

<sup>38</sup> Official X Handle France Diplomacy, May 7, 2024

<sup>39</sup> "Xi's visits to France, Serbia, Hungary chart course for future: Chinese FM", Xinhua, May 11, 2024

On May 6, 2024, China-France-European Union Trilateral Leaders' meeting was held in Paris.<sup>40</sup> In his remarks, President Xi called upon the EU to view relations with China from a long-term strategic perspective, see each other as partners, and strive to make new contributions to world peace and development.<sup>41</sup> He reiterated that China-EU relations should not be aimed at any third party nor should they be dictated by any third party.<sup>42</sup> Xi rejected the claims of "industrial overcapacity", asserting that China's new energy industry has excelled in open competition and has made substantial contributions to global climate response and the green transition.<sup>43</sup>

President of the European Commission, Ursula von der Leyen described the EU's relationship with China as "complex" that needs to be approached clear-eyed, constructively, and responsibly.<sup>44</sup> She urged China to play fair while warning that Europe would not hesitate to take tough measures to protect its economy and security.<sup>45</sup> In light of these developments, an editorial in the Global Times suggested that one of the key tests of Europe's strategic autonomy will be whether it follows revised US tariff policies.<sup>46</sup>

During President Xi's visit to Serbia, the two countries signed a joint statement on building a community with a shared future for modernisation.<sup>47</sup> While, in Budapest, China and Hungary elevated their relations to an all-weather comprehensive strategic partnership.<sup>48</sup> Analysts noted that Xi's visit to Serbia, Hungary, and France highlighted the divisions within Europe regarding relations with China and that Beijing was chipping away at the world order dominated by the US-led West.<sup>49</sup>

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<sup>40</sup> "President Xi Jinping Holds China-France-EU Trilateral Leaders' Meeting with French President Emmanuel Macron and European Commission President Ursula von der Leyen", Ministry of Foreign Affairs PRC, May 6, 2024

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> "Press statement by President von der Leyen following the trilateral meeting with French President Macron and President of the People's Republic of China Xi Jinping", European Commission, May 6, 2024

<sup>45</sup> Ibid.

<sup>46</sup> "Whether to follow the US' tariff policies tests Europe's strategic autonomy: Global Times editorial", Global Times, May 23, 2024

<sup>47</sup> "Xi's visits to France, Serbia, Hungary chart course for future: Chinese FM", Xinhua, May 11, 2024

<sup>48</sup> Ibid.

<sup>49</sup> "China's Xi Jinping highlights Europe's divisions ahead of expected Putin visit", CNN, May 12, 2024

## V. China-Russia Relations

On May 16-17, 2024, Russian President Vladimir Putin paid an official state visit to China, his first foreign trip since taking office.<sup>50</sup> He met Chinese President Xi Jinping, Premier Li Qiang, and attended the opening ceremony of the 8<sup>th</sup> China-Russia Expo in Harbin.<sup>51</sup> The two sides reaffirmed their commitment to further deepening comprehensive partnership and strategic cooperation based on mutual respect and unwavering support on issues concerning both parties' core interests.<sup>52</sup> China and Russia remain committed to a policy of non-alignment with any bloc, rejecting confrontation and refraining from targeting third countries.<sup>53</sup> Further, the joint statement discussed pursuing mutually beneficial cooperation, particularly in trade, extending cultural and humanitarian ties, establishing global governance vision through strategic communication in multilateral fora, and supporting the political settlement of hotspot issues such as Ukraine and Palestine.<sup>54</sup>

As President Xi and President Putin expressed concerns regarding the growing Cold War mentality, aspirations for unilateral hegemony, and bloc-based confrontation, Chinese state media reiterated that “stable development of China-Russia relations is beneficial to world peace and stability”.<sup>55</sup> Meanwhile, 20 Hong Kong and mainland Chinese companies were sanctioned by the US for their alleged involvement in supporting the Russian military-industrial complex that is fueling the war in Ukraine.<sup>56</sup> Amidst this, China’s Special Envoy for Eurasian Affairs Li Hui carried out the third round of shuttle diplomacy on the political settlement of the Ukraine crisis from May 3-9, 2024.<sup>57</sup>

## VI. China-Japan-Republic of Korea Trilateral Summit

On May 27, 2024, Premier Li Qiang attended the ninth China-Japan-Republic of Korea summit in Seoul. In his remarks, Li hailed the trilateral summit as a “new beginning”, denounced protectionism and the decoupling of supply

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<sup>50</sup> “Media statement following Russia-China talks”, Official Website President of Russia, May 16, 2024

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

<sup>55</sup> “Stable development of China-Russia ties beneficial to world peace, prosperity: Global Times editorial”, Global Times, May 17, 2024

<sup>56</sup> “Ukraine war: US takes aim at Chinese firms in wave of sanctions targeting Russia”, South China Morning Post, May 2, 2024

<sup>57</sup> “Foreign Ministry Spokesperson Wang Wenbin’s Regular Press Conference on May 13, 2024”, Ministry of Foreign Affairs PRC, May 13, 2024

chains, and called for a return to cooperation between the three countries.<sup>58</sup> In the joint declaration, the importance of institutionalising trilateral cooperation was stressed, including holding periodic trilateral summits and ministerial meetings, and deepening cooperation in sustainable development, trade, economy, science and technology, as well as disaster relief and safety.<sup>59</sup> Premier Li also attended China-Japan-Republic of Korea business summit where he emphasised the importance of rejecting external disruptions, seizing the trend of economic globalisation, and deepening industrial cooperation.<sup>60</sup>

## VII. Inaugural Address of Taiwan's 16th-term President

Taiwan's 16th-term President, Lai Ching-te was sworn in on May 20, 2024. In his inaugural address, Lai emphasised the importance of building a democratic, peaceful, and prosperous Taiwan, and urged China to "accept the reality of Taiwan's existence".<sup>61</sup> He described Taiwan as a "sovereign, independent nation" that will "neither yield nor provoke and maintain the status quo" regarding cross-strait relations and called on China to cease its political and military intimidation.<sup>62</sup> Beijing warned, Lai was promoting separatism, inciting cross-strait confrontation, and seeking independence by relying on foreign assistance as he made no mention of the 1992 "One China" consensus.<sup>63</sup> A Global Times editorial described Lai's speech as "hostile" and "provocative" warning that "the greater the provocation, the stronger the countermeasures".<sup>64</sup>

To deter separatist forces, PLA's Eastern Theatre Command conducted joint military drills around Taiwan code-named 'Joint Sword-2024A' on May 23-24, 2024.<sup>65</sup> It focused on sea-air combat readiness patrol, seizure of comprehensive battlefield, and precision strikes on key targets.<sup>66</sup> Meanwhile, Avril Haines, Director of US National Intelligence, stressed that China-Russia

<sup>58</sup> "China's premier hails 'new beginning' with US-allied South Korea, Japan", Reuters, May 27, 2024

<sup>59</sup> "Full Text: Joint Declaration of the 9th ROK-Japan-China Trilateral Summit", Xinhua, May 28, 2024

<sup>60</sup> "Chinese premier urges China, Japan, S. Korea to reject external disruption", People's Daily, May 27, 2024

<sup>61</sup> "Inaugural Address of ROC 16th-term President Lai Ching-te", Office of the President of Republic of China (Taiwan), May 20, 2024

<sup>62</sup> Ibid.

<sup>63</sup> "Mainland says Lai sends 'dangerous signal' in speech as Taiwan's new leader", Xinhua, May 20, 2024

<sup>64</sup> "Provoke once, counter once; the greater the provocation, the stronger the countermeasure: Global Times editorial", Global Times, May 22, 2024

<sup>65</sup> "PLA conducts joint military drills surrounding Taiwan Island", China Military Online, May 23, 2024

<sup>66</sup> Ibid.

joint exercises over the past two years demonstrated that the two countries could cooperate in a Taiwan contingency and that the US was considering this when planning and structuring its forces.<sup>67</sup>

## VIII. China-Arab States Cooperation Forum

To deepen China's relations with the Arab world, Beijing hosted the 10<sup>th</sup> Ministerial Conference of the China-Arab States Cooperation Forum on May 30, 2024.<sup>68</sup> Bahrain's King Hamad bin Isa Al Khalifa, Egyptian President Abdel Fattah El-Sisi, Tunisian President Kais Saied, UAE's President Sheikh Mohamed bin Zayed, and the Arab League General Secretary Ahmed Aboul Gheit attended the event.<sup>69</sup> In his remarks, President Xi underscored China's commitment to working with Arab countries to maintain world peace and stability, develop high-quality Belt and Road cooperation, establish a new paradigm for harmonious coexistence among civilisations, and promote global governance. He reiterated China's support for a two-state solution to the Israel-Palestine conflict.<sup>70</sup>

## Internal Developments

### Key Addresses by Chinese Leaders and Developments

The 20th CPC Central Committee will hold its third plenary session in July 2024, focusing on deepening reform and advancing China's modernisation.<sup>71</sup> Before the key party meeting, during a visit to Shandong province, President Xi urged state-owned enterprises, private companies, and academia to remove ideological and institutional barriers hindering the advancement of the country's modernisation and to intensify efforts to address deep-seated structural and institutional challenges.<sup>72</sup> Analysts noted that this was a pro-business message delivered by the Chinese President ahead of the Party's third plenary session.<sup>73</sup>

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<sup>67</sup> "China-Russia military exercises near Taiwan force US to revise plans, intelligence chiefs say", South China Morning Post, May 3, 2024

<sup>68</sup> "Further Deepening Cooperation and Moving Forward to Step up the Building of a China-Arab Community with a Shared Future", Ministry of Foreign Affairs PRC, May 30, 2024

<sup>69</sup> Ibid.

<sup>70</sup> Ibid.

<sup>71</sup> "20th CPC Central Committee to hold its third plenary session in July", Xinhua, May 1, 2024

<sup>72</sup> "China signals economy is priority as Xi Jinping meets business leaders ahead of key party meeting", South China Morning Post, May 23, 2024

<sup>73</sup> Ibid.



At a CPC Political Bureau meeting on May 27, 2024, President Xi reviewed measures designed to accelerate Central China's development and defuse financial risks.<sup>74</sup> Amidst Western concerns about China's new energy industrial overcapacity, Xi emphasised that support for "new three" commodities - electric vehicles, lithium-ion batteries, and solar panels must be "adapted" to local conditions.<sup>75</sup>

In another address, Xi reiterated the need to deepen ideological and political education in schools and colleges focusing on 'Thought on Socialism with Chinese Characteristics for a New Era'.<sup>76</sup>

Premier Li Qiang met Elon Musk, CEO of the US electric car company Tesla in Beijing. Premier Li highlighted Tesla's success in China as a demonstration of the mutual benefits of economic and trade cooperation between the US and China.<sup>77</sup>

## Trade and Economy

Amidst continuing concerns about China's ailing property sector, the People's Bank of China (PBOC) announced that it would establish a CNY 300 billion (USD 41.5 billion) facility to support affordable housing.<sup>78</sup> Beijing will ease mortgage rules and encourage local governments to purchase some unsold homes.<sup>79</sup> In light of this, an editorial in the South China Morning Post stressed that stabilising the property sector is the first step towards economic recovery and that the new housing policies indicate that the economy remains a top priority for the government.<sup>80</sup> Meanwhile, adding to Chinese concerns, reports indicated that Foreign Direct Investment (FDI) in the country fell 56 percent year-on-year in the first quarter of 2024. Foreign investors remain concerned

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<sup>74</sup> "CPC leadership reviews measures to further energize central region, provisions to defuse financial risks", People's Daily, May 27, 2024

<sup>75</sup> "China's Xi Jinping cautions against energy investment overload at meeting", South China Morning Post, May 28, 2024

<sup>76</sup> "Xi stresses breaking new ground in ideological, political education", Global Times, May 11, 2024

<sup>77</sup> "Chinese premier says China's market is always open to foreign businesses", Xinhua, April 28, 2024

<sup>78</sup> "China pours billions into crisis-hit property market", BBC News, May 17, 2024

<sup>79</sup> Ibid.

<sup>80</sup> "Stabilising property sector is first step to economic recovery", South China Morning Post, May 20, 2024

about Beijing's trade disputes with the US-led West and the new anti-espionage law.<sup>81</sup>

China consolidated manufacturing recovery in April 2024 as the official manufacturing purchasing managers' index (PMI) remained in expansion territory (50.4 percent), although the growth slowed slightly compared to March 2024 (50.8 percent).<sup>82</sup> A PMI above 50 indicates expansion, while a PMI below 50 indicates contraction. In April 2024, Chinese exports increased 1.5 percent year-on-year to USD 292.5 billion.<sup>83</sup> Importantly, exports to Southeast Asian nations increased by 8.15 percent, while exports to the US and the EU declined by 2.8 and 3.57 percent respectively. This underscores the role of emerging markets in China's foreign trade.<sup>84</sup>

Chinese scholars urged Beijing to reduce investments in the US government bonds as capital parked in the US could be "taken hostage" if China were to step up the defence of its sovereignty and territorial integrity.<sup>85</sup> To diversify its investments away from US Dollar assets, China reportedly sold a record amount of US debt in the first quarter of 2024, while Gold's share of China's reserves increased to its highest level since 2015.<sup>86</sup> Chinese consumers are increasing gold purchases to protect their assets amid stock market volatility, the property crisis, and geopolitical tensions.<sup>87</sup> A report released by the China Gold Association indicated that Chinese consumers purchased 308.9 tonnes (10.9 million ounces) of gold in the first quarter of 2024, a 5.9 percent increase year-on-year.<sup>88</sup>

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<sup>81</sup> "China suffers 56% drop in foreign investments on weak domestic demand", Nikkei Asia, May 11, 2024

<sup>82</sup> "Explainer | China's economic recovery maintains momentum, but risks remain: 4 takeaways from April's manufacturing, services data", South China Morning Post, May 7, 2024

<sup>83</sup> "Explainer | China trade: 5 takeaways from April as exports show 'green shoots' of recovery, but domestic demand key", South China Morning Post, May 10, 2024

<sup>84</sup> Ibid.

<sup>85</sup> "China should bail on US bonds even faster, scholar says, as bilateral tensions and anxieties mount", South China Morning Post, April 29, 2024

<sup>86</sup> "China Sells Record Sum of US Debt Amid Signs of Diversification", Bloomberg, May 16, 2024

<sup>87</sup> "China's consumers seek security in 'the only safe asset' as gold purchases remain strong", South China Morning Post, April 29, 2024

<sup>88</sup> Ibid.

## Defence and Security

China-Philippines tensions in the South China Sea showed no signs of abating.<sup>89</sup> The Philippines rejected Chinese claims that the two countries had reached a "gentleman's agreement" on managing the situation at Ren'ai Jiao (Second Thomas Shoal) during the tenure of Former President Rodrigo Duterte.<sup>90</sup> Philippine Defense Secretary Gilbert Teodoro informed that his ministry was "not aware of, nor is it a party to, any internal agreement with China".<sup>91</sup> Chinese Ministry of National Defence asserted that Manila lacks credibility as it keeps denying hard facts and misleads the international community. The Philippines was urged to adhere to the basic norms of international relations, stop building false narratives, and refrain from provoking China.<sup>92</sup>

Notwithstanding, between April 22 and May 8, 2024, the US and the Philippines conducted a joint military exercise entitled 'Balikatan'.<sup>93</sup> They simulated scenarios involving potential conflicts over Taiwan and the South China Sea, including the retaking of an island and sinking of a Chinese-made vessel.<sup>94</sup> Amidst the US- Philippines joint exercise, China's third aircraft carrier 'Fujian' completed its maiden sea trial indicating its combat readiness.<sup>95</sup> The PLA's type 055 guided missile destroyers also conducted regular drills in the SCS demonstrating their operational capability.<sup>96</sup>

During a meeting held in Hawaii on May 2, 2024, the defence ministers of Australia, Japan, the Philippines, and the US reiterated their commitment to a free, open, secure, and prosperous Indo-Pacific.<sup>97</sup> They expressed concern about the situation in the East and South China Seas (SCS) and strongly objected to China's dangerous use of coast guard and maritime militia vessels

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<sup>89</sup> "China's goodwill and patience toward the Philippines are not limitless: Global Times editorial", Global Times, May 15, 2024

<sup>90</sup> "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", Ministry of National Defence PRC, May 19, 2024

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> "US-Philippines drills: island retaking, ship sinking simulate Taiwan, South China Sea conflicts", South China Morning Post, May 8, 2024

<sup>94</sup> Ibid.

<sup>95</sup> "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", Ministry of National Defence PRC, May 19, 2024

<sup>96</sup> "PLA's Type 055 large destroyers conduct frequent drills in South China Sea", Global Times, May 9, 2024

<sup>97</sup> "Joint Readout From Australia-Japan-Philippines-United States Defence Ministers' Meeting", US Department of Defence, May 3, 2024

in the SCS against the Philippines.<sup>98</sup> Analysts believe this emerging regional bloc ("Squad") could develop into an institutionalised group that will enhance Manila's capacity to confront China's challenge.<sup>99</sup>

Amidst heightened cross-strait tensions, reports indicated that Taiwan conducted joint drills with the US Navy in the Western Pacific in April 2024.<sup>100</sup> Further, it seeks to increase the number of military attaches at its economic and cultural office in Honolulu from four to ten to improve coordination and intelligence sharing with the US Indo-Pacific Command.<sup>101</sup> Beijing called upon the US to refrain from sending wrong signals to "Taiwan independence" separatist forces warning that the PLA would take resolute and decisive countermeasures against separatist activities.<sup>102</sup>

On May 21, 2024, Chinese Foreign Minister Wang Yi addressed the Shanghai Cooperation Organisation (SCO) Council of Foreign Ministers meeting in Astana, Kazakhstan. In his remarks, Wang Yi urged SCO member-states to maintain strategic autonomy, deepen cooperation, and not allow external forces to turn the region into a geopolitical arena.<sup>103</sup>

## Technology

The US Commerce Department added 37 Chinese high-technology companies to the export control list for allegedly supporting the "spy balloon" that flew over the US in 2023.<sup>104</sup> Considering that this "entity list" includes 22 of China's leading quantum research companies, analysts indicated that this could have a significant impact on the country's quantum technology research.<sup>105</sup> Meanwhile, Beijing has established its third state-backed investment fund with a capital of CNY 344 billion (USD 47.5 billion) to boost its semiconductor

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<sup>98</sup> Ibid.

<sup>99</sup> "New 'Squad' bloc could allow Philippines to 'borrow strength' of Australia, Japan, US to counter China", South China Morning Post, May 9, 2024

<sup>100</sup> "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", Ministry of National Defence PRC, May 19, 2024

<sup>101</sup> Ibid.

<sup>102</sup> Ibid.

<sup>103</sup> "China's top diplomat urges SCO members to maintain strategic autonomy; do not allow external forces to turn region into geopolitical arena", Global Times, May 21, 2024

<sup>104</sup> "Chinese companies hit with US trade restrictions over 'spy balloon' incident", South China Morning Post, May 10, 2024

<sup>105</sup> "China's quantum tech 'core strength' targeted by latest US trade blacklist, Chinese physicists warn", South China Morning Post, May 11, 2024

industry as the US continues to tighten controls on the export of semiconductor chips to China.<sup>106</sup>

On May 3, 2024, China launched the Chang'e-6 spacecraft, the first human effort to collect samples from the far side of the Moon.<sup>107</sup>

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<sup>106</sup> "China sets up third fund with \$47.5 bn to boost semiconductor sector", [Reuters](#), May 27, 2024

<sup>107</sup> "China launches Chang'e-6 to retrieve samples from moon's far side", [Xinhua](#), May 3, 2024



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