



Delhi Policy Group

Advancing India's Rise as a Leading Power



China Monitor

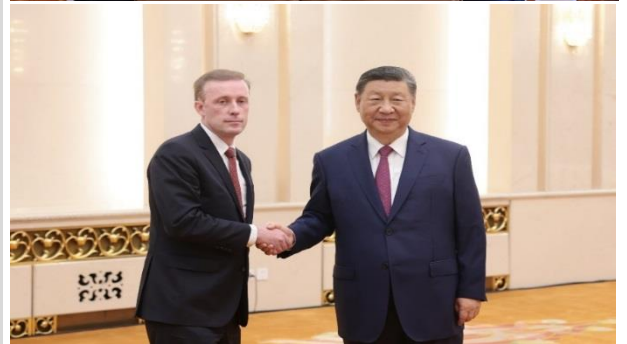
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China Monitor

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 Photographs:

India and China held the 31st Meeting of Working Mechanism for Consultation and Coordination on China-India Border Affairs (WMCC) in Beijing on August 29, 2024. Source: [Ministry of Foreign Affairs PRC](#)

Chinese President Xi Jinping and US National Security Advisor Jake Sullivan met in Beijing on August 29, 2024. Source: [Official X Handle Hua Chunying/PRC Foreign Ministry Spokesperson](#)

The US, Canada, Australia, and the Philippines conducted a Maritime Cooperation Activity off the coast of the Philippines on August 7-8, 2024. Source: [Official X Handle/Canadian Joint Operations Command](#)

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Abstract

India and China held the 31st meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) in Beijing on August 29, 2024. A “frank, constructive and forward-looking” exchange of views took place between the two sides, in line with the guidelines provided by their Foreign Ministers during meetings in Astana and Vientiane in July 2024. They agreed to “narrow down the differences” and “find an early resolution of the outstanding issues” through intensified diplomatic and military talks.

On August 31, 2024, speaking at a media forum, India's Minister of External Affairs, Dr. S. Jaishankar, highlighted the challenges posed by China in trade due to its unique economic and political system. He cautioned that this is a global issue, and called for an appropriate level of scrutiny of Chinese investments in the country.

On August 12, 2024, the UN Security Council convened a High-level debate on “Addressing the historical injustice and enhancing Africa’s effective representation on the UN Security Council”. Speaking at the meeting on behalf of the G4 grouping, India's representative supported Africa’s demands and stressed that the under-performance of the Security Council is primarily due to the non-representation of Africa, Latin America and the Caribbean, as well as the under-representation of the Asia-Pacific in the permanent category. China and Pakistan joined hands to oppose the UNSC reforms demanded by the G4 (India, Brazil, Germany, and Japan).

On August 9, 2024, China’s Foreign Ministry released a report on the activities of the US Congress-funded non-profit foundation “The National Endowment for Democracy” (NED). Beijing asserted that the US uses the NED to “infiltrate, interfere, and subvert state power in other countries under the guise of democracy, freedom, and human rights”. It reaffirmed that each country has the right to pursue a development path that suits its national realities, and no country should lecture others on democracy.

Continuing their high-level strategic communication, US National Security Advisor Jake Sullivan met President Xi Jinping, Director of China’s Central Commission for Foreign Affairs Wang Yi, and CMC Vice-Chairman Zhang Youxia in Beijing on August 27-29, 2024. The two sides discussed progress on implementing the commitments made at the San Francisco Summit, including counter-narcotics cooperation, military-to-military communications, and AI safety and risk mitigation.

Chinese leaders reiterated to Sullivan that the two countries should uphold mutual respect, peaceful coexistence, and win-win cooperation to promote a stable and healthy development of bilateral relations. They warned that Taiwan's independence poses the biggest threat to cross-strait stability, and urged the US to adhere to the one-China principle. A Global Times editorial urged the US to “develop a correct understanding of China”.

On August 20, 2024, the European Commission made public a draft decision to impose definitive countervailing duties on the import of battery electric vehicles (BEVs) from China. Reacting to this, Josep Borrell, the EU's High Representative for Foreign Affairs and Security Policy, stressed that a trade war with China may be “unavoidable” given that Chinese-made products, including electric vehicles, are being diverted to Europe because of high tariffs in the US. Meanwhile, China filed a dispute with the WTO challenging the EU's tariffs on imports of Chinese-made electric vehicles.

Premier Li Qiang met Russian President Vladimir Putin and Prime Minister Mikhail Mishustin in Moscow on August 21, 2024, further deepening their strategic partnership. To counter Western pressure, the two sides agreed to expand economic cooperation, including the joint development of shipping routes in the Arctic.

At the US-Japan 2+2 ministerial meeting held on July 28, 2024, both countries expressed concern about China's rapidly expanding nuclear arsenal and announced the reconstitution of US Forces Japan (USFJ). Reacting sharply, China's Ministry of National Defence urged the US and Japan to abandon their Cold War mentality, stressing that it pursues a nuclear strategy of self-defence and remains committed to no first use of nuclear weapons.

China-Philippines tensions in the South China Sea continued. On August 26, 2024, the two countries' vessels collided during a confrontation near the disputed Sabina Shoal (Xianbin Jiao). Amidst escalating tensions, the Commander of US Indo-Pacific Command, Admiral Samuel Paparo, spoke about Washington's intent to escort Philippine ships to the outposts in the region as part of their Mutual Defence Treaty. Chinese state media cautioned that the US was fanning flames in the South China Sea, warning that “Manila's rationality should not be worn down by the US”.

The PLA marked its 97th founding anniversary on August 1, 2024. President Xi, in his remarks on the occasion, emphasised the importance of the military following the Party's orders and the need to build world-class armed forces.

On August 22, 2024, President Xi addressed a meeting commemorating former President Deng Xiaoping's 120th birth anniversary. He hailed Deng Xiaoping as the "chief architect of China's socialist reform, opening-up, and modernisation", and urged the Party to continue advancing socialism with Chinese characteristics initiated by Deng.

President Xi reviewed China's current economic situation, and set out economic priorities for the second half of 2024, noting that the country's economy remains stable and continues to foster new growth drivers. However, Xi cautioned that a complex external environment and insufficient domestic demand could adversely impact the economy.

Foreign and Security Policy

I. China-India Relations

India and China held the 31st meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) in Beijing on August 29, 2024. This was the second meeting in quick succession. In line with the guidance provided by foreign ministers in their meetings at Astana and Vientiane in July 2024 to accelerate their discussions, the two sides had a “frank, constructive and forward-looking” exchange of views. They agreed to “narrow down the differences” and “find early resolution of the outstanding issues”, signifying a degree of thaw in entrenched positions and indicative of intensified diplomatic and military contacts to break the logjam.¹

On August 31, 2024, speaking at the Economic Times World Leaders Forum in a session titled “New India’s Risks, Reforms, and Responsibilities”, External Affairs Minister Dr. S. Jaishankar emphasised unique challenges faced by India which go beyond the general concerns of the world vis-a-vis China. He highlighted that apart from the complexities of the relationship created by ongoing border tensions, India also faces the issue of a bourgeoning trade deficit with China that stems from a longstanding economic advantage because of its distinct political and economic system. He highlighted that understanding this uniqueness is crucial for formulating effective policies while underscoring the importance of scrutinising Chinese investments. He also noted that “the issue is not to have investments with China or not, it is not a yes or no answer, it is what should be the appropriate level of scrutiny and how should you handle it”, he explained.²

India has agreed to fast-track business visas to Chinese technicians involved in manufacturing projects, in response to complaints from the Indian industry. The new guidelines from the Ministry of Home Affairs, effective from August 1, 2024, aim to expedite visa approvals for nationals from China and other countries sharing land borders with India. This initiative is aimed at easing challenges faced by firms investing in 14 strategic sectors covered under the production-linked incentive (PLI) schemes, designed to bolster manufacturing in India.³

¹ “LAC talks: India, China for ‘intensified contact’ to ‘narrow down differences’”, The Indian Express, August 30, 2024

² “ET World Leaders Forum: India’s China dilemma goes beyond global concerns, says Jaishankar”, The Economic Times, August 31, 2024

³ “Govt fast tracks visa approvals for China vendors to step up manufacturing”, Business Standard, August 7, 2024

II. China-South Asia Relations

During a debate at the United Nations to reform the Security Council, India's representative highlighted that the non-representation of Africa, Latin America and the Caribbean, and the under-representation of Asia-Pacific in the permanent category was responsible for the under-performance of the Security Council. "It is also inconceivable that Africa which constitutes over 70 percent of the UNSC's agenda items under discussions, does not get a permanent voice at the horse-shoe table" at the Council chamber, he said.⁴

Pakistan and China joined hands in negating these legitimate demands for reforms from G4. Pakistan took a dig at India and the G4 saying, "Africa is critically different from the demand of four states for permanent membership for themselves". China's Permanent Representative Fu Cong also threw in criticism against India and the G4, saying that there were "a few countries and interest groups who pursue their own selfish and small-circle interests when it comes to Council reforms". Pakistan and China are bent upon torpedoing any reforms of the UN Security Council, which includes India.⁵

Violent clashes in Baluchistan and near insurgency-type situation highlight the challenges facing China's Belt and Road Initiative investments in Pakistan.⁶ A delegation of Chinese officials and corporate executives that visited Pakistan last week to discuss future Belt and Road Initiative investments was greeted by the unwelcome sight of violent clashes between security forces and nationalist forces, in Baluchistan province, home to the Chinese-operated Arabian Sea port of Gwadar. In a rare public call, senior Chinese diplomat Yang Yundong called for the two sides to "set aside their differences" and build consensus over economic development in the restive province, as roads linking Gwadar to the rest of the country – and overland to Xinjiang – remained blocked as the authorities clamped down on Baloch activists. Yang further highlighted that "without the stability of Baluchistan, there's no stability of Pakistan". The Chinese are concerned about the insurgency-like situation in Baluchistan and its impact on investments under CPEC.⁷

Activities of Chinese research vessels operating in the Indian Ocean are increasingly becoming a matter of concern. According to open-source data,

⁴ "China, Pakistan Try To Derail India, G4 Nations' UN Security Council Bid", [NDTV India](#), August 13, 2024

⁵ Ibid.

⁶ "Project woes spotlight reliability of Pakistan as an 'all-weather' partner for China", [South China Morning Post](#), August 10, 2024

⁷ Ibid.

Beijing aims to expand its scientific excursions at sea. While China insists that these voyages are for scientific research purposes, India is becoming increasingly concerned about the blurred boundaries between China's military and civilian technology.⁸ According to the latest data, the research ship Zhongshan Daxue approached the eastern edge of the Indian Ocean near the Indonesian island of Sumatra on August 14, while the Xiang Yang Hong 03 sailed near the Bay of Bengal. Meanwhile, Yuan Wang 7, a member of China's space support fleet, was seen heading towards Africa's eastern coast. The ship is outfitted with advanced sensors and communication equipment.⁹

As per a report by the South China Morning Post, Zhongshan Daxue, the country's largest and most advanced oceanographic research vessel, has a displacement of 6,800 tonnes, made its maiden voyage in the South China Sea last year. China has vastly increased its presence in the Indian Ocean in recent decades, largely through economic activities and scientific research, which India sees as a threat.¹⁰

The events in Bangladesh have upended a government in which China had invested heavily. Less than a month ago, Bangladesh's then-Prime Minister Sheikh Hasina was in Beijing, shaking hands with Chinese President Xi Jinping and signing a slew of agreements on matters ranging from the economy and trade to public health. China also offered Bangladesh about USD 140 million in aid and elevated their relationship to a "comprehensive strategic cooperative partnership". China's stand has been that developments in Bangladesh is an internal matter, nonetheless, there are concerns about stability and the ability of the student-led government to perform. Analysts believe, "the opposition has always been closer to China, this puts them in a better situation in Bangladesh". However, China has been treading cautiously since the Bangladesh protests erupted, and continues to do so.¹¹

As Sri Lanka prepares for next month's pivotal presidential election, analysts warn its future relations with India and China will hinge on the winner's policies. The outcome of the polls could shift the country's delicate geopolitical balancing act between its two regional powerhouse neighbours – especially if the NPP's Dissanayake wins a majority. Analysts noted that with recent political

⁸ "China's scientific sea voyages might rile India, but will they lead to clash?", South China Morning Post, August 15, 2024

⁹ Ibid.

¹⁰ Ibid.

¹¹ "For China, Bangladesh crisis spells opportunity and awkward social echoes", Nikkei Asia, August 8, 2024

surprises in the region-including PM Modi losing a majority in India's parliamentary elections, and strained relations between Delhi and Dhaka after the fall of Sheikh Hasina - "India is going to look at this election with very, very sharp eyes". China too will be eager to engage and play all political cards to maintain its influence in Sri Lanka.¹²

III. China-United States Relations

Continuing high-level strategic communication between the two countries, US National Security Advisor Jake Sullivan met President Xi Jinping, Director of China's Central Commission for Foreign Affairs Wang Yi, and CMC Vice-Chairman Zhang Youxia in Beijing on August 27-29, 2024.¹³ The two sides discussed progress on implementing the commitments made at the San Francisco Summit, including counternarcotics, military-to-military communication, and AI safety and risk mitigation.¹⁴ Director Wang Yi reiterated that the two countries should uphold mutual respect, peaceful coexistence, and win-win cooperation to promote a stable and healthy development of bilateral relations. He warned, Taiwan's independence poses the biggest threat to cross-strait stability and urged the US to adhere to the one-China principle.¹⁵ Other major issues addressed by Wang Yi included ending the suppression of China in trade, economy, and high-technology fields, not undermining China's sovereignty and territorial integrity in the South China Sea, and the CPC's third plenary session resolution as a significant step toward China's modernisation.¹⁶ A Global Times editorial urged the US to "develop a correct understanding of China".¹⁷

NSA Jake Sullivan, on his part, underscored the importance of managing relations responsibly and preventing competition from veering into conflict.¹⁸

¹² "China or India? Sri Lanka's presidential election becomes a battleground for influence", South China Morning Post, August 19, 2024

¹³ "China-U.S. strategic communication held in Beijing, seeing candid, substantive, constructive discussions", Xinhua, August 28, 2024

¹⁴ "Readout of National Security Advisor Jake Sullivan's meeting with Chinese Communist Party Politburo Member, Director of the Office of the Foreign Affairs Commission, and Foreign Minister Wang Yi", The White House, August 28, 2024

¹⁵ "China-U.S. strategic communication held in Beijing, seeing candid, substantive, constructive discussions", Xinhua, August 28, 2024

¹⁶ Ibid.

¹⁷ "Sullivan's China visit: the importance of a 'correct understanding' of China: Global Times editorial", Global Times, August 27, 2024

¹⁸ "Readout of National Security Advisor Jake Sullivan's meeting with Chinese Communist Party Politburo Member, Director of the Office of the Foreign Affairs Commission, and Foreign Minister Wang Yi", The White House, August 28, 2024

President Biden and President Xi are likely to hold a telephone conversation in the coming weeks.¹⁹

Earlier, the US-China Financial Working Group held a meeting in Shanghai on August 15-16, 2024.²⁰ Major issues discussed included the economic and financial situation, monetary policies, financial stability and regulation, securities and capital markets, cross-border payments and data, international financial governance, fintech, sustainable finance, money laundering, and counter-terrorism financing.²¹ The two sides exchanged letters to enhance cooperation on financial stability and ensure that the regulatory authorities communicate in a timely and unobstructed manner during times of financial stress to reduce uncertainty.²²

A meeting of the US-China Counternarcotics Working Group was held in Washington on July 31, 2024. The two sides reviewed progress in countering the global manufacturing and trafficking of illicit synthetic drugs, including fentanyl.²³

As part of his testimony before the US Senate Foreign Relations Committee, Deputy Secretary of State Kurt Campbell urged Washington to prioritise matching China's presence in the "Global South", including expediting the approval of a backlog of Ambassador nominations.²⁴ He cautioned that the US is behind China in Africa and other regions of the Global South in terms of diplomatic engagements, putting the country at risk of failing to achieve objectives such as securing critical minerals and combating misinformation.²⁵ Mr. Campbell contended that the US must contest China's intent to go after Africa's rare earths, which are critical to industrial and technological capabilities.²⁶ Amidst this, Argentina has joined the US-led "Minerals Security Partnership (MSP)" to attract more investment in critical minerals mining and create a clean energy supply chain that does not involve China.²⁷

¹⁹ Ibid.

²⁰ "China-U.S. financial working group holds fifth meeting", PRC Embassy in the United States of America, August 19, 2024

²¹ Ibid.

²² Ibid.

²³ "US-China fentanyl cooperation gathers momentum with senior meeting in Washington", South China Morning Post, August 2, 2024

²⁴ "Washington must prioritise matching China's presence in Global South, a top US envoy says", South China Morning Post, July 31, 2024

²⁵ Ibid.

²⁶ Ibid.

²⁷ "Argentina to join US minerals partnership to diversify supply chains away from China", South China Morning Post, August 21, 2024

On August 9, 2024, Chinese Foreign Ministry released a report on the activities of the US Congress-funded non-profit foundation "The National Endowment for Democracy (NED)".²⁸ Beijing asserted that the US uses NED to "infiltrate, interfere, and subvert state power in other countries under the guise of democracy, freedom, and human rights".²⁹ Major issues discussed in the report included the NED's role as an implementer of the CIA's covert operations aimed at subverting state power by instigating "colour revolutions", misrepresenting the human rights situation, fabricating false information to mislead public opinion, and using academic activities as a cover to interfere in other countries.³⁰ China reaffirmed that each country has the right to pursue a development path that suits its national realities, and no country should lecture others on democracy and human rights.³¹

China's Ambassador to the US, Xie Feng spoke with Newsweek magazine about the third plenary session of the 20th CPC Central Committee. He stressed that reform and opening-up are the hallmarks of China's modernisation while expressing concern that some countries are building walls and decoupling.³² Amidst global turmoil, mounting unilateralism, and protectionism, a People's Daily commentary emphasised the need to promote "economic globalisation and win-win cooperation".³³

On August 13, 2024, a US Army intelligence analyst Korbein Schultz pleaded guilty to charges of conspiring to sell military secrets to China.³⁴ Meanwhile, at their 2+2 meeting in Annapolis, the US and Australia pledged to deepen their security cooperation and expressed concerns about China's "coercive behaviour" in the South China Sea and Taiwan Strait.³⁵

²⁸ "The National Endowment for Democracy: What It Is and What It Does", People's Daily, August 9, 2024

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² "Chinese ambassador to U.S. says China opening doors wider, building more bridges", People's Daily, August 10, 2024

³³ "China upholds win-win cooperation, promotes economic globalisation", People's Daily, August 21, 2024

³⁴ "US soldier Korbein Schultz pleads guilty to selling military secrets to China", South China Morning Post, August 14, 2024

³⁵ "China's 'coercive behaviour' scrutinised at US-Australia talks as global tensions cited", South China Morning Post, August 7, 2024

Among other developments, the number of direct flights between the US and China has not yet reached pre-pandemic levels as a result of geopolitical tensions and reduced business travel.³⁶

IV. China-European Union Relations

On August 20, 2024, as part of its anti-subsidy investigation, the European Commission disclosed the draft decision to impose definitive countervailing duties (tariffs) on the import of battery electric vehicles (BEVs) from China.³⁷ The proposed definitive countervailing duty rates have been adjusted based on comments received from interested parties on the provisional countervailing duties disclosed by the European Commission on July 4, 2024.³⁸ The following countervailing duties are likely to be imposed on Chinese BEVs: 17 percent for BYD, 19.3 percent for Geely, 36.3 percent for SAIC, and 9 percent for Tesla.³⁹ Further, biodiesel imports from China were also subjected to a provisional anti-dumping tariff ranging between 12.8 percent and 36.4 percent by the EU.⁴⁰

Reacting to this, Josep Borrell, the EU's High Representative for Foreign Affairs and Security Policy stressed that a trade war with China may be "unavoidable" given that Chinese-made products, including electric vehicles, are being diverted to the European market because of high tariffs in the US.⁴¹ While the EU prioritises de-risking from China, an editorial in the Global Times shed light on German carmakers' silent opposition to over-politicising trade issues.⁴² On the other hand, China filed an appeal with the WTO challenging the EU's tariffs on imports of Chinese-made electric vehicles.⁴³ Moreover, taking a tit-for-tat approach, Beijing announced an anti-subsidy investigation into the EU's dairy products.⁴⁴

³⁶ "China-US flights struggle to fill seats amid high prices, visa issues and cheaper stopovers", South China Morning Post, August 4, 2024

³⁷ "Commission discloses to interested parties draft definitive findings of anti-subsidy investigation into imports of battery electric vehicles from China", European Commission, August 20, 2024

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ "EU's new protectionist move set to 'impede its green development'", Global Times, August 19, 2024

⁴¹ "China trade war 'maybe unavoidable', EU's top diplomat Josep Borrell warns", South China Morning Post, August 21, 2024

⁴² "The choice of German companies is a silent opposition to 'over-politicization': Global Times editorial", Global Times, August 15, 2024

⁴³ "China files appeal to WTO over EU electric vehicle tariffs", Xinhua, August 9, 2024

⁴⁴ "China opens tit-for-tat trade probe into EU dairy products day after bloc's EV tariff move", South China Morning Post, August 21, 2024

President Xi met Italian Prime Minister Giorgia Meloni in Beijing on July 29, 2024. The two sides signed a three-year action plan to increase cooperation in a range of areas from trade to green development. According to analysts, PM Meloni's visit was aimed at relaunching relations with China following Italy's exit from the Belt and Road Initiative.⁴⁵

V. China-Russia Relations

Chinese Premier Li Qiang met Russian President Vladimir Putin and Prime Minister Mikhail Mishustin in Moscow on August 21, 2024, further deepening China-Russia strategic partnership.⁴⁶ To counter Western pressure, the two sides agreed to expand economic cooperation, including the joint development of shipping routes in the Arctic.⁴⁷ They opposed external interference in their internal affairs and attempts to limit their economic and technological space.⁴⁸ China supported Russia's territorial integrity while Russia opposed any form of independence for Taiwan.⁴⁹ China and Russia also discussed the peaceful use of outer space and agreed to increase cooperation in the field.⁵⁰

As part of his visit to Belarus on August 22, 2024, Premier Li Qiang met President Alexander Lukashenko and pledged to strengthen the "all-whether comprehensive strategic partnership" between the two countries.⁵¹ Meanwhile, Li Hui, China's Special Representative on Eurasian Affairs visited Brazil, South Africa, and Indonesia as part of his efforts (shuttle diplomacy) to promote dialogue between Ukraine and Russia.⁵²

Among other developments, analysts believe China and Russia sent a strategic message to NATO by conducting a joint naval exercise in the Gulf of Finland.⁵³

⁴⁵ "Xi meets Italian prime minister, calls for upholding Silk Road spirit", People's Daily, July 30, 2024

⁴⁶ "China, Russia plot course for Arctic cooperation, shipping routes to counter West", South China Morning Post, August 22, 2024

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ "China and Russia hold talks on 'peaceful' use of outer space", South China Morning Post, August 9, 2024

⁵¹ "Chinese premier says to promote high-level development of China-Belarus bilateral partnership", People's Daily, August 23, 2024

⁵² "Xinhua Commentary: China's 'shuttle diplomacy' gathers global momentum for lasting peace", Xinhua, August 11, 2024

⁵³ "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", Ministry of National Defence PRC, August 20, 2024

Internal Developments

Olympic Games – Paris 2024

The Olympic Games held in Paris from July 26 to August 11, 2024, saw China finish second in the medal table. On August 20, 2024, President Xi met China's Olympic delegation and congratulated them on their glorious achievements for the nation.⁵⁴ He emphasised that Chinese athletes' success in the Olympics demonstrated the country's strength in the new era, and urged them to strive harder to make China a sporting powerhouse.⁵⁵ A Global Times editorial noted that during the Olympics, China's new generation of athletes demonstrated the country's openness and confidence which represents a new form of globalisation at a time of deglobalisation.⁵⁶

Deng Xiaoping's 120th Birth Anniversary

On August 22, 2024, President Xi addressed a meeting commemorating former President Deng Xiaoping's 120th birth anniversary.⁵⁷ He hailed Deng Xiaoping as the "chief architect of China's socialist reform, opening-up, and modernisation", and urged the Party to continue advancing socialism with Chinese characteristics initiated by Deng.⁵⁸ Major issues touched by President Xi included comprehensively deepening reform to advance China's modernisation, achieving self-reliance in science and technology, promoting common prosperity, opposing Taiwan's independence, reforming global governance, and promoting world peace.⁵⁹

The PLA pledged to advance modernisation and strengthen military capabilities to defeat strong enemies as part of its celebration marking Deng Xiaoping's birth anniversary.⁶⁰ A commentary in the PLA Daily noted that China is experiencing "great changes unseen in a century" and must maintain strategic clarity regarding possible risks of war.⁶¹

⁵⁴ "Xi Focus: Xi hails Olympians for winning glory for country", Xinhua, August 20, 2024

⁵⁵ Ibid.

⁵⁶ "Paris Olympics witnesses an open, confident China: Global Times editorial", Global Times, August 10, 2024

⁵⁷ "Xi urges advancing socialism with Chinese characteristics on 120th birth anniversary of Deng Xiaoping", People's Daily, August 23, 2024

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ "China's military focuses on beating 'strong enemies' in Deng Xiaoping commemorations", South China Morning Post, August 23, 2024

⁶¹ Ibid.

Key Addresses by Chinese Leaders and Developments

China's Ministry of Foreign Affairs published an article in the CPC's Qiushi Journal pledging to step up efforts to influence and shape international law in line with its national interests. Specifically, Beijing seeks to influence international law in emerging areas such as outer space, cyberspace, digital technology, and AI.⁶² Qiushi Journal's 16th issue also includes President Xi's explanation of the reform resolution adopted at the third plenum of the 20th CPC Central Committee.⁶³ Meanwhile, President Xi issued instructions on preserving China's cultural and natural heritage as part of the Global Civilisation Initiative.⁶⁴

On August 20, 2024, President Xi met foreign parliamentary leaders attending the commemoration of the 40th anniversary of China's National People's Congress' (NPC) affiliation with the Inter-Parliamentary Union. Xi reiterated that China will work with other countries to advocate an equal and orderly multipolar world and inclusive economic globalisation.⁶⁵

Among other developments, the CPC Central Committee's Politburo reviewed policies and measures aimed at Western China's development.⁶⁶

Trade and Economy

At a CPC Political Bureau meeting, President Xi reviewed the current economic situation and set out economic priorities for the second half of 2024.⁶⁷ Xi noted that the country's economy remains stable and continues to foster new growth drivers.⁶⁸ However, he cautioned that a complex external environment and insufficient domestic demand could adversely impact the economy.⁶⁹ Some of the major issues discussed in the meeting included maintaining strategic resolve in the country's development, preparing for worst-case scenarios, pursuing development while ensuring stability, fostering new quality

⁶² "China looks to play greater role in shaping international law to protect its interests", South China Morning Post, August 8, 2024

⁶³ "Xi's explanation of key reform resolution to be published by Qiushi Journal", Qiushi Journal, August 15, 2024

⁶⁴ "Xi stresses preserving China's cultural, natural heritage", People's Daily, August 6, 2024

⁶⁵ "Xi says China to continue to support NPC in deepening exchanges with IPU", People's Daily, August 21, 2024

⁶⁶ "CPC leadership reviews measures on western region's development", People's Daily, August 23, 2024

⁶⁷ "CPC leadership sets out economic priorities for 2nd half of 2024", Xinhua, July 31, 2024

⁶⁸ Ibid.

⁶⁹ Ibid.

productive forces based on local conditions, and strengthening macroeconomic regulation.⁷⁰

On August 16, 2024, Premier Li Qiang called on the State Council to steadfastly implement reform measures and strive to achieve China's 5 percent economic growth target for 2024.⁷¹ As part of its efforts to boost consumption, the State Council issued a 20-point directive that included enhanced nursing care support, the extension of visa-free travel policies to more countries, and the promotion of "low-altitude tourism".⁷²

Owing to weak domestic demand, China's official manufacturing purchasing managers' index (PMI) fell to 49.4 in July, down from a reading of 49.5 in June 2024. The PMI reading above 50 indicates an expansion of economic activity, while the reading below 50 indicates a contraction.⁷³ Adding to Chinese concerns, Foreign Direct Investment (FDI) in the country declined by 29.1 percent year-on-year to CNY 498.9 billion (USD 69 billion) in the first half of 2024.⁷⁴ Beijing informed that the decline in FDI is primarily due to a high base from 2023, adding that more foreign funds are being channelled into the country's advanced manufacturing sector.⁷⁵ For the first time in 19 years, China's bank loans to the real economy have reportedly contracted.⁷⁶ The country's foreign trade, however, maintained an upward trajectory in the first seven months of 2024.⁷⁷

China issued a set of guidelines to speed up the country's green transition in all areas of economic and social development.⁷⁸ It aims to establish a green, low-carbon, circular development economic system and achieve the goal of building a beautiful China by 2035.⁷⁹ The country's green energy industry is estimated to reach CNY 15 trillion (USD 2.1 trillion) by 2030.⁸⁰ Further, the State

⁷⁰ Ibid.

⁷¹ "Chinese premier stresses solid work to meet annual development goals", [People's Daily](#), August 17, 2024

⁷² "China looks for new ways to boost spending on services, from senior care to tourism", [South China Morning Post](#), August 4, 2024

⁷³ "Explainer | Is support coming at the right time for China's economy? 4 takeaways from July's PMI data", [South China Morning Post](#), August 6, 2024

⁷⁴ "Foreigners invest more in China's advanced manufacturing even as total FDI drops", [South China Morning Post](#), August 2, 2024

⁷⁵ Ibid.

⁷⁶ "China's Bank Loan Gauge Contracts for First Time in 19 Years", [Caixin Global](#), August 14, 2024

⁷⁷ "China's foreign trade up 6.2 pct in first 7 months", [People's Daily](#), August 7, 2024

⁷⁸ "China issues guidelines to ramp up green transition of economic, social development", [The State Council of PRC](#), August 11, 2024

⁷⁹ Ibid.

⁸⁰ Ibid.

Council approved 11 nuclear reactors across five sites in the country with an investment of CNY 220 billion (USD 31 billion) underscoring the importance of nuclear energy in the country's green transition.⁸¹

On August 26, 2024, Canada announced that it would impose a 100 percent tariff on imports of Chinese electric vehicles and a 25 percent tariff on imports of steel and aluminium.⁸² As the US-led West targets China's new energy industry with protectionist policies, the country's electric vehicle manufacturers are expanding their presence in emerging markets like South America.⁸³

Among other developments, as part of the country's push for self-reliance in food security, it is reported that the seed industry has made significant progress.⁸⁴ Meanwhile, the population crisis in China continues unabated.⁸⁵

Defence and Security

The PLA marked its 97th founding anniversary on August 1, 2024. President Xi, in his remarks, emphasised the importance of the PLA following the Party's orders and the need to build world-class armed forces.⁸⁶ Major issues touched by him included modernising border, coastal, and air-defence systems (BCAD) and strengthening training in real combat conditions.⁸⁷ The Central Military Commission (CMC) issued new rules to assist PLA veterans in starting businesses and advancing their education.⁸⁸

At a US-Japan 2+2 ministerial meeting held on July 28, 2024, both countries expressed concern about China's rapid expansion of nuclear weapons and announced the reconstitution of US Forces Japan (USFJ).⁸⁹ Reacting sharply, China's Ministry of National Defence urged the US and Japan to abandon their

⁸¹ "China Makes \$31 Billion Nuclear Push With Record Approvals", [Bloomberg](#), August 20, 2024

⁸² "Canada slaps 100% tariffs on Chinese electric vehicles", [The Economic Times](#), August 27, 2024

⁸³ "China's EV, battery firms bolt into emerging markets as trade remains caustic", [South China Morning Post](#), August 3, 2024

⁸⁴ "China sows seeds of self-reliance with 'historic breakthrough' in agricultural autonomy", [South China Morning Post](#), August 14, 2024

⁸⁵ "Chinese pick pets over kids as shifting demographic trends reshape economy", [South China Morning Post](#), August 6, 2024

⁸⁶ "Building world-class armed forces for China", [People's Daily](#), August 2, 2024

⁸⁷ Ibid.

⁸⁸ "China rolls out new rules to help veterans find jobs and start businesses", [South China Morning Post](#), August 2, 2024

⁸⁹ "US attempts to maintain hegemony and intimidate world with nuclear power: Defence Spokesperson", [Ministry of National Defence PRC](#), August 17, 2024

Cold War mentality, stressing that Beijing pursues a nuclear strategy of self-defence and remains committed to no first use of nuclear weapons.⁹⁰ It accused the US of "maintaining hegemony and intimidating the world" with its nuclear weapons arsenal.⁹¹ China warned Japan that its pandering to the US to gain nuclear deterrence would exacerbate regional tensions and increase the risk of conflict.⁹² Beijing also expressed concerns about Japan's enhanced military cooperation with 'QUAD'.⁹³

China-Philippines tensions in the South China Sea continued.⁹⁴ On August 26, 2024, the two countries' vessels collided during a confrontation near the disputed Sabina Shoal (Xianbin Jiao).⁹⁵ Amidst escalating tensions, the Commander of the US Indo-Pacific Command Admiral Samuel Paparo, at a military conference in Manila announced Washington's intent to escort Philippine ships to the outposts in the region as part of Mutual Defence Treaty.⁹⁶ The US and the Philippines also held a live-fire drill in Central Luzon involving the M142 High Mobility Artillery Rocket System (HIMARS).⁹⁷ Reacting to these developments, a Global Times editorial cautioned that the US was fanning flames in the South China Sea warning that "Manila's rationality should not be worn down by the US".⁹⁸

Earlier, on August 7, 2024, the PLA's Southern Theatre Command conducted a combat patrol in the South China Sea in response to a joint patrol by the Philippines, the US, Australia, and Canada.⁹⁹ China's aircraft carrier Shandong reportedly held its second far seas drill in the Western Pacific demonstrating its combat capabilities aimed at deterring Philippines.¹⁰⁰

Amidst continuing tensions between the US and China over Taiwan, the Office of Taiwan Affairs of the State Council asserted that UNGA Resolution 2758

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Ibid.

⁹³ "Japan 'on risky path of reviving militarism' with enhanced military cooperation with Quad", Global Times, August 5, 2024

⁹⁴ "China-Philippine tensions centre on new flash point: Sabina Shoal", The Japan Times, August 27, 2024

⁹⁵ Ibid.

⁹⁶ "US offer to escort Philippines' ships in South China Sea risks clashes with Beijing", South China Morning Post, August 29, 2024

⁹⁷ "Philippines, US launch live-fire drill with South China Sea in sight to show unity", South China Morning Post, August 9, 2024

⁹⁸ "Manila's rationality should not be repeatedly worn down by Washington: Global Times editorial", Global Times, August 21, 2024

⁹⁹ "PLA holds combat patrol in South China Sea", Global Times, August 7, 2024

¹⁰⁰ "China's aircraft carrier Shandong launches second far seas drill of the year", Global Times, August 7, 2024

reflects universal consensus on the one-China principle and is “unchallengeable”.¹⁰¹ Meanwhile, the Taiwanese military conducted a live-fire drill to counter potential PLA air and sea attacks.¹⁰² To deter Taiwan and its external supporters, the PLA's Type 075 amphibious assault ship held drills in the Pacific Ocean.¹⁰³

China has imposed export controls on drones and their parts with military potential amid Western accusations that Beijing supports the Russian military-industrial complex fuelling the conflict in Ukraine.¹⁰⁴ It has also implemented export controls on antimony, a metal used in ammunition and other military applications.¹⁰⁵

The PLA and private arms manufacturers in China have reportedly intensified their efforts to develop anti-drone weapon systems after examining their effectiveness in the Russia-Ukraine conflict.¹⁰⁶ One of the systems being studied is Britain's DragonFire, a high-powered laser weapon.¹⁰⁷ A laser-directed energy weapon was spotted on the PLA Navy's Type 071 amphibious transport dock ship.¹⁰⁸

Technology

Amidst the widening technology competition between the US and China, reports indicate that two separate semiconductor supply chains are emerging, with one being US-centric and the other China-centric.¹⁰⁹ Analysts expect the US and its allies to establish a dominant position over China in the global chip sector.¹¹⁰

¹⁰¹ “Chinese mainland spokesperson says UNGA Resolution 2758 unchallengeable”, People's Daily, August 1, 2024

¹⁰² “Taiwan's military holds live-fire missile drill at sensitive test site”, South China Morning Post, August 20, 2024

¹⁰³ “PLA Navy's amphibious assault ship starts far seas drill: report”, Global Times, August 20, 2024

¹⁰⁴ “China imposes export controls on drones and parts with potential for military use”, South China Morning Post, July 31, 2024

¹⁰⁵ “China to restrict critical antimony exports as geopolitical tensions target weapons”, South China Morning Post, August 15, 2024

¹⁰⁶ “China eyes anti-drone technology as key to future battlefield success”, South China Morning Post, August 11, 2024

¹⁰⁷ Ibid.

¹⁰⁸ “Laser weapon spotted on Chinese navy ship as PLA and US race to develop drone defences”, South China Morning Post, August 21, 2024

¹⁰⁹ “Tech war poll shows US set for ‘commanding position’ in chip race with China”, South China Morning Post, August 16, 2024

¹¹⁰ Ibid.

The US is considering restricting China's access to high bandwidth memory (HBM) chips essential for complex artificial intelligence programs.¹¹¹ Meanwhile, the National Intellectual Property Administration of China (CNIPA) informed that the number of AI patents in the country reached 378,000 in 2023, an increase of over 40 percent from 2022.¹¹²

As China prioritises the development of “new quality productive forces” based on high-tech innovation, a Xinhua report shed light on the country’s “low-altitude economy”.¹¹³ There is growing use of large airships for low-altitude tourism, as well as unmanned aerial vehicles (UAVs) for express delivery, urban transportation, aerial photography, and emergency rescue.¹¹⁴ China's video game industry is also advancing as demonstrated by the success of Tencent-backed game “Black Myth: Wukong”.¹¹⁵ This game is based on an ancient Chinese tale “Journey to the West” and promotes traditional Chinese culture.¹¹⁶

¹¹¹ “US considers new curbs on China’s access to AI memory chips”, South China Morning Post, August 1, 2024

¹¹² “China owns 378,000 AI patents, rising faster than global average”, People’s Daily, July 29, 2024

¹¹³ “China Focus: China’s booming low-altitude economy drives new growth”, Xinhua, August 12, 2024

¹¹⁴ Ibid.

¹¹⁵ “Xinhua Headlines: Video game “Black Myth: Wukong” takes global players on journey beyond West”, Xinhua, August 21, 2024

¹¹⁶ Ibid.



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