



Delhi Policy Group

Advancing India's Rise as a Leading Power



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Authors

Biren Nanda
Sanket Joshi



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Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

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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 Ambassador Biren Nanda, Senior Fellow and Sanket Joshi, Research Associate, from open-source reports and publications.

Cover Photographs:

Wang Yi, the Director of China's Central Commission for Foreign Affairs, and Ajit Doval, India's National Security Advisor met in Beijing on December 18, 2024. Source: [Xinhua/Yao Dawei](#)

President Xi Jinping met leaders of major international economic organisations in Beijing on December 10, 2024. Source: [Official X Handle/Hua Chunying MFA Spokesperson PRC](#)

President Xi addressed the Central Economic Work Conference held in Beijing on December 11-12, 2024. Source: [Xinhua/Xie Huanchi](#)

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Abstract

India and China continued their high-level engagement during the month, with the 23rd meeting of the Special Representatives (SRs) being held in Beijing on December 18, 2024, preceded by the 32nd Meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) which met in New Delhi on December 5, 2024.

During the SRs meeting, India's National Security Advisor, Ajit Doval, and the Director of China's Central Commission for Foreign Affairs, Wang Yi, positively affirmed the implementation of the latest disengagement agreement of October 2024, resulting in patrolling and grazing in relevant areas of eastern Ladakh. Both sides reiterated the importance of maintaining a political perspective of the overall bilateral relationship while seeking a fair, reasonable, and mutually acceptable framework for resolving the boundary issue.

Earlier, on December 3, 2024, India's External Affairs Minister, Dr. S. Jaishankar, briefed Parliament on recent developments in India-China relations. He confirmed that the disengagement in eastern Ladakh had been completed, resolving the issues in Depsang and Demchok, and this has set bilateral relations in the direction of "some improvement". India's next priority will be de-escalation, which will address the massing of troops along the LAC and better management of the border areas.

Wang Yi, the Director of China's Central Commission for Foreign Affairs, addressed a symposium on the international situation and China's foreign relations in Beijing on December 17, 2024. He emphasised that China's diplomacy in 2025 will adhere to the principles of self-confidence and self-reliance, openness and inclusiveness, fairness and justice, and cooperation and mutual benefit to advance the country's modernisation. Wang Yi expressed hope that President-elect Trump will "make the right choice" and work with China to avoid disruptions, overcome obstacles, and achieve a steady, sound, and sustainable development of China-US relations.

Meanwhile, President Xi sent a congratulatory letter to the US-China Business Council (USCBC) at its meeting on December 11, 2024. He reiterated that China and the US stand to benefit from cooperation and lose from confrontation, and expressed Beijing's willingness to expand cooperation, manage differences, and seek long-term peaceful co-existence with the US.

Notwithstanding the sentiments expressed by President Xi Jinping, the US Commerce Department unveiled new regulations aimed at curbing China's

ability to develop advanced semiconductors which are critical to artificial intelligence and military technology. China's Ministry of Commerce criticised the US's semiconductor export controls as undermining international economic and trade order and threatening global industrial and supply chain stability.

On December 18, 2024, the US Department of Defence released a report titled "Military and Security Developments Involving the People's Republic of China". Among other things, the report expressed concern over China's rapid expansion and modernisation of its nuclear arsenal, which is reported to have reached 600 operational nuclear warheads by mid-2024. The US estimates that China will have over 1000 nuclear warheads by 2030 and the PLA will continue to expand its nuclear capabilities beyond that.

Reacting sharply, the Chinese Foreign Ministry urged the US to cease publishing such irresponsible reports, abandon its "Cold War mentality" and "hegemonic" mindset, and maintain stability in bilateral relations by rationally assessing China's strategic policies.

China and the US continued to be at odds over Taiwan. On December 1, 2024, the Chinese government condemned the US for arranging a "stopover" in Hawaii for Taiwanese President Lai Ching-te during his visit to Taiwan's "diplomatic allies" Marshall Islands, Tuvalu, and Palau in the Pacific Ocean. Beijing reiterated its opposition to any form of US support for the "Taiwan independence" separatist movement, adding that Taiwan was the first red line in Sino-US relations that could not be crossed.

The European Union adopted its 15th sanctions package against Russia on December 16, 2024, in which it also targeted Chinese entities and individuals for supplying sensitive components to the Russian military. A Global Times editorial described the EU's actions as "unwise" and asserted that Europe cannot expect China to play a more significant role in resolving the Ukraine crisis while disregarding China's legitimate concerns.

At his annual press conference held on December 19, 2024, Russian President Vladimir Putin asserted that Russia-China relations have reached an "unprecedented level". He praised China, Brazil, and South Africa for their "balanced" views on finding a solution to the Ukraine crisis.

President Xi visited the PLA's Information Support Force on December 4, 2024, and urged the Chinese military to accelerate the development of its network information system to enhance combat readiness. He also stressed the

importance of the CPC's absolute control over the information support force, as well as the need to enforce discipline and to combat corruption.

President Xi addressed the annual 'Central Economic Work Conference' in Beijing on December 11-12, 2024. He noted that the Chinese economy has remained stable and made steady progress towards advancing high-quality development and fulfilling socio-economic development goals for 2024. While outlining key tasks for 2025, Xi called for a "more proactive fiscal policy" and a "moderately loose monetary policy" to expand domestic demand and boost consumption.

In his New Year address on December 31, 2024, President Xi acknowledged that "the Chinese economy faces some new conditions, including challenges of uncertainties in the external environment and pressure of transformation from old growth drivers into new ones", but expressed confidence that China can prevail and "get stronger through hard times".

Foreign and Security Policy

I. China-India Relations

India and China continued their high-level strategic engagements in December 2024. The 23rd meeting of the Special Representatives (SRs) was held in Beijing on December 18, 2024, between India's National Security Advisor, Ajit Doval, and the Director of China's Central Commission for Foreign Affairs, Wang Yi.¹ The SRs positively affirmed the implementation of the latest disengagement agreement of October 2024, resulting in the resumption of patrolling and grazing in relevant areas of eastern Ladakh.² Both sides reiterated the importance of maintaining a political perspective of the overall bilateral relationship while seeking a fair, reasonable, and mutually acceptable framework for resolving the boundary issue.³ Major issues discussed by NSA Ajit Doval included ensuring peaceful conditions in border areas to facilitate the development of bilateral relations, the necessity of stable, predictable, and amicable relations to maintain regional and global peace, and the resumption of cross-border cooperation including the Kailash Mansarovar Yatra, and the sharing of trans-border river data.⁴ NSA Doval also met Chinese Vice President Han Zheng during his visit to Beijing.⁵

Director Wang Yi, on his part, maintained that India and China should seek win-win cooperation, place the boundary question at an appropriate place in bilateral relations, jointly maintain peace and tranquility in border areas, and facilitate healthy and stable development of relations.⁶ Reacting to this, Chinese analysts stressed that the meeting of SRs has laid the foundation for the deepening of common interests between the two countries, which will enhance cooperation in many areas.⁷ Furthermore, it was noted that China's measures to ease tensions with India and Japan were part of a broader strategy to mitigate the impact of Donald Trump's election and the threat of tariffs.⁸

¹ "23rd Meeting of the Special Representatives of India and China", MEA India, December 18, 2024

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ "Chinese VP meets India's national security adviser", Xinhua, December 18, 2024

⁶ "China, India reach six-point consensus on boundary question", Xinhua, December 9, 2024

⁷ "23rd meeting of Special Representatives for China-India Boundary Question reaches six points of consensus", Global Times, December 18, 2024

⁸ "Opinion | Trump effect already felt as China scrambles to mend ties with US allies", South China Morning Post, December 17, 2024

Earlier, the 32nd Meeting of the Working Mechanism for Consultation and Coordination on India-China Border Affairs (WMCC) was held in New Delhi on December 5, 2024.⁹ The two sides positively affirmed the implementation of the disengagement agreement and reflected on the lessons learnt from the events of 2020 to prevent their reoccurrence.¹⁰ In this context, they highlighted the importance of regular exchanges and contacts at the diplomatic and military levels, as well as adherence to relevant bilateral agreements, protocols and understandings reached between the two sides.¹¹

Meanwhile, the US Department of Defence in its annual report on China's military power shed light on the PLA's substantial military presence along the Line Actual Control (LAC), including advanced weapons that have remained unchanged since the Galwan clash of 2020.¹² In addition, China's reported decision to build a major hydropower project along the Yarlung Tsangpo River (Brahmaputra River) in Tibet is likely to raise geopolitical, environmental, and seismic concerns in India, as it is located close to Arunachal Pradesh.¹³

Dr. S. Jaishankar, India's External Affairs Minister, briefed the country's Parliament on recent developments in India-China relations on December 3, 2024.¹⁴ He confirmed that the disengagement in eastern Ladakh had been completed, resolving the issues in Depsang and Demchok that have set bilateral relations in the direction of "some improvement".¹⁵ India's next priority will be de-escalation, which will address the massing of troops along the LAC and better management of the border areas.¹⁶

Indian Navy Chief Admiral Dinesh K Tripathi, while addressing the annual Navy Day press conference on December 2, 2024, reaffirmed that the Indian Navy remains vigilant of Chinese activities in the Indian Ocean Region to safeguard the country's interests.¹⁷ To enhance its military capabilities, the Indian Navy is planning to finalise INR 90,000 crore deals for 26 Rafael Marine

⁹ "32nd Meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs", MEA India, December 5, 2024

¹⁰ Ibid.

¹¹ Ibid.

¹² "Pentagon exposes China, says it still has 1.2 lakh troops, Howitzers, missiles and even tanks near Indian border", The Economic Times, December 19, 2024

¹³ "China okays mega dam in Tibet's high seismic zone", The Economic Times, December 27, 2024

¹⁴ "Statement by External Affairs Minister, Dr. S. Jaishankar in Lok Sabha", MEA India, December 3, 2024

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ "Indian Navy hopes to sign Rs 90,000 crore deals for 26 Rafale, 3 Scorpene submarines by next month", The Economic Times, December 2, 2024

combat aircraft and three additional Scorpene submarines.¹⁸ Amidst China's rising naval power, India tested a nuclear-capable submarine-launched ballistic missile (SLBM) named 'K-4' (range of 3,500 Km) from the newly commissioned nuclear submarine INS Arighaat.¹⁹

II. China-South Asia Relations

Despite the ongoing economic turmoil, according to reports, Pakistan is planning to purchase 40 fifth-generation J-35 fighter aircraft from China. A sale of fifth-generation military jets to a foreign ally would constitute China's first export of such aircraft and would affect regional security dynamics, in particular the relationship between Pakistan and India.²⁰

Bangladesh's largest railway, the Padma Bridge Rail Link Project, officially opened across its entire line on December 24, 2024.²¹ The railway, one of the major projects under the Belt and Road Initiative in Bangladesh, was built by the China Railway Group and funded by the Export-Import Bank of China.²² Known locally as the "Dream Road", it stretches about 170 kilometers. Following its opening, travel time between the capital Dhaka and the southwestern city of Jashore will be reduced from 10 hours to three hours.²³

After the ouster of Sheikh Hasina, anti-India activities in Bangladesh have reached their peak.²⁴ The interim government, led by Mohammad Yunus, is believed to be supporting these activities.²⁵ Pakistan and China are reportedly helping the Yunus government in its anti-India operations.²⁶ The Communist Party of China (CPC) is directly in contact with Bangladeshi extremists, such as Jamaat-e-Islami. Concerns are growing that, after Pakistan, Bangladesh may now become a major challenge for India.²⁷

Bangladesh may be exploring options to modernise its ageing fleet of fighter jets, with China's J-10C emerging as a potential choice, according to a report

¹⁸ Ibid.

¹⁹ "K-4 ballistic missile test: MAD message rings loud and clear", The Economic Times, November 28, 2024

²⁰ "Pakistan plans to acquire 40 planes of China's latest stealth fighter J-35: Report", The Economic Times, December 23, 2024

²¹ "Bangladesh's largest railway opens across entire line", China Daily, December 26, 2024

²² Ibid.

²³ Ibid.

²⁴ "Big worry for India as Bangladesh becomes new ally of China, Mohammad Yunus likely to...", India.com, December 22, 2024

²⁵ Ibid.

²⁶ Ibid.

²⁷ Ibid.

by the South China Morning Post.²⁸ However, acquiring the advanced multirole aircraft could strain regional relations and impose significant costs on the nation.²⁹ This news follows Air Chief Marshal Hasan Mahmood Khan's visit to China last month, where he expressed Bangladesh's commitment to acquiring multirole combat aircraft and attack helicopters.³⁰ During his trip, Khan attended the Zhuhai Airshow, China's largest defence and aviation exhibition, and visited the headquarters of China National Aero-Technology Import and Export Corporation (CATIC), a state-owned enterprise specialising in aviation exports.³¹ The visit, according to Bangladesh's military, aimed to boost the existing cordial relations between the two nations and explore avenues for further collaboration.³²

Leaders of Islamist parties of Bangladesh visited China during the first week of December 2024. The visit was in response to Beijing's invitation, in what experts say is part of a strategy of the Communist Party of China (CPC) to engage with diverse power centres in Bangladesh after the fall of the Hasina government.³³

Breaking the tradition of newly elected Nepalese PMs visiting India first, KP Sharma Oli chose to visit China first instead. Nepal and China signed a 'nine-point agreement' during Prime Minister Oli's official visit to Beijing. Prime Minister Oli met President Xi Jinping where the two leaders discussed connectivity, industrial development, infrastructural development, and trade and tourism.³⁴ The agreements that were signed included an exchange of letters regarding the construction of the Tokha-Chhahari tunnel road near Kathmandu; an MoU on Nepal-China trade promotion, and an exchange of certificates marking the completion of the renovation of the historic nine-storey palace situated in Basantapur in Kathmandu.³⁵

Over seven and a half years after Nepal and China signed the Memorandum of Understanding on the Belt and Road Initiative (BRI), the two countries signed

²⁸ "Bangladesh said to be eyeing China's J-10C fighters to upgrade ageing air force fleet", South China Morning Post, December 19, 2024

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ "Communist Party of China hosts Islamist parties from Bangladesh", The Economic Times, December 3, 2024

³⁴ "Nepal, China sign nine-point agreement during Prime Minister Oli's official visit to Beijing", The Hindu, December 3, 2024

³⁵ Ibid.

the “Framework for Belt and Road Cooperation” on December 4 during the four-day visit of Nepali Prime Minister K.P. Sharma Oli to China.³⁶

China is building villages near Doklam in Bhutan according to Satellite data. The eight villages in Bhutan’s western sector, close to Doklam, are all strategically located in a valley or a ridge overlooking a valley that China claims. China has built at least 22 villages and settlements over the past eight years within the territory that has traditionally been part of Bhutan, with eight villages coming up in areas in proximity to the strategic Doklam plateau since 2020.³⁷

Sri Lankan President Anura Kumara Dissanayake and Prime Minister Harini Amarasuriya met with Qin Boyong, Vice-Chairwoman of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC) in Colombo. During the meeting, Sri Lanka and China reaffirmed their commitment to advancing high-quality development under the Belt and Road Initiative (BRI).³⁸

Maldivian Airlines is set to bolster its global presence and boost the country's tourism sector with the introduction of wide-body aircraft for direct flights to four major Chinese cities, the country's Ministry of Tourism announced. Beginning January 2025, the airline will operate flights to Beijing, Shanghai, Chengdu, and Xi'an, marking a major step forward in its international expansion.³⁹

This comes after the number of Indian tourists drastically declined to the island nation following diplomatic tensions arising after Maldivian President Mohamed Muizzu took office in November 2022.⁴⁰

III. China-United States Relations

On December 18, 2024, the US Department of Defence released a report titled “Military and Security Developments Involving the People’s Republic of China”.⁴¹ The report highlighted China's significant strides toward building a

³⁶ “Nepal, China sign deal on Belt and Road plan, paving way for progress on projects”, Reuters, December 4, 2024

³⁷ “China building villages near Doklam in Bhutan: Satellite data”, Hindustan Times, December 18, 2024

³⁸ “Sri Lanka, China to jointly advance high-quality development of Belt and Road”, CPPCC, December 20, 2024

³⁹ “Maldivian Airlines adds 4 new China routes as Indian tourists' number falls”, Business Standard, December 14, 2024

⁴⁰ Ibid.

⁴¹ “Military and Security Developments Involving the People’s Republic of China”, US Department of Defence, December 18, 2024

modern military capable of challenging the US and its allies and partners, as well as achieving the country's political objectives including unification with Taiwan.⁴² Among other things, it expressed concern over China's rapid expansion and modernisation of its nuclear arsenal, which is reported to have reached 600 operational nuclear warheads by mid-2024.⁴³ The US estimates that China will have over 1000 nuclear warheads by 2030 and the PLA will continue to expand its nuclear capabilities beyond that.⁴⁴

Reacting to this, the Chinese Foreign Ministry urged the US to cease publishing such irresponsible reports, abandon its "Cold War mentality" and "hegemonic" mindset, and maintain stability in bilateral relations by rationally assessing China's strategic policies.⁴⁵ Further, Chinese analysts expressed concern about the USD 895 billion US National Defence Authorisation Act (NDAA) bill, claiming it would initiate an arms race and risk military conflict.⁴⁶

President Xi sent a congratulatory letter to the gala dinner of the US-China Business Council (USCBC) on December 11, 2024.⁴⁷ He reiterated that China and the US stand to benefit from cooperation and lose from confrontation, and expressed Beijing's willingness to expand cooperation, manage differences, and seek long-term peaceful coexistence.⁴⁸

Notwithstanding the remarks of Chinese President Xi Jinping, the US Commerce Department's Bureau of Industry and Security unveiled new regulations aimed at curbing China's ability to develop advanced semiconductors critical to artificial intelligence and military technology.⁴⁹ The US has also announced a trade investigation into older Chinese-made "legacy" chips.⁵⁰ China's Ministry of Commerce opposed the US's semiconductor export controls as undermining international economic and trade order and

⁴² "Six Takeaways From the Pentagon's Report on China's Military", Council on Foreign Relations, December 20, 2024

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ "Chinese FM slams Pentagon report, says it 'disregards facts, biased'", Global Times, December 19, 2024

⁴⁶ "US' record defence policy bill could incite arms race, exposing inflating hegemonic ambitions: Chinese expert", Global Times, December 12, 2024

⁴⁷ "Xi says China, U.S. should choose dialogue over confrontation", People's Daily, December 13, 2024

⁴⁸ Ibid.

⁴⁹ "Biden takes a last aim at China's hi-tech ambitions with new chip restrictions", South China Morning Post, December 2, 2024

⁵⁰ "Biden launches new Chinese chips trade probe, will hand off to Trump", Reuters, December 23, 2024

threatening global industrial and supply chain stability.⁵¹ Major Chinese industrial associations in the fields of automobile, semiconductor, and the internet issued statements declaring US chips as unsafe and unreliable, urging domestic companies to exercise caution when purchasing US chips.⁵²

The US imposed new tariffs on imports of Chinese solar wafers, polysilicon, and tungsten products.⁵³ Moreover, as Chinese solar companies moved their production facilities overseas, the US imposed preliminary anti-dumping duties on solar products imported from Southeast Asian countries such as Cambodia, Malaysia, Thailand, and Vietnam.⁵⁴ Amidst widening US trade restrictions, on December 3, 2024, China announced a ban on the export of critical minerals to the US, including Gallium, Germanium, and Antimony which have widespread military applications.⁵⁵

US President-elect Donald Trump warned the 'BRICS' group that if they attempt to create a new currency or back any other currency to replace the US Dollar, they will be subject to a tariff rate of 100 percent.⁵⁶ Reacting to this, a Xinhua commentary asserted that Washington's reckless use of economic sanctions and weaponisation of the USD-based global financial system is causing countries to seek de-dollarisation. It urged the US to work with other countries to improve the global financial system instead of pursuing its own interests at the expense of others.⁵⁷

On December 8, 2024, President-elect Trump informed that he had spoken with President Xi during the week and expressed hope that China would play a key role in brokering peace between Russia and Ukraine.⁵⁸ Trump has invited President Xi to his inauguration on January 20, 2025, which the Chinese

⁵¹ "Biden takes a last aim at China's hi-tech ambitions with new chip restrictions", South China Morning Post, December 2, 2024

⁵² "Why are American chips 'no longer safe and reliable?': Global Times editorial", Global Times, December 4, 2024

⁵³ "US hits China with new tariffs on solar wafers, polysilicon and tungsten products", South China Morning Post, December 12, 2024

⁵⁴ "US dims Southeast Asia detour for China's solar products with anti-dumping tariffs", South China Morning Post, December 2, 2024

⁵⁵ "China shuts US out of critical minerals trade in reply to new tech curbs", South China Morning Post, December 3, 2024

⁵⁶ "Trump threatens Brics countries with 100 per cent tariff if they try to replace US dollar", South China Morning Post, December 1, 2024

⁵⁷ "Xinhua Commentary: What drives the trend of de-dollarization?", Xinhua, December 2, 2024

⁵⁸ "Trump asks China to help bring Ukraine peace, says he 'had communication' with Xi recently", South China Morning Post, December 9, 2024

Embassy in Washington described as a "good start" for bilateral relations in Trump's second term.⁵⁹

According to US Deputy Secretary of State Kurt Campbell, President-elect Trump is likely to maintain the continuity of the US's Indo-Pacific strategy, especially high-technology trade restrictions and military deterrence initiatives (AUKUS) aimed at China.⁶⁰

China and the US continue to be at odds over Taiwan.⁶¹ On December 1, 2024, the Chinese government condemned the US for arranging a "stopover" in Hawaii for Taiwanese President Lai Ching-te during his visit to Taiwan's "diplomatic allies" Marshall Islands, Tuvalu, and Palau in the Pacific Ocean.⁶² Beijing reiterated its opposition to any form of US support for the "Taiwan independence" separatist movement, adding that Taiwan is the first red line in Sino-US relations that cannot be crossed.⁶³ Following Lai Ching-te's stopover in the US, Taiwan's Defence Ministry detected 47 Chinese warplanes and 12 PLA naval ships near the island – the most since exercise Joint Sword-2024B held in October 2024.⁶⁴

Amidst continuing cross-strait tensions, China reiterated its concerns about the US's arms sales to Taiwan and pledged to take strong countermeasures to protect its national sovereignty, security, and territorial integrity. Beijing imposed sanctions on thirteen US defence companies and their senior executives.⁶⁵ Beijing rejected US Secretary of State Antony Blinken's statement that "Taiwan is not just China's business, but the world's business as a crisis over Taiwan would affect the entire world".⁶⁶

Among other developments, President Biden visited Angola on December 2-4, 2024, and pledged another USD 600 million to the Lobito Corridor (railway network) connecting Angola, Congo, and Zambia.⁶⁷ In light of this, a Global

⁵⁹ Chinese official praises Trump invitation but does not say if Xi will attend inauguration, South China Morning Post, December 13, 2024

⁶⁰ "Aukus, other China-related priorities likely to survive Trump, top US envoy says", South China Morning Post, December 20, 2024

⁶¹ "US slammed for 'stopover' of Lai, arms sales to Taiwan", People's Daily, December 3, 2024

⁶² Ibid.

⁶³ Ibid.

⁶⁴ "Taiwan monitoring PLA warplanes and ships after William Lai's stopovers", South China Morning Post, December 10, 2024

⁶⁵ "China issues decision on taking countermeasures against U.S. military companies, senior executives", People's Daily, December 6, 2024

⁶⁶ "Chinese FM rebukes Blinken's claim, emphasizing that the Taiwan question is purely China's internal affair", Global Times, December 19, 2024

⁶⁷ "Xinhua Headlines: Empty commitments to Africa reveal why "America First" leaves Africa last", Xinhua, December 5, 2024

Times report urged the US to pursue sustainable development rather than engage in zero-sum competition with China's Belt and Road Initiative in Africa.⁶⁸

IV. China-European Union Relations

Wang Yi, the Director of China's 'Central Commission for Foreign Affairs', and Annalena Baerbock, Germany's Foreign Minister co-chaired the seventh round of China-Germany Strategic Dialogue on Diplomacy and Security in Beijing on December 2, 2024.⁶⁹ In his remarks, Director Wang Yi called upon the two sides to continue dialogue and cooperation, overcome obstacles, abandon the outdated Cold War mentality, and jointly respond to global challenges.⁷⁰ He reiterated Beijing's concerns that the EU's tariffs on Chinese-made electric vehicles violate the principles of fair competition and free trade.⁷¹ For her part, German Foreign Minister Annalena Baerbock cautioned that China's support for Russia was affecting its relations with Germany and the European Union. She added that Russia's use of drones manufactured in Chinese factories and the involvement of North Korean troops in Ukraine violated European security interests.⁷²

The 26th round of China-France strategic dialogue was held on December 14, 2024, in Beijing between Director Wang Yi and Emmanuel Bonne, the Diplomatic Adviser to French President Emmanuel Macron. Wang Yi urged the two sides to deepen relations based on strategic independence and self-reliance, mutual understanding, foresight, and mutual benefit.⁷³ He reaffirmed China's commitment to a free trade system and urged the EU to adopt a constructive mindset in resolving trade disputes.⁷⁴ It is reported that Emmanuel Bonne's visit could pave the way for President Macron's visit to China in 2025, as the EU and the US push China to use its influence over Russia to end the war in Ukraine.⁷⁵

⁶⁸ "Projects funded by US should aim for sustainable development, not zero-sum competition", Global Times, December 5, 2024

⁶⁹ "China, Germany hold strategic dialogue on diplomacy and security", Xinhua, December 3, 2024

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² "Chinese support for Russia' hitting ties, German Foreign Minister Baerbock tells Wang Yi", South China Morning Post, December 2, 2024

⁷³ "China, France vow to uphold cooperation", China Daily, December 15, 2024

⁷⁴ Ibid.

⁷⁵ "Emmanuel Macron plans China visit amid talk of Beijing helping end Ukraine war", South China Morning Post, December 13, 2024

On the other hand, the European Union adopted its 15th sanctions package against Russia on December 16, 2024, in which it targeted Chinese entities and individuals for supplying sensitive components to the Russian military.⁷⁶ A Global Times editorial described the EU's actions as "unwise" and asserted that Europe cannot expect China to play a more significant role in resolving the Ukraine crisis while disregarding China's legitimate concerns.⁷⁷

Amidst Sweden's investigation into the suspected involvement of a Chinese vessel in severing two undersea data cables in the Baltic Sea, including one linking Lithuania and Sweden, Lithuania expelled three Chinese diplomats as persona non grata.⁷⁸ In a statement, the Chinese Foreign Ministry accused Lithuania of undermining its sovereignty and warned of possible countermeasures.⁷⁹

Following a national security trial that jailed 45 pro-democracy activists in Hong Kong (HKSAR), the European Parliament backed a resolution calling for the EU to revoke Hong Kong's special trading status and review the status of Hong Kong's economic and trade office in Brussels.⁸⁰

Among other developments, the EU's Ambassador to China, Jorge Toledo, stated at a think tank event in Beijing that he does not believe that Donald Trump's election to the White House will change Europe's view of China as a "cooperation partner, economic competitor, and systemic rival".⁸¹ To de-risk economic relations with China, the European Commission has offered grants of EUR 4.6 billion (USD 4.8 billion) for projects related to electric batteries, hydrogen, and other cleantech sectors.⁸²

V. China-Russia Relations

At his annual press conference held on December 19, 2024, Russian President Vladimir Putin stated that Russia-China relations have reached an

⁷⁶ "Regarding Ukraine crisis, the EU's actions are unwise: Global Times editorial", Global Times, December 17, 2024

⁷⁷ Ibid.

⁷⁸ "China denounces Lithuania's expulsion of its diplomats", Euronews, December 2, 2024

⁷⁹ Ibid.

⁸⁰ "European Parliament backs call for Hong Kong to lose special trading status", South China Morning Post, November 29, 2024

⁸¹ "Whatever happens in Trump's White House, EU and China to remain rivals, top envoy says", South China Morning Post, December 4, 2024

⁸² "EU pushes to cut China reliance with US\$4.8 billion in cleantech grants", South China Morning Post, December 4, 2024

"unprecedented level".⁸³ Russia-China trade is expected to reach approximately USD 220 billion to USD 240 billion by the end of the year.⁸⁴ President Putin informed that Moscow and Beijing coordinate actions on the international stage and serve as a key stabilising factor in maintaining global stability.⁸⁵ He praised China, Brazil, and South Africa for their "balanced" views on finding a solution to the Ukraine crisis.⁸⁶

Earlier, on December 12, 2024, President Xi met Dmitry Medvedev, the Chairman of the United Russia Party in Beijing. Xi hailed China-Russia relations as setting an example of new type of international relations and urged the two sides to deepen their coordination in multilateral frameworks such as the UN, BRICS, and the SCO, practice true multilateralism, and ensure a just and equitable international order.⁸⁷

VI. Director Wang Yi's Address at a Symposium on International Situation and China's Foreign Relations

Wang Yi, the Director of China's 'Central Commission for Foreign Affairs' addressed a symposium on the international situation and China's foreign relations in Beijing on December 17, 2024.⁸⁸ He emphasised that China's diplomacy in 2025 will adhere to the principles of self-confidence and self-reliance, openness and inclusiveness, fairness and justice, and cooperation and mutual benefit to advance China's modernisation.⁸⁹ He expressed hope that President-elect Trump will "make the right choice" and work with China to avoid disruptions, overcome obstacles, and achieve steady, sound, and sustainable development of China-US relations.⁹⁰ China aims to deepen its comprehensive strategic partnership with Russia and continue to work towards mutually beneficial ties with the European Union based on strategic independence.⁹¹ Major issues he touched upon included settling hotspot issues through political settlement, promoting unity in the face of division and

⁸³ "Russia-China ties at 'unprecedented level,' says Putin, predicting trade volume set to reach between \$220 billion to \$240 billion", Global Times, December 19, 2024

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ "Vladimir Putin praises China, Brazil and South Africa for 'balanced' Ukraine peace efforts", South China Morning Post, December 20, 2024

⁸⁷ "Xi meets United Russia party chairman Medvedev", People's Daily, December 12, 2024

⁸⁸ "Riding the Trend of the Times with a Strong Sense of Responsibility", MFA PRC, December 17, 2024

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Ibid.

confrontation, opposing decoupling, severing supply chains, unilateralism and bullying, and promoting inclusiveness in the face of ideological differences.⁹²

Internal Developments

Key Developments and Addresses by Chinese Leaders

In his New Year address on December 31, 2024, President Xi acknowledged that “the Chinese economy faces some new conditions, including challenges of uncertainties in the external environment and pressure of transformation from old growth drivers into new ones”, but expressed confidence that China can prevail and “get stronger through hard times”.⁹³

On December 10, 2024, President Xi held the “1+10” dialogue in Beijing with the heads of major international economic organisations, including the President of the New Development Bank, Dilma Rousseff, the Managing Director of the International Monetary Fund, Kristalina Georgieva, the President of the World Bank Group, Ajay Banga, and the Director-General of the World Trade Organisation, Ngozi Okonjo-Iweala.⁹⁴ In his remarks, President Xi discussed the reform resolution adopted by the 20th CPC Central Committee at its third plenary session and pledged to open up the economy further, align with international economic rules, and build a market-oriented, law-based business environment.⁹⁵ He reaffirmed confidence that China will continue to be the biggest engine of world economic growth.⁹⁶ While expressing China's willingness to maintain dialogue, expand cooperation, and manage differences with the US, President Xi warned that trade and sci-tech wars are contrary to the laws of economics and would have no winners.⁹⁷

On December 2, 2024, President Xi addressed the fourth symposium on Belt and Road (BRI) construction work held in Beijing.⁹⁸ He noted that in the midst of a complicated international situation, promoting Belt and Road cooperation presents both opportunities and challenges, and emphasised maintaining a strategic focus to create a brighter future for the BRI.⁹⁹ Major issues discussed

⁹² Ibid.

⁹³ “Full text of President Xi Jinping's 2025 New Year message”, MFA PRC, December 31, 2024

⁹⁴ “Xi says China will continue to be biggest engine of world economic growth”, People's Daily, December 11, 2024

⁹⁵ Ibid.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ “Xi stresses comprehensively advancing high-quality Belt and Road cooperation”, Xinhua, December 3, 2024

⁹⁹ Ibid.

by Xi included staying committed to the principle of "planning together, building together, and benefiting together", pursuing high-quality open, green, and clean cooperation, enhancing connectivity, managing geopolitical conflicts, and safeguarding the security of China's overseas interests.¹⁰⁰

President Xi attended a meeting on December 20, 2024, marking the 25th anniversary of Macao's return to China and the inauguration of Sam Hou Fai as the sixth Chief Executive of the Macao Special Administrative Region (SAR). He hailed the practice of "One Country, Two Systems" as vital to China's national rejuvenation and long-term prosperity and stability in Macao and Hong Kong.¹⁰¹

The CPC Political Bureau analysed the work report of the Central Commission for Discipline Inspection (CCDI) and the National Commission for Supervision on December 10, 2024.¹⁰² CPC Political Bureau noted CCDI's work in advancing the study and implementation of Xi Jinping's Thought on Socialism with Chinese Characteristics especially the thought on Party's self-reform, discipline, and combating corruption.¹⁰³ Additionally, during a criticism and self-criticism meeting of the CPC Political Bureau, President Xi called upon senior Party leaders to set an example to others to follow Party rules.¹⁰⁴

UNESCO has added 'the Spring Festival', a cultural symbol marking the traditional Chinese New Year to its list of "the intangible cultural heritage of humanity". In light of this, a Global Times editorial noted that UNESCO's recognition of the Spring Festival underscores the global embrace of Chinese civilisation and provides a new starting point for mutual understanding among civilisations.¹⁰⁵

A symposium marking the 100th birthday anniversary of CPC leader Qiao Shi was presided over by President Xi on December 16, 2024. He urged the CPC members to learn from Qiao's party consciousness, uphold the Party's leadership, and advance China's modernisation.¹⁰⁶ In another address, Xi called

¹⁰⁰ Ibid.

¹⁰¹ "Xi stresses adherence to "one country, two systems" as Macao SAR celebrates silver jubilee", People's Daily, December 21, 2024

¹⁰² "CPC leadership holds meeting on 2025 economic, Party conduct and anti-corruption work", Xinhua, December 10, 2024

¹⁰³ Ibid.

¹⁰⁴ "CPC leadership meeting stresses strengthening Party discipline", Global Times, December 27, 2024

¹⁰⁵ "A new layer of unique significance is attached to Spring Festival: Global Times editorial", Global Times, December 7, 2024

¹⁰⁶ "Xi urges new achievements in modernization on centenary of Qiao Shi's birth", Xinhua, December 17, 2024

for greater efforts to adapt Marxism to China's national conditions and the needs of the times.¹⁰⁷

Among other developments, the State Council released a White Paper titled "China's Rural Roads in the New Era" highlighting the country's efforts in rural road development and its impact on poverty reduction.¹⁰⁸

Trade and Economy

President Xi addressed the annual Central Economic Work Conference in Beijing on December 11-12, 2024. He noted that the Chinese economy has remained stable and made steady progress toward advancing high-quality development and fulfilling socio-economic development goals for 2024.¹⁰⁹ While outlining key tasks for 2025, Xi called for a "more proactive fiscal policy" and a "moderately loose monetary policy" to expand domestic demand and boost consumption.¹¹⁰ Reacting to this, analysts informed that the last time Beijing used the phrase "moderately loose monetary policy" was in the aftermath of the 2009 global financial crisis which reflects Beijing's determination to boost China's economy.¹¹¹ In line with this, China reportedly plans to issue CNY 3 trillion (USD 411 billion) worth of special treasury bonds in 2025 to revive its faltering economy.¹¹²

The major objectives of 2025 include seeking progress while maintaining stability, developing "new quality productive forces" through high-technology innovation, implementing economic system reforms, expanding opening up, defusing risks in the real estate sector, promoting integrated urban-rural development, fostering industrial collaboration between the eastern, central, western, and northeastern regions of the country, promoting green growth, and ensuring people's wellbeing.¹¹³ Meanwhile, the fifth national economic census conducted by China indicated that the country remains a key driver of

¹⁰⁷ "Xi urges more efforts to adapt Marxism to Chinese context and needs of times", China Daily, December 1, 2024

¹⁰⁸ "China contributes to global rural road development and poverty reduction", People's Daily, December 3, 2024

¹⁰⁹ "Xi delivers important speech at Central Economic Work Conference", Qiushi Journal Website, December 17, 2024

¹¹⁰ Ibid.

¹¹¹ "China's Politburo revives crisis-era language in pledge to bolster economy", South China Morning Post, December 9, 2024

¹¹² "China plans record \$411 billion special treasury bond issuance next year", Reuters, December 24, 2024

¹¹³ "Xi delivers important speech at Central Economic Work Conference", Qiushi Journal Website, December 17, 2024

global economic growth, with its GDP reaching nearly CNY 130 trillion (USD 18.08 trillion) in 2023.¹¹⁴

The outlook for Foreign Direct Investment (FDI) in China remains challenging. According to reports, FDI in the country fell by almost 30 percent in the first ten months of 2024.¹¹⁵ China is strengthening its relations with countries in West Asia and Southeast Asia as trade tensions worsen with the US-led West.¹¹⁶

Among other developments, as the country strives to create new growth drivers, the 'National Development and Reform Commission' (NDRC) established a department dedicated to supporting the development of a "low altitude economy".¹¹⁷

Defence and Security

President Xi visited the PLA's Information Support Force on December 4, 2024, and urged the Chinese military to accelerate the development of its network information system to enhance combat readiness. He also stressed the importance of the CPC's absolute control over the information support force as well as the need to enforce discipline and combat corruption.¹¹⁸

The 10th International Symposium on "Sun Tzu's Art of War and Mutual Learning Among Civilisations" was held in Beijing on December 5-6, 2024. In his remarks at the forum, General Yang Xuejun, Head of the PLA's Academy of Military Sciences, noted that Sun Tzu's Art of War offers solutions to modern global challenges, noting that China's Global Security Initiative (GSI) "inherits" ancient war prevention wisdom.¹¹⁹

The tensions between China and the Philippines in the South China Sea continued. On December 4, 2024, China's Coastguard (CCG) claimed that Philippine vessel 3003 ignored multiple warnings and deliberately rammed into CCG ship 3302 in Chinese-claimed territorial waters around Huangyan

¹¹⁴ "China's 5th national economic census highlights new development vitality", The State Council PRC, December 27, 2024

¹¹⁵ "China's foreign investment is falling. Will a second Trump presidency deal a heavier blow?", South China Morning Post, December 2, 2024

¹¹⁶ "China busy bolstering other trade ties amid tensions with US, EU", South China Morning Post, December 12, 2024

¹¹⁷ "China's top economic planner sets up department to boost low-altitude economy", People's Daily, December 28, 2024

¹¹⁸ "Xi stresses building strong, modernized information support force", Xinhua, December 5, 2024

¹¹⁹ "Wisdom of Sun Tzu's Art of War 'offers solutions for modern global challenges'", Global Times, December 5, 2024

Dao (Scarborough Shoal).¹²⁰ Reacting to this, China's Ministry of National Defence cautioned that the Philippines was stirring up trouble in the South China Sea with US support, and such provocations would lead to strong Chinese countermeasures.¹²¹ Beijing also slammed Manila's plans to acquire the 'Typhon missile system' from the US warning of "arms race risk" in the region.¹²²

However, in a move that appears to de-escalate tensions, China granted permission on December 12, 2024, for a civilian vessel from the Philippines to deliver supplies to a warship that is grounded by Manila at the contested Second Thomas Shoal (Ren'ai Jiao) in the South China Sea.¹²³

On December 9, 2024, the US conducted its first intercept of a ballistic missile from Guam in the Western Pacific Ocean, amid widening strategic competition with China in the Indo-Pacific region.¹²⁴ Further, the Pentagon has deployed USS Minnesota, a Virginia-class nuclear attack submarine, to Guam as part of its plans to station its most advanced units in the Indo-Pacific region to promote peace and prosperity.¹²⁵ The nuclear-powered aircraft carrier, the USS George Washington, returned to Japan, strengthening Washington's defence ties with Tokyo.¹²⁶ Reacting to these developments, a Global Times editorial stated that it is ironic that the US talks about peace while deploying weapons and establishing bases in the Indo-Pacific. Adding that, China does not harbour any strategic hostility toward the US and hopes it will meet China halfway to maintain stability in relations.¹²⁷

On the other hand, the PLA's electronic warfare unit produced a list of targets for a coordinated attack against US aircraft carrier strike groups.¹²⁸ While, video and images of China's reported "sixth-generation stealth fighter aircraft's"

¹²⁰ "True provocateur and violator Philippine ship deliberately rams into CCG vessel during Huangyan Dao intrusion: CCG spokesperson", Global Times, December 4, 2024

¹²¹ Ibid.

¹²² "Philippines defends U.S. missile system deployment, seeks to acquire its own", Reuters, December 24, 2024

¹²³ "China permits Philippine ship to deliver supplies to Second Thomas Shoal outpost", South China Morning Post, December 17, 2024

¹²⁴ "Defence of Guam: US conducts first ballistic missile intercept amid contest with China", South China Morning Post, December 11, 2024

¹²⁵ "How ironic the US military talks about peace while brandishing 'tip of the spear': Global Times editorial", Global Times, November 30, 2024

¹²⁶ "USS George Washington's return to Japan, sends 'clear message' to China, North Korea, Russia", South China Morning Post, November 30, 2024

¹²⁷ "How ironic the US military talks about peace while brandishing 'tip of the spear': Global Times editorial", Global Times, November 30, 2024

¹²⁸ "PLA releases electronic warfare 'kill list' for US carrier groups", South China Morning Post, December 16, 2024

maiden flight were tacitly confirmed on December 26, 2024, by the Chinese state media.¹²⁹ Analysts also indicated that the Fujian aircraft carrier of the PLA Navy had completed its fifth sea trial.¹³⁰

Technology

China's Ministry of Industry and Information Technology (MIIT) announced plans to accelerate the development of emerging and future industries in 2025 at a national conference held in Beijing on December 26-27, 2024. Quantum technology, biomanufacturing, and embodied artificial intelligence are among the key areas of focus.¹³¹

China's State Administration for Market Regulation has launched an antitrust investigation against US semiconductor company Nvidia in an apparent response to the US's expanding semiconductor chip restrictions.¹³² Analysts stressed that Beijing's antitrust probe marks the beginning of a systematic strategy aimed at retaliating against the US and a prelude to more aggressive steps to come.¹³³ Despite increased competition between China and the US in trade and technology, the two sides extended their agreement on Science and Technology Cooperation for five more years.¹³⁴

Foreign investment in China's semiconductor and artificial intelligence companies has declined. A report indicated that in the first eleven months of 2024, China's chip industry recorded 677 investment deals, a decline of 35.9 percent year-on-year, while total funding declined by 32.4 percent.¹³⁵

¹²⁹ "New Chinese fighter jet seen over Chengdu tacitly confirmed by military", South China Morning Post, December 27, 2024

¹³⁰ "Defence Ministry Spokesperson's Remarks on Recent Media Queries Concerning the Military", MND PRC, December 17, 2024

¹³¹ "China New Growth: Quantum tech, embodied AI, biomanufacturing -- China doubles down on emerging industries", Xinhua, December 27, 2024

¹³² "With Nvidia antitrust probe, China hardens its stance towards US AI partners", South China Morning Post, December 17, 2024

¹³³ Ibid.

¹³⁴ "China, U.S. extend agreement on science, technology cooperation for further 5 years", People's Daily, December 14, 2024

¹³⁵ "Tech war: China's chip industry reports sharp drop in funding in 2024 amid US rivalry", South China Morning Post, December 16, 2024



Delhi Policy Group
Core 5A, 1st Floor,
India Habitat Centre, Lodhi Road
New Delhi - 110003
India

www.delhipolicygroup.org