



CENTRE FOR CONTEMPORARY CHINA STUDIES (CCCS)
CONSOLIDATED MONTHLY REPORT: APRIL 2023

International Relations

1. **South-East Asia.** China continued to actively engage with the region post-conclusion of Boao Forum for Asia. State visits to China of the Prime Ministers of Singapore and Malaysia concluded with investment commitments worth USD 14.5 bn under the Chongqing Connectivity Initiative for Singapore and worth USD 38.6 bn for Malaysia. Malaysia also expressed its willingness to negotiate with China on Chinese concerns over Malaysia's exploration activities in the South China Sea (SCS) even as the Chinese Coast Guard (CCG) harassed oil platforms in the Malaysian EEZ. The Chinese Foreign Minister (FM) held a telephonic conversation with his counterpart in Vietnam and also visited the Philippines even as CCG vessels harassed Philippines naval vessels. This month marked the opening of the ASEAN-China Year of Agricultural Development and Food Security Cooperation.
2. **East Asia.** Amid China's concerns over increasing collaboration between S Korea and the US, especially in semiconductors, and military cooperation, **the S Korean President's remarks on Taiwan, calling it a "global issue, like the issue of North Korea" sparked a diplomatic row between the two.** The Japanese FM visited China and the two neighbours also held the 15th round of high-level consultations on maritime affairs. Meanwhile, Japan has continued to build up its military capabilities against China's increasing military assertiveness in the region.
3. **Taiwan.** Despite warnings from China, Taiwanese President met with US House Speaker and other bipartisan Congress members during a transit stay in the US. This resulted in China sanctioning the Hudson Institute and Ronald Reagan Presidential Library and their senior executives for providing platforms for "*Taiwan's independence*" and conduct of military exercises around Taiwan by the PLA. China also sanctioned US congressman and Chairman of the House of Representatives Foreign Affairs Committee for visiting Taiwan. Notwithstanding China's pressure, leaders and parliamentarians from the US, Canada, France, Oman, Guatemala and New Zealand visited Taiwan in Apr 2023.
4. **West Asia.** China's increasing involvement in the geo-politics of the region was evident in the restoration of diplomatic relations between Saudi Arabia and Iran after a meeting of the respective FMs in Beijing. Meanwhile, the Chinese FM offered China's support for settlement of the Israel-Palestine conflict while speaking to his counterparts in the two arch rivals. Construction activities, which were supposed to be halted because of US concerns, have again been reportedly detected at a suspected Chinese military facility in the UAE.
5. **Africa.** China succeeded in settling a pending mining dispute over payment of royalties in Democratic Republic of Congo (DRC), finally securing regular supply of cobalt.

Highlighting the centrality of Africa in China's diplomatic ambitions, **China has elevated its bilateral relationship to a "comprehensive strategic cooperative partnership"** during Gabonese President's recent visit to the country. Even after drawing the ire of the West for holding naval exercises with China and Russia, South Africa allowed docking of a Chinese surveillance ship at its Durban port. However, attacks on Chinese nationals have continued in the continent, with the recent abduction of 80 Chinese nationals by armed bandits for ransom in Nigeria.

6. **EU.** The month witnessed a flurry of events with visits of many high profile European leaders to China. The French President, EU Chief, Spanish PM and the German FM were some of the visitors, with Ukraine and Taiwan being the common issues of discussion in these visits. President Macron's comments on the question of "*Chinese invasion of Taiwan and France's strategic autonomy*" were not received well in the West. Even as the statement of China's ambassador to France over the sovereignty of former Soviet countries like Ukraine caused a diplomatic row in Europe, the Chinese termed it a personal view in an attempt at damage control. The EU has called for the immediate and unconditional release of two Chinese activists who were detained in Beijing while on their way to meet EU foreign policy chief.

7. **Russia.** While China sent its Defence minister to Russia on a visit, more importantly, it has **expressed its opposition to the use of nuclear weapons during a UN discussion on Russia's decision to deploy tactical nuclear weapons** in Belarus. China also lodged a protest over the latest US sanctions against Chinese companies over their alleged attempts to evade US export controls on Russia.

8. **Ukraine.** In an effort to promote China as a responsible global power and peacemaker, **President Xi Jinping (XJP) held a telephonic conversation with Ukrainian President**, for the first time since the Russian invasion. Meanwhile, Ukraine has put Chinese smartphone maker Xiaomi, its CEO as well other company executives on its list of "international war sponsors", accusing the firm of maintaining business in Russia despite its military actions.

9. **USA.** Underscoring the technological competition between US and China, the US urged South Korean companies like Samsung and SK Hynix to **resist increasing chip sales to China**. Leaked Pentagon papers also highlight security concerns about Chinese influence in Africa and Latin America. The document also revealed apparent negotiations between China and Nicaragua to build a deep sea port on the Caribbean Coast.

10. **Australia.** In its recently released Defense Strategic Review 2023, Australia has not only singled out Chinese military buildup in the SCS, but also talks of prioritising long-range precision strike capability, domestic production of guided weapons and diplomatic engagement with Indo-Pacific countries like India and Japan. Meanwhile, Australian FM visited New Caledonia and Tuvalu where she urged for unity among Pacific countries amid great power competition. In an attempt to improve bilateral trade relations between China

and Australia, political as well as business leaders from the two countries met recently in Beijing.

Neighbourhood

11. **Afghanistan (Afg).** China released a position paper on Afg. A Chinese Company, Gochin, expressed its interest in investing USD 10 bn in Afg's Lithium deposits.
12. **Pakistan (Pak).** Pak Army Chief made a four-day visit to China and met the Vice Chairman of Central Military Commission (CMC). Pak's Minister for Industries and Energy and Pak-China Joint Chamber of Commerce and Industry discussed Chinese investment in Pak. A joint feasibility study estimated the cost of China-Pak railway project as USD 58 bn. China-Pak border post in Xinjiang resumed passenger clearance. A Pak court imposed a fine of USD 2.48 mn on China National Petroleum Corporation for alleged violation of a contract. Chinese mine operator in Thar cut its production by half, over the non-payment of USD 60 mn dues. Pak Police arrested a Chinese engineer at the Dasu hydropower project, allegedly for blasphemous remarks. Balochistan Liberation Army (BLA) set fire to six mobile towers in Balochistan province.
13. **Nepal.** The 15th meeting of the Bilateral Diplomatic Consultation Mechanism between Nepal and China, held at Beijing was silent on OBOR and GSI. China reportedly showed little interest in the recent power summit organised at Kathmandu. Nepal received 90 tonnes of commercial explosives from China for mining blasts. A group of 180 Chinese tourists, the first since pandemic, were welcomed at the Tribhuvan International Airport.
14. **Myanmar.** China hosted Myanmar Junta and Bangladesh to discuss Rohingya Repatriations. China signed a power purchase agreement for the Dapein 1 hydropower plant. Wa State in Myanmar announced the suspension of its tin mining from **01 Aug 23**, which is expected to affect China's tin industry. Reports of China's surveillance post on Coco Islands were rejected by China as well as Myanmar. Russian oil was reportedly delivered via Myanmar pipeline to China.
15. **Bangladesh (BD).** BD released its Indo-Pacific Strategy amid China's concerns. BD, China and Myanmar met at Kunming to negotiate on the repatriation of Rohingyas. BD and Russia have reportedly agreed to use Yuan to settle payment worth USD 110 bn for building Rooppur nuclear plant. BD requested China to relax loan conditions for its USD 270 mn loan for the Rajshahi Water Supply and Sewerage Authority.
16. **Sri Lanka (SL).** Deng Boqing, Vice Chairman of the China International Development Cooperation Agency visited SL. SL's 15 ruling coalition members visited China. As per a report, China is building a USD 392 mn logistics hub at Colombo Port. There were also reports of China's plan to establish a radar base at Dondra Bay in SL. China's Sinopec is likely to sign agreements in mid-May for operations in SL. SL is planning to import 10,000 railway tracks from China.

17. **Maldives (ML).** China and ML signed four key agreements in areas of cooperation related to development (2023-25). ML Fund Management Corporation awarded a contract to China National Electrical Engineering Company to develop Hankedu, an integrated tourism concept in Addu city.

Economy

18. Internal

(a) China's economic activity in Q1'23 grew by 4.5% (y-o-y) and 2.2% quarter on quarter for 2023. The growth is led by the services sector that grew 5.4% (y-o-y) as compared to Q4'22 year on year growth of 2.3%. On the other hand, growth in agricultural and industrial sectors slowed to 3.7% and 3.3% in Q1'23 as compared to 4% and 3.4% during Q4'22.

(b) Consumption, as indicated by retail sales, grew around 11% (y-o-y) in Mar'23 and 5.8% during Q1'23 mainly on account of surge in revenue from the catering service industry. **Youth unemployment in China continued to grow with the unemployment rate as high as 19.6% in Mar'23.**

(c) On the external sector front, China's inward FDI was up by 4.9% (y-o-y) with the high-tech industry exhibiting inward FDI growth of 18% in Q1'23. China attributed the trend to its opening up efforts.

19. External

(a) **China – US.** In response to number of media reports claiming US's recently signed executive order to restrict US investment in China's semiconductors, AI and quantum computing segments, China's official statements substantiate opposition and measures to safeguard its interests.

(b) **China – EU.** According to reports, Germany is considering limiting the export of chemicals (used to make semiconductors) to China.

(c) **Yuan Internationalisation.** The Yuan became the most widely-used currency for cross-border transactions in China in Mar'23. However, Yuan's share of global payments remains around 2.5% as compared with US dollar share of 39.4% and Euro's 35.8%, according to SWIFT.

Internal

20. **CPC Top Leadership Inspection Tours.** XJP visited Guangdong Province where he visited a manufacturing base and a new energy vehicle manufacturer in Guangzhou. The Premier, Li Qiang visited Guangxi autonomous region and Yunnan province where he called for stronger steps to bolster the growth of China's border regions and consolidate the outcomes from the poverty alleviation campaign.

21. **CPC Governance.** The CPC revealed an outline for its plan to issue and revise Party regulations from 2023 to 2027. According to the outline a major priority of the plan is

to uphold XJP's core position on the CPC Central Committee and in the CPC as a whole and uphold the Central Committee's authority and its centralised unified leadership.

22. **Central Commission of Discipline and Inspection (CCDI)**. Zhou Jiangyong, former Party chief of Hangzhou, Zhejiang Province, was accused of taking advantage of his position to receive bribes, directly or through his relatives.

23. **Counterespionage Law**. An amendment to China's counterespionage law which will expand its ambit for restricting transfers of any information deemed to be related to national security was to be passed by the Standing Committee of the National People's Congress on 26 Apr' 23.

24. **Hong Kong (HK)**. Xia Baolong, head of Beijing's top office overseeing Hong Kong affairs took a six-day trip to HK from 13 to 18 Apr' 23 as part of a fact-finding mission to gather feedback and assess the latest situation on the ground in HK.

Military

25. New Equipment/ Induction

(a) **Anti-Ballistic Missile Test (ABM)**. As per the Ministry of National Defence China, PLA conducted a successful land-based mid-course ABM interception test.

(b) **FH-97A**. China is developing FH-97A, a combat drone which is expected to operate in conjunction with the J-20. FH-97A could potentially be developed as a supersonic drone to match the speed of J-20.

(c) **Multirole Helicopter**. China has completed maiden flight of its new four ton-class twin-engine multirole helicopter AC332. The helicopter can take-off at 4,500 m altitude and has a ceiling height of 6,000 m making it suitable for operations in both plain and plateau regions.

(d) **New Engine for Y-20**. In a footage released by CCTV, engine of one Y-20 aircraft was spotted to have an unusually large diameter. This large sized engine can enhance the takeoff weight of the aircraft and enable it to take-off and land on shorter runways.

26. Training, Exercises & Misc.

(a) **Revised Rules for Military Recruitment**. China has revised its regulation on military recruitment with the aim of recruiting highly qualified college students, and stipulating rules for recalling skilled veterans during wartime.

(b) **Certification Tests for UAVs**. PLA's Ordnance NCOs Academy under the aegis of Army Engineering University is reportedly conducting certification tests for troops to pilot UAVs. 46 soldiers have reportedly passed their certification tests to pilot UAVs in March this year.

(c) **Exercise "United Sharp Sword"**. China conducted a large scale joint military exercise, "United Sharp Sword" from 09 to 11 Apr in response to Taiwan President Tsai Ing-wen's meeting with the US Speaker in California. The Eastern Theater Command of the PLA orchestrated simulated joint precision strikes on critical targets in Taiwan and its surrounding waters, including sealing off of Taiwan from multiple directions.

(d) **Taiwan's ADIZ Incursion.** 577 aircraft and 25 PLAN vessels were detected in and around Taiwan during the month of April. Two drones followed new flight paths which had not been noticed before. A BZK-005 UAV flew partially around Taiwan half way between the island and the medium line while a TB-001 Scorpion UAV was monitored encircling the complete island of Taiwan for the first time.

27. **Defence Engagement/ Cooperation.**

(a) **China – Bangladesh.** Bangladesh Chief of Naval Staff Admiral called on China's Defence Minister at Beijing. Other than the routine statements that highlighted deepening of bilateral military cooperation, no specific defence pacts were disclosed.

(b) **China-Russia.** China's Defence Minister interacted with the Russian President and Defense Minister during his visit to Russia. Apart from usual statements of further strengthening military ties and multilateral cooperation for regional security and stability, specific areas like strategic communication, expansion of defence cooperation and scope of bilateral exercises were highlighted for military cooperation. Bilateral security cooperation between the two countries received a further boost with the signing of an agreement between the Federal Security Bureau (FSB) and the CCG.

Technology

28. Cyberspace Administration of China issued draft regulations on measures to govern generative AI service provisions in China. Chinese researchers have developed an advanced AI weather forecast system. China successfully tested its first high-temperature superconducting electric levitation system. Chinese battery maker Contemporary Amperex Technology Co Ltd unveiled a condensed matter battery that could supply enough energy to power electric passenger aircraft for use in civil aviation. China's fusion nuclear reactor 'Experimental Advanced Superconducting Tokamak (EAST)' also known as 'Artificial Sun' achieved a steady-state high confinement plasma operation for 403 seconds.

Space

29. During the month China conducted two launches & launched two satellites. China's Ground Space Station 'Space Environment Simulation and Research Infrastructure' has been put into trial operations. The four day International Conference of Deep Space Sciences 2023, themed on "*Investigate things to extend knowledge, exploring the firmament*" was held in Hefei.

Social Media

30. Weibo muted several social media accounts after they tried to use hashtags related to military drills by China's Eastern Theatre Command to advertise about their own unrelated marketing content. Many Chinese social media accounts used the hashtags 达赖舌吻男童 二愕心 (Dalai's tongue disgustingly kisses a boy) and 达赖 (DalaiLama) in Chinese, following the video clip of HH Dalai Lama that went viral on social media platforms. His memes and edited images were posted in these hashtags.

Overall Assessment

31. Despite the high level engagements with countries in SE Asia, Chinese maritime aggression in the SCS continued, with the CCG harassing maritime assets of other countries in the region. France is looking to strengthen its economic ties with China even as the European Commission chief laid out a blueprint for EU's tougher China approach. Limiting of chemical exports used in making semiconductors to China is likely to disrupt the relations between China and Europe and undermine its industrial base. China's increasing influence in African region is evident from the elevation of the bilateral relationship between the two. China trying to build its image as a "global peacemaker" was evident in its offer for support in settling the Israel – Palestine conflict and the recent telephonic conversation between XJP and the Ukrainian President.

32. Passing of the Counterespionage Law indicates that China may be stepping up retaliatory action because of measures taken against Chinese firms by the US. While China's service sector and retail sales indicate growth but youth unemployment continues to be a major cause for concern. The visit of Chinese defence minister to Russia and the subsequent statements confirm the growing closeness between the two countries in the military domain.