



Delhi Policy Group

DPG China Monitor

Volume 2, Issue 3&4

MARCH-APRIL 2019



Delhi Policy Group

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

www.delhipolicygroup.org



DPG China Monitor

Volume 2, Issue 3&4

March-April 2019

ABOUT US

Founded in 1994, the Delhi Policy Group is among India's oldest independent think tanks with its primary focus on international and strategic issues of critical national interest. Over the past decades, the Delhi Policy Group has established itself in both domestic and international circles, particularly in the area of national security.

In keeping with India's increasing global profile as a leading power and the accompanying dynamism of India's foreign and security policy, the Delhi Policy Group has expanded its focus areas to include India's broader regional and global role; India's initiatives to strengthen its strategic periphery; India's political, security and connectivity challenges and policies across the Indo-Pacific; and the strategic partnerships that advance India's rise. To support these goals, the DPG undertakes research, publishes policy reports and organises conferences on strategic and geo-political, geo-economic, and defence and security issues.

DPG China Monitor

DPG China Monitor is compiled by our research team from open source Chinese media. Your comments and feedback can be addressed to Antara Ghosal Singh at antara@dpg.org.in

Cover Photographs:

(Photographs top to bottom)

President Xi Jinping and foreign dignitaries pose for a group photo following the leaders' roundtable at the Second Belt and Road Forum for International Cooperation in Beijing, April 27, 2019. Source: China Daily
<http://www.chinadaily.com.cn/a/201904/28/WS5cc4e00fa3104842260b8cb3.html>

Foreign secretary Vijay Keshav Gokhale with Chinese State Councillor and Foreign Minister Wang Yi at Zhongnanhai Leadership compound in Beijing, China on April 22, 2019. Source: Global Times
<http://www.globaltimes.cn/content/1146955.shtml>

Chinese leaders attending the closing meeting of the Second Session of the 13th National Committee of the Chinese People's Political Consultative Conference (CPPCC) at the Great Hall of the People in Beijing on March 13, 2019. Source: Beijing Review, http://www.bjreview.com/Nation/201903/t20190314_800161719.html

© 2019 by the Delhi Policy Group

Delhi Policy Group

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



DPG China Monitor
Volume 2, Issue 3&4
March-April 2019

Contents

Abstract.....	i
1. Foreign and Security Policy.....	1
<i>2nd Belt and Road Forum</i>	1
<i>China-US</i>	2
<i>China-Europe</i>	3
<i>China-India</i>	5
2. Taiwan	6
3. Defence	6
4. Economy.....	8
5. Internal Security.....	8
6. The Chinese Communist Party.....	9

Abstract

In March-April, 2019, China held two major events of global interest. The first was China's annual "Two Sessions or Lianghui (两会)" which provided important cues to China's foreign and economic policy for the year. The other and more publicised event was the Second Belt and Road Forum for International Cooperation, where the Belt and Road Initiative (BRI), China's signature global connectivity project, was declared to have graduated from vision to reality, or in words of President Xi Jinping, "from a rough sketch (大写意) to an intricate painting (工笔画)".

In other important developments, China-US trade negotiations continued their tortuous path through the 7th, 8th, 9th and 10th rounds, indicating a push for consensus on a China-US trade agreement. Despite the hectic pace of negotiations, many uncertainties remain and Chinese commentators are only cautiously optimistic about reaching an agreement. Regardless of the outcome, the issue of China's high-technology development is becoming a key friction point between the two sides.

China has begun to harden its stance against what it considers US interference in its domestic affairs. China's foreign office condemned in strong words a meeting between Hong Kong opposition lawmakers and US Vice President Mike Pence. On Xinjiang, China issued a white paper to counter "Western propaganda" and clarify its stance on terrorism, extremism and human rights. Raising tensions over Taiwan, PLA Air Force jets flew across the median line of the Taiwan Strait. These signals were aimed at upholding the 'One China Policy' and sending a stern warning to the US.

In Europe, China made major headway by getting Italy and Switzerland to join the BRI; expanding the CEEC-China "16+1" grouping to "17+1" by including Greece; and securing a Joint communiqué with EU leaders, despite differences on trade practices and governance models.

The last two months also saw positive momentum in China-India ties. From Foreign Secretary Vijay Gokhale's meeting with Chinese Foreign Minister Wang Yi, which reportedly helped to iron out last-minute differences over the Masood Azhar issue, to the Chinese media's deliberate playing down of India's absence at the 2nd BRI Forum, the stage was set for another high-profile Wuhan style India-China informal summit later this year.

In important defence related developments, China celebrated the 70th anniversary of the People's Liberation Army Navy and organized a four-day multinational naval event, in which 18 warships from 13 countries participated. The US was conspicuous by its absence.

On the economic front, much enthusiasm was generated by China's first quarter GDP growth of 6.4%. Following the latest World Economic Outlook Report issued by the International Monetary Fund (IMF), raising the annual growth forecast of the Chinese economy by 0.1%, the Chinese state media proclaimed: "Do not underestimate China, let alone coerce it."

1. Foreign and Security Policy

2nd Belt and Road Forum



President Xi Jinping and foreign dignitaries pose for a group photo following the leaders' roundtable at the Second Belt and Road Forum for International Cooperation in Beijing, April 27, 2019. Source: China Daily
<http://www.chinadaily.com.cn/a/201904/28/WS5cc4e00fa3104842260b8cb3.html>

The Second Belt and Road Forum for International Cooperation was held in Beijing from April 25-28, 2019. The three-day forum was projected as China's most important diplomatic and high-profile global event for the year. Around 5,000 foreign guests from more than 150 countries and 90 international organizations attended the conference, with the grandiose theme of "together building the One Belt One Road and creating a better future."

In his keynote speech, Chinese President Xi Jinping emphasized the need to construct a Belt and Road of higher standard or higher quality which will be "a road to peace, a road to prosperity, an open road, a green road, a road to innovation, a road to civilization, a road to integrity, and a road to promote economic globalization in a more open, inclusive, balanced, and win-win manner."¹ A Joint Communiqué released at the end of the Forum made commitments on strengthening development policy synergy; boosting infrastructure connectivity; promoting sustainable development; and advancing people-to-people exchanges. The Forum also held 12 sub-forums, which among others included Think Tank cooperation, Digital Silk Road cooperation and Silk Road Entrepreneurial cooperation.

¹ "中国画法"携手世界共绘"一带一路"的壮阔美景', Huanqiu Shibao, April 28, 2019, http://opinion.huanqiu.com/opinion_china/2019-04/14803307.html?agt=15422

According to the Chinese media, the 2nd Forum was all about BRI graduating from vision to reality, or in terms of Chinese President Xi Jinping, “from a rough sketch (大写意) to an intricate painting (工笔画).”² An article in China Network highlighted that the biggest achievements of the Forum were to refine the concept of cooperation around the “Belt and Road Initiative”, clarify key points of cooperation, strengthen cooperation mechanisms, and reach a broad consensus on the quality of the “One Belt, One Road”³.

Interestingly, whereas a majority among Chinese strategic circles are celebrating the success of inducting Italy, the first G7 nation to be a part of the BRI initiative and are rooting for further expansion of China’s Belt and Road circle of friends, certain high-profile Chinese think-tanks are questioning China’s “unrestricted global investments” and are also campaigning for “rationally slimming down” the BRI as it is taking a toll on China’s foreign exchange reserves and its relations with major powers⁴. Yet another perspective being advanced is that China should not rush through BRI projects; rather, it should slow down and take a step-by-step approach in order not to create a global impression of being too aggressive or raise too many eye-brows around China’s intentions.

China-US

During March-April, 2019, China-US trade negotiations proceeded through the 7th, 8th, 9th and 10th rounds. With each round of trade talks, both sides are believed to be inching towards a full-fledged trade agreement. However, there are still many last minute uncertainties and concerns that even at this stage, the actual agreement may have to wait until the two heads of state meet personally. These concerns reportedly arise from President Trump’s unpredictability and highlight that if the agreement fails to convince him, he might just leave without signing like he did with the North Korean leader in Hanoi, much to the embarrassment of China⁵. An article in Huanqishibao observes that unlike the US’s optimistic stance giving the impression that the agreement is already in sight, China would like to maintain a low profile, only

² ‘共建“一带一路”，习近平提出从“大写意”到“工笔画”’, Xinhua, August 28, 2018, http://www.xinhuanet.com/2018-08/28/c_1123341344.htm

³ ‘合作共建2.0版的“一带一路”’, China Network, April 30, 2019, http://views.ce.cn/view/ent/201904/30/t20190430_31979132.shtml

⁴ ‘反思“一带一路”：问题与应对 / 陆钢’, IISS University, Peking University, March 28, 2019, <http://www.iiss.pku.edu.cn/research/bulletin/3589.html>

⁵ ‘贸易战或改变中国国运’, CFISNET.com, April 10, 2019, <http://comment.cfisnet.com/2019/0410/1315766.html>

publishing the progress made during each consultation and not predicting the final result.⁶

Despite the trade negotiations continuing to make progress, indicating a possible easing of trade tensions between China and the US, the issue of high-technology development remains a key point of friction between the two sides. The Chinese media complained that after the Huawei incident, contention over Confucius Institutes and the controversy surrounding Google's AI research centre in China, deliberate efforts are being made to cleanse US research institutions and universities of "Chinese elements/influence." An article in Huanqishibao stated "This is the panic of the world's only superpower in the face of competition. It seems to have lost confidence in maintaining its high-tech leadership if the general course of globalisation continues any further."

Chinese strategists, meanwhile, are making rather pessimistic projections for the future of Sino-US relations. In their perceptions, even if China and the United States manage to finally resolve economic and trade disputes in the short term, the long term contradiction between Chinese socialism and American capitalism; China's determination to achieve national rejuvenation and US desperation to maintain its primacy, will continue for many years, causing "instability" to be the norm in bilateral relations. They warn that China should be ready to face more threats, more pressure and more trouble in all aspects of its relations with the US.⁷

China-Europe

China made major headway in its relations with Europe over the last two months. In his first overseas visit in 2019, Chinese president Xi Jinping toured Italy, Monaco and France from 21-26 March. The highlight of the visit was Italy signing on to China's Belt and Road Initiative, becoming the first G-7 country to be inducted.



Chinese President Xi Jinping and Italian Prime Minister Giuseppe Conte held talks in Rome, Italy, March 23, 2019, when Italy signed a memorandum of understanding (MoU) with China to advance the construction of the Belt and Road Source: Xinhua, http://www.xinhuanet.com/english/2019-03/23/c_137918520.htm

⁶'耐心等待中美经贸协议的"瓜熟蒂落"', Huanqishibao, April 7, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14680571.html>

⁷'准确评估美国对华政策', CFISNET.com, April 16, 2019, <http://comment.cfisnet.com/2019/0416/1315825.html>

Switzerland, an important European economy with much international influence, soon followed suit. The Chinese side believes that these developments have significantly enhanced the credibility of the BRI initiative.



Chinese Premier Li Keqiang attends the eighth leaders' meeting of China and Central and Eastern European Countries (CEEC) in Dubrovnik, Croatia, April 12, 2019. Source: People's Daily, <http://en.people.cn/n3/2019/0414/c90000-9566405.html>

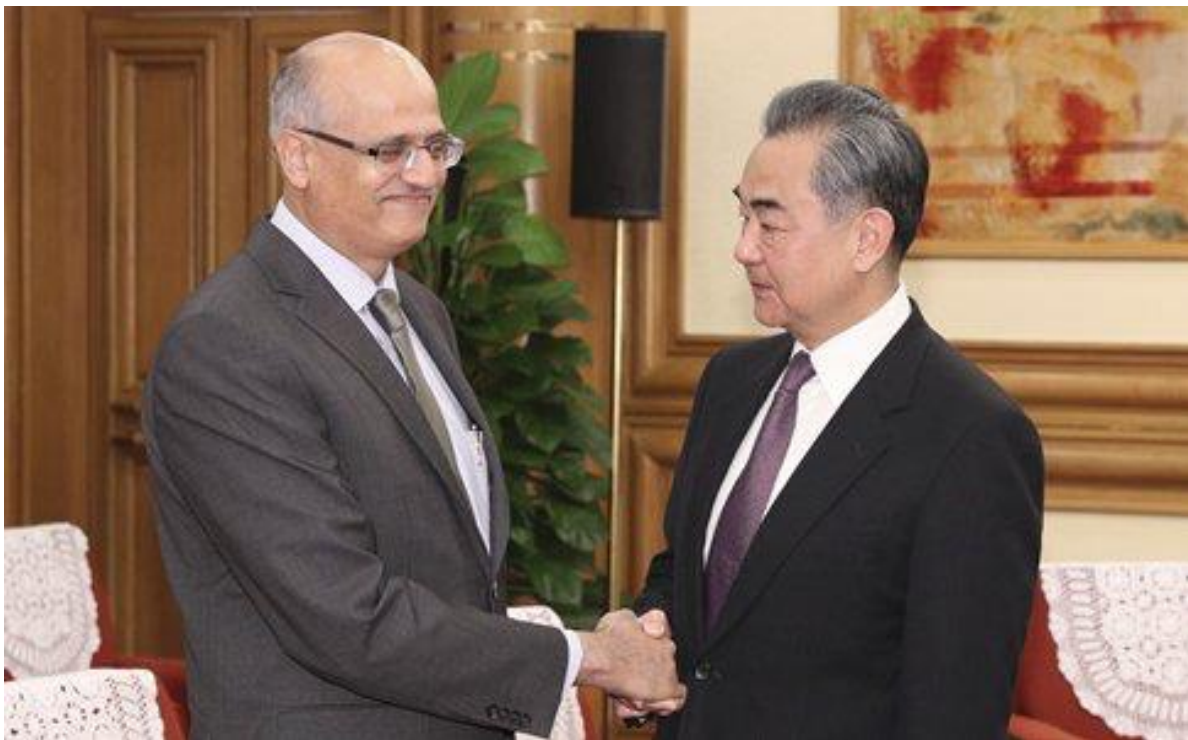
Close on the heels of Xi's visit, Chinese Premier Li Keqiang travelled to Europe from April 8-12 to attend the 21st China-EU leaders' meeting in Brussels and the eighth leaders' meeting of China and Central and Eastern European countries (16+1) in Croatia, followed by an official visit to the host country. During the visit, the "16+1" became '17+1' with Greece joining the grouping.

Furthermore, against all odds, China managed to secure a joint statement with EU leaders, demonstrating a major breakthrough in ties. The Joint Statement comes at a time when recent policy statements issued by certain EU bodies highlighted the need to review China-EU relations and criticized China's economic policies terming it an "economic competitor" and "an institutional opponent who advocates other governance models." Welcoming the statement, the Chinese media proclaimed that "Despite the superficial

differences, China-Europe relations remain stable and optimistic, as there is no major conflict of interest between China and the EU.⁸

Meanwhile, the Chinese media also observed that a new trend is emerging where on the issue of China, Europe is increasingly splitting along the lines of “populist-globalists” and “core-edge”. On the one hand, the free and democratic European core countries that surround the French-German axis are advocating a more reinforced position on China; on the other, various populist governments, mainly in the European periphery, are willing to accept a bigger presence of China in Europe despite Washington’s opposition.⁹

China-India



Foreign secretary Vijay Keshav Gokhale with Chinese State Councillor and Foreign Minister Wang Yi at Zhongnanhai Leadership compound in Beijing, China on April 22, 2019, Source: Global Times

<http://www.globaltimes.cn/content/1146955.shtml>

Foreign Secretary Vijay Gokhale met Chinese State Councillor and Foreign Minister Wang Yi and Vice Foreign Minister Kong Xuanyou during his visit to Beijing on April 22, 2019. The meeting is believed to have played an important

⁸ ‘中欧需要在激浪湍流中相互支持’, China Institute of International Studies (CIIS), April 2, 2019, http://www.ciis.org.cn/chinese/2019-04/02/content_40708186.html

⁹ ‘中欧需要在激浪湍流中相互支持’, CFISNET.com, April 18, 2019, <http://comment.cfisnet.com/2019/0418/1315845.html>

role in China withdrawing its technical hold on JeM Chief Maulana Masood Azhar's terrorist listing at the UN on May 1, 2019. The Chinese side also affirmed that the common interests between the two nations are greater than the differences and that "China is ready to meet India half way".

On the other hand, Chinese media generally played down India's absence from the 2nd Belt and Road Forum. A Global Times article mentioned that there is no need to read too much into the matter as in the larger scheme of things between China and India, BRI cooperation is a small issue. In an interview to CGTN, India's Ambassador to China, Vikram Misri, also stated that India's decision not to join BRI has not affected bilateral ties, which have seen "exponential growth", while also expressing hope that "the Chinese authorities will understand our position and our point of view on the BRI." There seems to be much positivity in the air as China and India gear up for the next Wuhan-style informal summit meeting post the Indian elections.

2. Taiwan

On March 31, two PLAAF J-11 jets reportedly flew across the median line of the Taiwan Strait. While ROC Taiwan authorities condemned the move as "reckless" and "provocative", Chinese state media defended the move stating that it was in response to recent provocations by the US and Taiwan authorities by repeatedly breaking the status-quo. Chinese strategists increasingly feel that to dissuade further US-Taiwan interaction, China's policy of peaceful unification should be complemented with certain military actions. China's state media discussed the options before PLA Navy and Air Force which included crossing the Taiwan Central Line, flying over Taiwan's airspace, and even "Lebanonizing" Taiwan. These actions, they believe, would not necessarily lead to war, but they are enough to eventually force the Taiwan authorities to revise their "radical" policy¹⁰.

3. Defence

On April 23, 2019 China celebrated the 70th anniversary of the Chinese People's Liberation Army Navy. A four-day International Fleet Review followed by a military parade was held on April 22, 2019 in Qingdao. The Chinese media noted that 18 warships from 13 countries participated in the Qingdao review, which included countries with whom China has territorial disputes and also some of the major US allies in the Indo-Pacific region. This included two

¹⁰ '美国在台海施展力量的余地越来越小', Huanqiushibao, April 2, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14654074.html?agt=15422>

warships from India. It regretted that the United States did not send a warship to participate in the celebration, although in 2009, one of its destroyers participated in the maritime military parade marking the 60th anniversary of the PLA Navy.¹¹



Chinese People's Liberation Army (PLA) Navy's new type 055 guided-missile destroyer Nanchang participates in a naval parade to commemorate the 70th anniversary of the founding of China's PLA Navy, Qingdao, April 23, 2019.

Source: Business Insider, <https://www.businessinsider.in/China-shows-off-its-new-destroyer-during-massive-display-of-naval-power/articleshow/69013588.cms>

Chinese media countered claims that the maritime military review was about China "showing off its muscles", highlighting instead that a strong Navy was necessary to defend national sovereignty and regional peace and security¹².

On the nuclear non-proliferation front, the Chinese media was furious over reports of President Trump contemplating not renewing the existing US-Russia "New Strategic Arms Reduction Treaty" that will expire in 2021 and negotiating a new "Reduction Treaty" that will include China. The American move was seen as aimed at restricting China's military strength and stifling its nuclear programme¹³.

¹¹'海上阅兵式，展示的远不仅是力量'，Huanqishibao, April 23, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14776743.html?agt=15422>

¹²'海军越强大，中国和平发展越有资本'，Huanqishibao, April 22, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14769332.html?agt=15422>

¹³'中国须拒绝美拉我核裁军的任何念头'，Huanqishibao, April 28, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14805937.html?agt=15422>

4. Economy

Chinese commentaries welcomed the increase in first quarter GDP growth of 6.4%, exceeding expectations and thereby indicating that the Chinese economy is stabilising. The World Economic Outlook Report issued by the International Monetary Fund also raised the annual growth forecast of the Chinese economy by 0.1%. China's state media, brimming with confidence, declared that the message inherent in these economic numbers was: "Do not underestimate China, let alone coerce it."¹⁴

However, the Political Bureau of the CPC Central Committee which met on April 19 to analyze the current economic situation and decide future economic priorities, noted that although China's economy is improving and confidence is high, there are still many difficulties and problems in the current economic situation. "The external economic environment is still far from being favorable, and there is continued downward pressure on the domestic economy, which requires China to be cautiously optimistic".¹⁵

5. Internal Security

The Chinese Press was highly critical of the meeting between Hong Kong's former chief secretary Anson Chan Fang On-sang, along with two opposition lawmakers, with US Vice President Mike Pence on March 23, 2019 in Washington. At their meeting, they reportedly urged Washington to oppose recently proposed amendments to Hong Kong's extradition laws that would allow fugitives from Hong Kong to be transferred to mainland China. This was the first time since 2014 when Hong Kong officials held direct interactions with the senior US political leaders. Making matters worse, the 10-day trip of these officials coincided with the release of the US government's annual Hong Kong Policy Act Report, which observed that Hong Kong's autonomy is diminishing as a result of increasing intervention by the Mainland. The Hong Kong delegation apparently suggested that if the US feels the "one country, two systems" policy is not working, they could nullify the 1992 US-Hong Kong Policy Act, which gives Hong Kong special treatment as against the Mainland. A Huanqiu Shibao article decried that "Hong Kong's affairs are purely an internal issue of China. Such moves, it added, will have little impact on Hong Kong

¹⁴ 不仅经济，中国战略上也实现了企稳，Huanqiu Shibao, April 17, 2019, <http://opinion.huanqiu.com/editorial/2019-04/14741418.html>

¹⁵ '中国经济向好提振信心 高质量发展不停步', China Net, April 23, 2019, http://views.ce.cn/view/ent/201904/23/t20190423_31918345.shtml

public opinion, and will not interfere with the orderly conduct of Hong Kong governance."¹⁶

Meanwhile, the State Council Information Office in China issued a [white paper](#) on March 18, 2019 titled "China's fight against terrorism and extremism and human rights protection in Xinjiang"¹⁷. Defending the white paper, an [article](#) in the Chinese media argued: "To the Western world, human rights are often associated with political rights, but in China the happiness of the people is the greatest human right. Just like China, with its unique political and economic system, has survived in the face of the West's "China-collapse theory", similarly Xinjiang governance will be an exemplary case in the area of international counter-terrorism."¹⁸

6. The Chinese Communist Party



Chinese leaders attending the closing meeting of the Second Session of the 13th National Committee of the Chinese People's Political Consultative Conference (CPPCC) at the Great Hall of the People in Beijing on March 13, 2019 Source: Beijing Review, http://www.bjreview.com/Nation/201903/t20190314_800161719.html

¹⁶ '香港反对派去美国"告洋状"令人鄙视', Huanqiushibao, March 27, 2019, <http://opinion.huanqiu.com/editorial/2019-03/14615934.html?agt=15422>

¹⁷ "China issues white paper on anti-terrorism, human rights protection in Xinjiang", Xinhua, March 18, 2019, http://www.xinhuanet.com/english/2019-03/18/c_137904167.htm

¹⁸ '新疆的综合治理具有典型意义', Huanqiushibao, March 19, 2019, <http://opinion.huanqiu.com/hqpl/2019-03/14568472.html?agt=15422>

"Two Sessions or Lianghui (两会)" - the 2nd session of the 13th National People's Congress (NPC) and the 2nd session of the 13th National Committee of the Chinese People's Political Consultative Conferences (CPPCC) opened on March 5 and March 3, 2019 respectively. These annual political meetings are considered particularly significant as they provide important cues about China's foreign and economic policy in the forthcoming year. This year, the emphasis was on China's ambitious pledges for poverty reduction, the Belt and Road Initiative (BRI) and for further opening-up to foreign investment and high-quality growth. While summarizing the outcome of the 10-day-long legislative session, an article in CGTN observed that "This year Beijing has vowed to revitalize the world's second largest economy by creating a fairer and friendlier environment for domestic businesses and foreign investors." While deliberating upon various challenges facing Chinese diplomacy at the sidelines of the sessions, China's State Councilor and Foreign Minister Wang Yi upheld the constructive role played by China in de-escalation of tension between India-Pakistan in the recent past, thereby helping in the maintenance of peace and stability in South Asia¹⁹.

¹⁹'把握外交航船，中国21世纪的光荣挑战'，March 8, 2019, Huanqiushibao, <http://opinion.huanqiu.com/editorial/2019-03/14499212.html?agt=15422>



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

www.delhipolicygroup.org