# Sinometer TheChinaStrategicMonitor

VOL. 5 DEC 2021

By United Service Institution of India



# **Note from Head CS3**

# Dear All,

We are happy to publish the fifth issue of the *Sinometer: The China Strategic Monitor*, a monthly magazine by the Centre for Strategic Studies and Simulation (CS3), USI.

Today, the importance of China in the international as well as in the regional framework is undergoing changes in the domain of geo-economic, geo-political and geo-strategic. These domains have raised several debates and deliberations in the multipolar world. The magazine is an attempt to give a peek into some of the important happenings in China and its impact on the world.

The first section of this issue includes an analysis on the China's Land Border Law: Implications for India. The issue covers topics on China from East Asia, Southeast Asia, Southasia, ASEAN, India-China Border issues, China's tussle with the USA, China's take on data security and the global boycott of the Beijing Olympics.

The purpose of this issue is to give a holistic perspective of China from a world view and analyse the China related issues especially with the recent trend of the global boycott of the Beijing Olympics. The India-China border issues have been ongoing and still a lot has to be done. The issues in East Asia, Southeast Asia and Southasia deal with China's expansionism and the China fear looms in these regions.

Maj Gen RPS Bhadauria, VSM(Retd) Head, Centre for Strategic Studies and Simulation (CS3), USI

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#### <u>Analysis</u>

# **China's Land Border Law: Implications for India**

#### Reena Bhatiya

On October 23, China passed a land border law¹ that would take effect on January 1, 2022, to improve border control and protection. Like the coast guard law and maritime traffic safety law² enacted earlier this year, the new law was passed amid rising tensions over border disputes between China and its neighbours. China presently shares a 22,000-kilometer land border with 14 nations, including Russia, India, Pakistan, Afghanistan, Bhutan, Myanmar, and Nepal. This comprehensive law dictates a variety of new directives for the administration and governance of these border areas. China has been engaged in a protracted land conflict with India along their disputed border since May 2020³. While the new regulation has aroused debate about whether it would be used to legitimize a more assertive Chinese stance, it covers a wide range of concerns as Beijing attempts to secure its land border in the face of growing regional instability.

#### What the Law States and its Meaning

This effort is taken up to standardize and demarcate the sovereign boundaries of China<sup>4</sup>, further clarifying which bodies are responsible for the upkeep of these areas. By enacting this new rule, Beijing appears to be stressing its desire to resolve border problems on its own terms. China would "resolutely maintain territorial sovereignty and land border security," according to the law while continuing to seek a peaceful resolution to disputes through talks. The People's Liberation Army (PLA) and the paramilitary People's Armed Police (PAP), both under the command of the Central Military Commission, will secure the land border, repelling armed invasion, and respond to significant contingencies, according to the law. The administrative distribution will be simplified between several departments, including the foreign ministry, the ministry of public security, and the customs and immigration administrations. It empowers police officers to use force and guns against intruders who use violence to resist arrest and risk the lives and property of others. It also empowers agencies to collaborate with neighbouring countries to combat the "three evils" of terrorism, separatism, and religious extremism.

The law also reaffirms the state's commitment to opening these areas to the outside world while upgrading local public services and infrastructure to balance border defence and socioeconomic development. The bill also promises governmental help to develop upgraded border towns and cross-border cooperation zones to enhance trade, tourism, and environmental protection. This is complemented by the state's iteration of the role of the civilians in aiding the security forces in governance, in a likely manifestation of "civil-military fusion strategy<sup>5</sup>," in effect, this aims to further China's territorial claim and sovereignty by establishing a civilian presence in border areas. Any

<sup>&</sup>lt;sup>1</sup>http://www.npc.gov.cn/npc/c30834/202110/5a3d27747cc542f8bcde9030a83218e2.shtml

<sup>&</sup>lt;sup>2</sup>http://www.npc.gov.cn/npc/c30834/202104/9dfede4d82aa4fc1ae8ca22e987e025b.shtml

<sup>&</sup>lt;sup>3</sup>https://theprint.in/defence/chinese-troops-challenge-india-at-multiple-locations-in-eastern-ladakh-standoff-continues/428304/

<sup>&</sup>lt;sup>4</sup>https://www.thehindu.com/news/international/china-passes-new-land-border-law-amid-military-standoff-with-india/article37147759.ece

<sup>&</sup>lt;sup>5</sup>http://www.gov.cn/zhengce/content/2017-06/06/content 5200277.htm

activity in the border area that would "endanger national security or impair China's amicable relations with neighbouring nations" is prohibited under the law. This includes the construction of any permanent structures by anyone without the permission of the relevant government.

Finally, the legislation stipulates that the border be sealed in the event of a war, armed conflict, or situations posing a threat to border inhabitants' security, such as biological and chemical accidents, natural disasters, or public health incidents. The law states that the PRC's relations with its border-sharing countries must be based on the principles of "equality and mutual benefit." In addition, the law provides for the formation of joint committees with the said countries, both civil and military, to negotiate land border management and address border-related issues. The law also states that the PRC must comply with the land boundary treaties it has signed with the countries in question and that all border disputes must be resolved through discussions.

## **Implications for India**

The rule is not intended to apply mainly to the 3,488-kilometer border with India; yet, the 3,488-kilometer border is still contested, and some analysts believe it will add to the 17-month military impasse. Others believe the law is merely a set of words and that what has plagued ties is not Chinese internal laws but rather their conduct on the ground. "China's unilateral decision to bring about a legislation that can have implications on our existing bilateral arrangements on border management as well as on the boundary question is of concern to us," the Indian foreign ministry said a few days<sup>6</sup> after the law was passed. "We also expect China to avoid taking action under the pretext of this law that could unilaterally alter the situation in the India-China border areas," it added. It is worth noting that India and Bhutan are the only two countries with which China has not reached an agreement on a border crossing.

### Wake Up Call for India?

Enforcing the law in the context of Sino-Indian disputes could be problematic in numerous ways. First, even though the line of actual control (LAC) has acted as a de facto boundary between China and India since their 1962 conflict, the two countries differ on where it should be drawn in at least 13 places. Given the lack of a mutually accepted border, China's treatment of Indian personnel may significantly impact border developments, perceived as an unlawful crossing. The bill asks for expanded civilian settlement along the border and better infrastructure. China has already employed the technique of relocating its "civil" population. along the disputed section of the LAC, claiming rightful possession. The new rule can amplify such incidents and exacerbate tensions between the two countries.

The regulation may raise doubts about whether Beijing plans to increase or expedite civilian settlement in areas bordering India, Nepal, and Bhutan, emphasizing the development of border towns and the involvement of civilians. Although, border town development aligns with China's

<sup>&</sup>lt;sup>6</sup>https://www.firstpost.com/india/india-hits-out-at-china-for-its-unilateral-decision-on-new-land-border-law-10090861.html

<sup>&</sup>lt;sup>7</sup>https://www.washingtonpost.com/politics/2020/06/02/why-are-china-india-skirmishing-their-border-heres-4-things-know/

<sup>&</sup>lt;sup>8</sup>https://economictimes.indiatimes.com/news/international/world-news/chinas-new-land-border-law-may-legitimise-use-of-civilian-settlements-to-make-territorial-claims/articleshow/87941952.cms

domestic agenda of "developing the border regions, enriching the local people," which was articulated in 1999<sup>9</sup> and incorporated into China's five-year plans. It could be seen as legitimizing a land version of the "salami-slicing<sup>10</sup>"(a clandestine and progressive occupation of the land of neighbouring nations' territory without resorting to the apparent and violent tactics of annexation) tactic China is accused of using in its maritime disputes<sup>11</sup>.

Second, without Chinese authorization, the law prohibits the establishment of permanent infrastructure close to China's border. Because both China and India have participated in an "infrastructure arms race<sup>12</sup>" on their respective sides of the LAC, the imprecise phrasing might be understood to cover both sides of the border, thereby escalating tensions.

The new legislation declares China's borders "sacred and inviolable," and the PLA's commitment to safeguarding them may operate as a stumbling block in any future border negotiations, as the PLA may refuse to cede any of its actual or "claimed" areas, such as Arunachal Pradesh and Ladakh<sup>13</sup>. The PRC may also reduce water flow in the Brahmaputra or Yarlung Zangbo rivers that flow from China into India, as the law requires "actions to safeguard the stability of cross-border rivers and lakes." China may invoke this provision in the case of hydroelectric projects that threaten India's environment and claim that its actions are legal.

#### **Routine Administrative Exercise?**

Some argue that India's rejection of the new law was exaggerated because the statute is not controversial in and of itself. The Foreign Ministry of the People's Republic of China has also stated that the country will adhere to the current land border treaties it has signed 15. It is worth noting that the border controlling policy was most likely crafted with considerations other than the tense relationship with India. China is concerned about Islamic extremists entering the Xinjiang Uyghur Autonomous Province (XUAR) to destabilize the region following the Taliban's conquest of Afghanistan. Another issue for the PRC is to reinforce the country's land borders with Myanmar and Vietnam, as unlawful crossings from these countries are thought to have contributed to the rise of COVID-19 cases in China. Further, the law does not comment on any new territorial claims and only talks about the enforcement of the border regions with better security measures and settlement of civilian populations in the area, something it could do with or without the law.

#### Conclusion

In practice, this new border regulation has little impact on the dynamics of Sino-Indian relations. In recent years, China has become more assertive in its territorial claims over Indian territory. China has previously used various tactics to intensify border disputes with India, including building roads

<sup>&</sup>lt;sup>9</sup>http://www.gov.cn/zwhd/2007-06/18/content\_652065.htm

<sup>&</sup>lt;sup>10</sup>https://www.project-syndicate.org/commentary/xi-jinping-salami-tactics-himalayas-south-china-sea-by-brahma-chellaney-2021-03?barrier=accesspaylog

<sup>&</sup>lt;sup>11</sup>chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fcsis-website-prod.s3.amazonaws.com%2Fs3fs-

public%2Flegacy\_files%2Fattachments%2Fts140114\_glaser.pdf&clen=226658&chunk=true

<sup>&</sup>lt;sup>12</sup>https://warontherocks.com/2020/06/chinas-strategic-assessment-of-the-ladakh-clash/

<sup>&</sup>lt;sup>13</sup>https://thewire.in/diplomacy/new-chinese-land-border-law-should-not-be-pretext-for-action-at-lac-india-to-china

<sup>14</sup>https://indianexpress.com/article/explained/chinas-new-land-border-law-indian-concerns-7592418/

<sup>&</sup>lt;sup>15</sup>https://www.thehindu.com/news/international/china-rejects-indias-concerns-over-new-border-law-as-speculation/article37209048.ece

near the border, utilizing civilians as a resource, and crossing the LAC into Indian territory on many occasions. Further, India needs to realize how the law provides a significant boost to the Chinese defence along the border as the 'Model Villages' built in the border areas might better enable troops to control the border with easier availability of resources. This boost in infrastructure from the other side should be met with a response from New Delhi in the form of investment in border areas and infrastructure development.

While China may see a valid need for a legal framework to govern a more than 22,000-kilometer land border with 14 neighbouring countries, it can keep some flexibility in execution and reduce the danger of unanticipated occurrences, particularly along the unresolved border. India is likely to stay firm, but it should warn Beijing that such incidents would be in neither party's best interests and would only exacerbate the current diplomatic impasse in the disengagement talks.

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# **NEWS DEVELOPMENTS**

# Amid Increase in Tensions in East China Sea, Japan's Defence Budget Hits Record High

The Japanese government is planning to set aside its biggest five-year defence budget from fiscal year 2023 to top 30 trillion yen (\$264 billion) for the first time, Nikkei has reported <sup>16</sup>. Japan has been bolstering its military spending in recent months amid concerns over what it perceives as growing threats from China and North Korea. The budget will be a part of the government's Midterm Defence Program, which is likely to be revised by the end of 2022.

The increase in defence spending follows a joint statement issued by then Prime Minister Yoshihide Suga and U.S. President Joe Biden in April 2021, in which Japan committed to strengthening its own defence capabilities as part of renewed Japan-US cooperation. The U.S. has shifted its strategic gaze to East Asia and the Indo-Pacific in view of rising Chinese belligerence and expects Japan to play a pivotal role. The hike is also a pointer to close US-Japan's ties in the face of China's military expansion.

The budget is based on a per year spending of around 6 trillion yen -- the sum of the 5.4 trillion yen in the fiscal year 2022 budget plan, the largest ever, plus 770 billion yen that was included in the 2021 supplementary budget plan<sup>17</sup>. The increase in defence spending is likely to be used to acquire new equipment, deploy troops to the southwest islands near China and Taiwan, and strengthen missile defence in the area.

Japan needs to maintain naval vessels that will replace the Aegis Ashore ground-based interceptor missile system, and to pay for the development of the next generation of fighter jets to be deployed around 2035. The government also plans to acquire P1 maritime patrol aircraft, C2 transport aircraft, and cover the cost of ammunition ahead of schedule in the fiscal 2021 supplementary budget plan<sup>18</sup>.

Spending is also likely to cover "new areas" such as cyber defence, space, and electromagnetic waves. The U.S., China and other countries are already allocating large amounts of money to these areas. In the past, the government's initial budget for defence spending has been set at no more than 1% of Japan's gross domestic product. The nominal GDP in fiscal year 2019, before the impact of the coronavirus pandemic, was around 557 trillion yen. If the budget expands to 6 trillion yen per year as a result of the revision of the medium-term defence plan, that 1% limit will be exceeded.

#### China's Overtaking of U.S. Economy Delayed to 2033: Japanese Think Tank

The size of China's economy is not expected to surpass that of the U.S. until 2033, rather

<sup>&</sup>lt;sup>16</sup>https://asia.nikkei.com/Politics/Japan-s-5-year-defense-budget-to-hit-record-264bn/DEcember 15, 2021

<sup>&</sup>lt;sup>17</sup>lbid.

<sup>&</sup>lt;sup>18</sup>Ibid.

<sup>&</sup>lt;sup>19</sup>lbid.

than 2029 as predicted a year ago by the Japan Centre for Economic Research, whose latest forecast says Beijing is damaging the country's growth potential by clamping down on its tech and other big industries<sup>20</sup>. The forecast also blamed China's ongoing decarbonisation drive and big debt burdens like the Evergrande crisis. The latest official figures from China have shown more signs that recovery is losing steam. Retail sales growth slowed in November to 3.9%, amid a pick-up in inflation and a rise in coronavirus cases.

According to the forecast, by 2033 the Asian giant's GDP will multiply by 2.4 to 35.841 trillion dollars, while then the size of the US economy will be 35.821 trillion<sup>21</sup>. However, China will then have to cope with an aging population, which will slow growth, while if the US maintains its demographic stability it could return to the dominant position by 2056, experts say. Likewise, the report indicates that the possibility of a "cold war" between Beijing and Washington – not necessarily accompanied by military conflicts – will "hit hard" all Asian economies, including China<sup>22</sup>.

# **Us Intensifies Crackdown on Chinese Companies**

The US government's attempts to crack down on China's high-tech sector have shown a tendency to intensify in scope and frequency in recent days, with the Biden administration moving to ban a string of Chinese tech companies from receiving US capital and supplies, just days after Chinese artificial intelligence (AI) giant Sense Time was put on a US investment blacklist<sup>23</sup>.

The US Commerce Department announced on 16 Dec 21 that it will place export restrictions on several Chinese companies that use biotechnology and other technologies for national security reasons, including what it claimed were their roles helping the Chinese military and alleged human rights abuses against "ethnic and religious minority groups."<sup>24</sup>

According to a report by the Financial Times, the US Treasury will place eight Chinese tech companies on an investment blacklist, the latest example in a string of efforts undertaken by the Biden administration to crack down on China's technology firms. The eight firms include China's drone manufacturing giant DJI, facial recognition Software Company Cloud Walk Technology and Yitu Technology, an AI company. DJI controls the global market for small, low-altitude drones, which are popular among enthusiasts, photographers, companies and governments<sup>25</sup>.

The US government blacklisted those companies from US investment on the alleged grounds that they are involved in the surveillance of people in Northwest China's Xinjiang Uygur Autonomous Region, the aforementioned report said. The eight firms had already been placed on the commerce department's "entity list", which restricts US companies' supply of products or technologies to the companies.

<sup>&</sup>lt;sup>20</sup> https://asia.nikkei.com/Economy/China-s-overtaking-of-U.S.-economy-delayed-to-2033/Dec 15, 2021

<sup>&</sup>lt;sup>21</sup>https://today.in-24.com/News/752667.html/Dec 20, 2021

<sup>&</sup>lt;sup>22</sup> https://asia.nikkei.com/Economy/China-s-overtaking-of-U.S.-economy-delayed-to-2033/Dec 15, 2021

<sup>&</sup>lt;sup>23</sup> https://global times.cn/US intesnsifies crackdown on Chinese Companies/Dec 16, 2021

<sup>&</sup>lt;sup>24</sup> Ibid

<sup>&</sup>lt;sup>25</sup>lbid

Soon after the sanctions were announced, China was quick to slam the US' decision. "These kinds of erroneous acts, in which one side is sick but forces the other to take the medicine, is not constructive," Foreign Ministry spokesperson Wang Wenbin told reporters<sup>26</sup>.

Such measures are a reflection of the US government's attempts to expand its crackdown on China's high-tech sector from a focus on upstream products, such as chips, to the entire high-tech industry chain, after finding itself increasingly lacking in trade tools to suppress the Chinese economy. "Since the US cannot afford to decouple with China in trade ties, it will do everything to suppress Chinese companies in the field of science and technology," Cui Hongjian, director of the Department of European Studies at the China Institute of International Studies, told the Global Times on Thursday<sup>27</sup>.

According to experts, such investment banks will restrict capital from flowing to China's tech companies, one of the favourite investment targets for US venture capital institutions in recent years. As a result, domestic tech start-ups going through initial rounds of financing will be impacted to some extent.

#### **Recent PLA Drills**

<u>Tibet Military Region</u>. China's People's Liberation Army (PLA) recently performed a real battle drill involving anti-nuclear, chemical, and biological warfare in the Tibet Military Region. The exercise was conducted in late November by a combined military brigade of the PLA, which comprised commandos, armoured assault units, and troops trained in chemical warfare<sup>28</sup>.

A report in a PLA Journal, which was only published in Chinese, described the drill's scenario, directions, and duties of several wings and participating soldiers. However, neither the drill's location nor its length was reported. According to a literal translation of the Chinese article, "After rockets were launched and the armoured assault force was deployed, army engineers were brought in to lay explosives on the intended obstacle."<sup>29</sup>

<u>South China Sea</u>. The Chinese People's Liberation Army (PLA) launched a series of exercises on 15 Dec 21 in three different directions of Hainan Island, China's second largest island only behind the island of Taiwan, in a move analysts said aims to enhance the troops' joint combat preparedness in possible amphibious landing missions on islands. A live-fire shooting exercise was organized in the South China Sea, and the entering of a designated sea area was prohibited, according to a navigation restriction notice released by the local maritime safety administration on Monday<sup>30</sup>.

Beijing's claims in South China Sea overlap with those of Vietnam, the Philippines, Malaysia, Brunei and Taiwan. China has rejected an international tribunal ruling that it has no legal basis for

<sup>&</sup>lt;sup>26</sup>https://indianexpress.com/article/explained/us-sanctions-chinese-painkiller-manufacturers/Dec 17, 2021

<sup>&</sup>lt;sup>27</sup> https://global times.cn/US intesnsifies crackdown on Chinese Companies/Dec 16, 2021

<sup>&</sup>lt;sup>28</sup>https://www.newsx.com/world/amid-sino-india-dispute-chinese-army-conducts-nuclear-chemical-biological-warfare-drills.html/Dec 17, 2021

<sup>&</sup>lt;sup>29</sup>Ibid.

<sup>&</sup>lt;sup>30</sup>https://www.globaltimes.cn/page/202112/1241567.shtml

its claims.

# China's Boycott of Iron Ore and Coal from Australia Fails to Impact Australian Economy

China's revenge plan on the Australian economy has backfired massively in an embarrassing moment for the communist superpower. A new statistic released by the Australian government on 20 Dec 21 shows that 2021 was the most lucrative year to date for the Australian resources sector, despite being embroiled in a trade war with China, the biggest importer<sup>31</sup>.

The latest Resources and Energy Quarterly report published for the last three months up until December shows that the sector will reach \$379 billion by the end of the 2021 financial year. That's a massive 22 per cent jump from last financial year's \$310 billion in earnings, which in itself was a record at the time. Driving the charge was Australian coal, brushing off an ugly diplomatic spat with China<sup>32</sup>.

Last year, China had banned imports of a few Australian products including iron ore, wine, beef, barley and even lobsters to create "economic pain" after Prime Minister Scott Morrison called for an investigation into the origins of Covid-19. The coal ban, imposed in November 2020, wiped off \$1 billion from the Australian economy, but just a year later the recovery has been astonishing.

Thermal coal values are expected to rise from \$16 billion to \$35 billion by the end of the 2021-2022 year while metallurgical coal exports will skyrocket from \$23 billion to more than \$50 billion in that same period of time. The Department of Industry, Science, Energy and Resources attributed the industry's unexpected success to high commodity prices due to a global energy shortage and a weaker Australian dollar<sup>33</sup>.

Resources and Water Minister Keith Pitt said of the latest forecast: "In 2020–21 our resources and energy earnings passed \$300 billion for the first time, reaching \$310 billion, and are now forecast to top that by \$69 billion in 2021–22. "Coal is the star performer. Australia's high-quality coal is finding new markets across Asia, including India, with Australian producers enjoying record price increases across all grades of coal." <sup>34</sup>

This particular type of coal is used for electricity, which has been bad news for China in recent months. The Asian superpower has been caught in the throes of rolling blackouts since September but is unable to buy Aussie coal through official channels for fear of losing face.

Chinese factories were forced to shut down across the country and some of the power outages were so severe that Chinese citizens had to live without traffic lights and phone reception.

#### India, Taiwan in Talks on Semiconductor Hub, Free Trade and Investment Pacts

India and Taiwan have started negotiations for a free-trade agreement and the setting up of a semiconductor manufacturing facility by a Taiwanese firm in India, in a significant step signalling

<sup>&</sup>lt;sup>31</sup>https://www.news.com.au/finance/markets/australian-markets/chinas-boycott-of-aussie-iron-ore-and-coal-fails-after-recordbreaking-earnings/Dec 15, 2021

<sup>32</sup>lbid

<sup>33</sup>lbid

<sup>&</sup>lt;sup>34</sup>lbid

their resolve to broad-base the overall bilateral economic engagement. If the move to set up the semiconductor manufacturing plant succeeds, then it will be the second such facility to be set up by a Taiwanese company in a foreign country after a similar hub in the United States, reports in the print media have claimed<sup>35</sup>.

The Indian government has already proposed a number of sites for the facility and one of Taiwan's leading semiconductor producers, including the Taiwan Semiconductor Manufacturing Company (TSMC) and the United Microelectronics Corporation (UMC), may implement the mega project. The move to set up the facility comes amid increasing demands for chips in India by automakers and technology companies, among others, when there is a global shortage of chips.

A plan to provide incentives worth Rs 76,000 crore to encourage the setting up of semiconductor design, manufacturing and display fabrication (fab) units with a larger goal of making India a global electronics production hub, was unveiled by the Govt of India on 17 Dec 21<sup>36</sup>.

In sync with their keenness to expand economic engagement, India and Taiwan have already held two rounds of talks for firming up a free-trade agreement as well as a bilateral investment agreement to boost trade ties, the people said. India has been promoting its ties with Taiwan in the areas of trade, investment, tourism, culture, education and people-to-people exchanges. The cooperation in the areas of trade, investment and industry between the two countries has been on an upswing in the last few years.

The volume of bilateral trade has grown nearly six-fold from USD 1.19 billion in 2001 to almost USD 7.05 billion in 2018 and India ranks as Taiwan's 14th largest export destination and 18th largest source of imports, according to official data.

By the end of 2018, around 106 Taiwanese companies were operating in India, with the total investment amounting to USD 1.5 billion in the fields of information and communication technology, medical devices, automobile components, machinery, steel, electronics, construction, engineering and financial services<sup>37</sup>. The two sides have also set up teams for further expansion of ties in education as well as skill development training. At present, an estimated 2,800 Indian students are studying in Taiwan.

#### **ISRO-OPPO Deal on NAVIC Messaging Services on Mobile Platforms**

NavIC system, in addition to its primary function of providing PNT services, is also capable of broadcasting short messages. This messaging service is being used for broadcasting safety-of-life alerts in areas with poor or no communication, particularly in the oceans.

Indian Space Research Organisation has entered into Memorandum of Understanding (MoU) with OPPO India to exchange technical information of NavIC messaging services. This will enable integrating NavIC messaging service with the mobile handset platform keeping in mind the need of

<sup>&</sup>lt;sup>35</sup>https://www.msn.com/en-in/news/other/india-taiwan-in-talks-on-semiconductor-hub-free-trade-and-investment-pacts/Dec 17, 2021.

<sup>36</sup>lbid

<sup>&</sup>lt;sup>37</sup>https://economictimes.indiatimes.com/news/economy/foreign-trade/india-taiwan-holding-talks-on-free-trade-agreement-looking-at-setting-up-semiconductor-hub/Dec 19, 2021.

Indian users.38

Under the agreement ISRO and Oppo India will exchange technical information of NavIC messaging services to build rapid, ready to use, end-to-end application-specific solutions by integrating NavIC messaging service with the mobile handset platform keeping in mind the need of Indian users. "The memorandum will pave the way for future collaborations between ISRO and Oppo India to develop indigenous solutions by incorporating the NavIC short messaging feature in the smartphones released by OPPO India," Oppo India said in a statement<sup>39</sup>.

The agreement, however, has triggered a controversy, with political leaders and netizens questioning the Indian space agency over the deal, as it was signed despite the Chinese aggression in eastern Ladakh and the subsequent ban on Chinese apps by the Union government.

## **Hu Xijinn, the Jingoistic Editor of Global Times Retires (or Fired?)**

Hu Xijinn, the uncouth Editor-in-Chief of Chinese Communist Party Mouthpiece 'Global Times' has announced his retirement. He announced his retirement through a crisp post on the Chinese social media app Weibo. "Old Hu will turn 62 years old after the New Year, and it's about time I retire," Mr. Hu wrote, referring to himself by a popular nickname. "In the future, as a special commentator for Global Times, I will continue to contribute to the development of the Global Times and continue to do my best for the party's news and public opinion work," he added<sup>40</sup>.

He was a leading critic of the west's China policy and emerged as a prominent voice of strident, brash and assertive nationalism ever since he joined Global Times in 2005. His comments on world affairs mostly transgressed the boundaries of civilized journalism and more often than not created diplomatic furore and controversies.

Last year, he likened Australia to "chewing gum stuck on the sole of China's shoes" after Canberra joined Washington's call for an inquiry into the origins of Covid, and he called the UK a "bitch asking for a beating" after British warships sailed through contested waters last summer.<sup>41</sup>

However, there are contrary reports in the international media that claim Hu Xijinn was unceremoniously fired over his oblique criticism of the Communist Party. In a November 2 article titled, "Frontline media need to be trusted to carry on mission", Hu Xijin not only underscored the media's indispensable contribution towards the country's stability but also dropped a subtle threat to the CCP if Chinese media continues to get the step-motherly treatment from the state leadership.<sup>42</sup>

"I feel deeply that it is becoming more and more difficult to do media," he wrote in the now-

41 Ibid

<sup>&</sup>lt;sup>38</sup>https://www.isro.gov.in/update/09-dec-2021/isro-and-oppo-india-to-work-towards-providing-navic-messaging-services-mobile/Dec 09, 2021

<sup>&</sup>lt;sup>39</sup>https://www.ndtv.com/india-news/isro-signs-agreement-with-chinese-firm-oppo-for-r-d-crucial-navigation-service/Dec 10, 2021

<sup>&</sup>lt;sup>40</sup>https://www.nytimes.com/2021/12/16/world/asia/china-hu-xijin-retires.html/Dec 16, 2021.

<sup>&</sup>lt;sup>42</sup>https://tfiglobalnews.com/2021/12/16/jinpings-favourite-chinese-pug-hu-xijin-fired-from-global-times-because-of-1-statement/Dec 16, 2021.

deleted *Global Times* editorial in November."Frankly speaking, media practitioners have been subject to increasing restrictions for some time," he said. "As a battlefront, they should be trusted and have the independent space to carry out innovation that fits the needs of the times."<sup>43</sup>

#### Cambodia Being China's Leveraging Point on ASEAN

China has been actively involved in the matters of Cambodia whether external or internal. In fact, Cambodian Prime Minister Hun Sen has been completely supported by China to such an extent that the Chinese Ambassador also attended his political rally to show support to him. China has further supported Prime Minister Hun Sen to lean completely towards authoritarianism and this stance of Cambodia has isolated itself from the global community. With Cambodia becoming isolated from the international community, it is inevitably becoming closer with China.

China has also supported Cambodia financially through foreign investment and also invested in defence as well as infrastructural projects. Cambodia has been unable to pay back the loans that it has received from China and so, it pays back China by undermining ASEAN's unity on the issues of South China Sea. Cambodia has also jeopardized its own national interest by giving China control of 20 percent of its (Cambodia's) coastline in a secret deal to support the Koh Kong port project.<sup>44</sup>

In fact, the generalized fear is that with Cambodia becoming the Chair of ASEAN in 2022 and it is likely to favour China in all possible ways which would inevitably jeopardize ASEAN's centrality and its self-preservation as a regionally grouping. Cambodia by granting access to China to its naval bases is making sure that China has indirect and direct access to the South China Sea. This is not only fatal for the regional balance but also global balance and there is a greater risk of China's expansionism which is against the sovereignty and territorial integrity of Southeast Asian countries. Due to over dependence on China, Cambodia has lost a friend in the United States of America and further, the US has imposed sanctions on Cambodia for its over dependence on China's defence supplies.

#### Anthony Blinken's Aim to Garner US Allies and Security Partners in Asia: A hit at China

Recently, the Secretary of State Anthony Blinken criticized China for its aggressive actions in Asia and aimed to focus on working with the Allies and security partners of the US. During his visit, Anthony Blinken in his speech in Jakarta, Indonesia emphasized that the US aimed to provide high-quality infrastructure and vaccines to the region. He also emphasized that the Biden Administration wasn't keen on any kind of conflict situation in Asia and would ensure that any competition with China doesn't lead to a catastrophic disaster.

Secretary of State aimed to work on national power which major focus on diplomacy, military and intelligence with allies and their partners. According to him, China has been claiming the open seas on its own and they (China) have been hitting back at the countries with trade restrictions. Thereby, there is a need to defend the goal of rules-based international order and be free of

<sup>&</sup>lt;sup>43</sup>lbid.

<sup>44</sup>https://www.eastasiaforum.org/2021/12/15/cambodia-is-chinas-leverage-point-on-asean/#more-517186

coercion and intimidation. Also, the US is aiming to develop an Indo-Pacific Strategy which focuses on trade, digital economy, technology, supply chains, clean energy and other issues.<sup>45</sup>

#### Prime Minister Kishida's Take on China and Taiwan

In September 2021, Prime Minister Fumio Kishida took over and since, then there have many speculations about the stance that Prime Minister Kishida would take on China and Taiwan. The China factor is raised due to both internal and external factors as China's behaviour has left Japan with no opinion but to take a deterrence stance along with continuing dialogue with China.

One of the greatest cause of concern for Japan is that the US and China are in a competitive relationship and this makes it extremely difficult for Japan as being an alliance member with the US and being an immediate neighbour with China. Japan will go with the US and that's why it has also aimed to stress upon peace and stability in the Taiwan Strait. Japan benefits greatly from China in the domain of economics and with the decline of trade between Japan and China due to the Pandemic has left Japan wondering what would be the next course for them.

The Kishida Administration aims to have a realistic perspective wherein, they would engage in dialogue with China along with maintaining its focus on the US-Japan Alliance. Further, the realist perspective, may affect Japan's relations with China has Japan has been extensively working to strengthen its defence, military and economic security. The National Security Strategy of Japan is also been discussed and that too would take a tool on the China-Japan relations.<sup>46</sup>

With regard to Taiwan, Japan has been interested in Taiwan's Semi-conductor industry and also Japan is clear that whatever the stance of the US is on Taiwan, it would follow the same and this clear in the 2021 Defence White Paper of Japan.

#### **Chinese Military Adventure Could be Suicidal**

Former Prime Minister Shinzo Abe recently opined that China mustn't do things to provoke its neighbours or aim to take over territories as "An adventure in military affairs, if pursued by such a huge economy like China's, could be suicidal to say the least," and he further opined that "We must urge them not to pursue territorial expansion and restrain from provoking, often bullying, their neighbours because it should harm their own interests." id-7

It needs to be understood that this comment coming from former Prime Minister Abe means that Japan is concerned about China's activities in the Senkaku islands and also, regionally Japan needs to be careful of China especially in the South China Sea region where it has established military outposts on artificial islands. Further, he opined that "this month that any emergency over Taiwan would mean an emergency for Japan as well as for its security alliance with the United States, and Chinese President Xi Jinping should not misunderstand that". 48

China didn't receive these comments by former Prime Minister Shinzo Abe nicely and the Chinese Assistant Foreign Minister Hua Chunying reacted by calling it erroneous and a violation of the

<sup>&</sup>lt;sup>45</sup>https://www.bloomberg.com/news/articles/2021-12-13/blinken-seeks-to-bolster-southeast-asia-ties-to-counter-china

<sup>46</sup> https://www.eastasiaforum.org/2021/12/16/kishida-unlikely-to-change-course-on-china-and-taiwan/#more-517509

<sup>47</sup> https://www.aljazeera.com/news/2021/12/15/ex-japan-pm-abe-chinese-military-adventure-could-be-suicidal

<sup>48</sup> Ibid.

basic norms of bilateral relations. He further opined that this comment had "challenged China's sovereignty and gave brazen support to Taiwan's independence forces".<sup>49</sup>

It needs to be understood that Former Prime Minister Shinzo Abe has been focused on tackling Chinese expansionism and he was the person to have proposed the QUAD and so, these comments make sense as they aim to protect Japanese interests in the East China Sea and South China Sea.

# **China Expands its Golden Share on Data Security**

China has been worried about increasing its data security and to so do, it has increased its share by investing in data security. Chinese Government has expanded its practice of increasing and possessing large amounts of data and it has been made into a de facto special management stake or golden share arrangement with Full Truck Alliance Co Ltd.

The Chinese Government has expanded this as it aims to get access to data sources from foreign states which would be vital for its national asset development and can be used to attack and misuse. This has also been done to work on strategically important data which would help provide critical information infrastructure.<sup>50</sup>

The future of the wars is based on data, the data warfare is vital especially for China as it realizes that it can use citizens data against the country and which can be future used for critical infrastructure attacks. Also, with data, cyber warfare would be possible and no investment would be required as compared to a full-fledged war.

# Most Countries Boycott Beijing Winter Olympic Games

90 countries have opted out by not participating in the Beijing Winter Olympics 2022 and this was disclosed by Thomas Bach, the President of International Olympic Committee (IOC).<sup>51</sup> Countries like the United States of America, Britain, Australia and Japan have aimed for a diplomatic boycott of the Games keeping in mind, the human rights violation by China. Further countries of the European Union (UN) are at logger heads amongst themselves as some countries would like to go for a diplomatic boycott against the Beijing Games while, the others are worried that if they boycott the games, China could use a retaliation tactic to hurt trade and commerce issues.

It needs to be understood that the Beijing Games boycott has multiple angels to it as firstly, the world is under the pandemic and many believe that China has used the pandemic as a bioweapon to achieve its dream of becoming a super power. Further, during the pandemic, China has been making several attempts to expand its territory and that is a major cause of concern for most countries. Also, China is notoriously known for arm twisting and bullying countries whoever speak up against them and punish countries with trade sanctions on them in a way crippling the supply chain also. China is known for several human rights violations and this has been noticed since 2008 and despite, repeated attempts by other countries; China continuous on its human rights

<sup>&</sup>lt;sup>49</sup>Ibid.

<sup>&</sup>lt;sup>50</sup>https://www.aljazeera.com/news/2021/12/15/ex-japan-pm-abe-chinese-military-adventure-could-be-suicidal

<sup>&</sup>lt;sup>51</sup>https://www.wionews.com/sports/most-countries-wont-join-diplomatic-boycott-of-beijing-winter-olympics-says-ioc-president-thomas-bach-437195

violations.

# **Confidence Building Measures- LAC Issues with China**

In last one decade PLA has been active at LAC at various levels such as intrusions, stand-off, and incursions. Through these activities, China has been attempting to challenge the status quo along the LAC. Simultaneously, the frequent happenings along LAC are also associated with the Global political events. Since, China attempts to put pressures on India through activities on the borders. Therefore, even after various agreements to maintain the status quo, Chinese military keeps volatility at the borders so as to maintain a pressure zone for India.

According to the official statement of the 23rd meeting of the Working Mechanism for Consultation & Coordination on India-China Border Affairs (WMCC) held in November, both the side on LAC should continue to ensure a stable ground situation and avoid any untoward incident. The Indian side stated that the situation along the LAC had been caused by unilateral attempts of the Chinese side to alter the status quo and in violation of the bilateral agreements. <sup>52</sup>In this context, the statement from the Chinese Foreign Ministry said that the two sides had stated that "in accordance with the spirit of the consensus reached between the foreign Ministers of both countries in their Dushanbe meetings, continuous efforts would be made to further de-escalate the border situation, and they would strive to shift from urgent dispute settlement to regular management and control at an early stage"<sup>53</sup>.

After the last round of the talks on the de-escalation, the dispute at the LAC has now entered into its winter session in which PLA carries its tactics at the border. China is relatively more prepared this winter than the last winters in terms of shelters, road connectivity and acclimatization. And as per government officials, Rockets and missile regiments have been deployed in rear areas controlled by the PLA in Tibet Autonomous Region<sup>54</sup>. The developments along LAC are a matter of concern for Indian Military as well as the Government.

#### <u>Infrastructure Development in Borderland Areas by India and China</u>

India's concern in the borderland areas is that China is widening highways, and new airstrips apart from the main bases in Kashgar, Gar Gunsa and Hotan. A major wide highway is also being developed which will further improve the connectivity of the Chinese military positions on the LAC with the hinterland as per the officials<sup>55</sup>.

The intensive drills by Indian army in the Bum La sector in Arunachal Pradesh close to LAC wherein a counter-assault against Chinese tank attacks on Indian formation was launched. As per

<sup>&</sup>lt;sup>52</sup>https://economictimes.indiatimes.com/news/defence/two-militants-killed-in-encounter-with-security-forces-in-j-ks-shopian/articleshow/88486731.cms

<sup>&</sup>lt;sup>53</sup>https://indianexpress.com/article/india/india-china-mea-round-13-of-talks-7629712/

<sup>&</sup>lt;sup>54</sup>https://www.hindustantimes.com/india-news/india-takes-up-lac-infra-build-up-by-china-s-pla-101638133094935.html

<sup>&</sup>lt;sup>55</sup>https://eurasiantimes.com/india-fortifies-defenses-nuclear-hardened-facilities-near-border-china/

the latest reports, these attacks were launched from within the bunkers including Artillery, Air Defense, infantry troops and the Indian Air Force as part of integrated warfare.

According to Lt Gen Harpal Singh "the dual-use BRO Infrastructure of roads, tunnels and bridges is a force multiplier not just for our strategic goals but also for community development in distant border place"<sup>56</sup>.

Adding to this, the attempts of recruiting Tibetans and basing them right at border posts along with the mainland Han troops is gaining speed. The PLA uses the original inhabitants of the region for highly difficult terrain, since the survival is very tough for the mainland Chinese troops in these terrains. In this regard, US Department of Defence has also noted that "in 2020, the PRC (People's Republic of China) built a large 100-home civilian village inside the disputed territory between the PRC's Tibet Autonomus Region and India's Arunachal Pradesh state in the eastern sector of the LAC"<sup>57</sup>. This village as per the reports is located on the banks of River Tsari Chu, and lies in the Upper Subansiri district of Arunachal Pradesh, an area which has seen clashes between India and Chinese soldiers even before the 1962 war.

In response to these above developments Indian Army has deployed Pinaka and Smerch Multiple Rocket Launcher Systems (MRLS) at forward position near the China Border to counter any threat arising across Line of Actual Control (LAC). A battery of six launchers of Pinaka can fire a salvo of 72 rockets in 44 seconds thereby neutralizing an area of 1000m by 800m. Likewise, the Sela Tunnel is being constructed at an altitude of 13,500 ft on a strategic road in Arunachal Pradesh which will provide all-weather connectivity to Tawang and also ensure better movement of troops and weaponry to various forward locations along the LAC, as per Military Officials. This tunnel is being constructed in the Nuranang area which received heavy snowfall in the months of December, January, and February. This recently constructed 1.55 km tunnel in Nuranang between the Tawang and West Kameng districts will cut down the distance to Tawang by six kilometers and the travel time by at least an hour according to Colonel Mehra<sup>58</sup>.

#### China- Nepal Rail Link

Despite the pandemic, China launched the China-South Asia Freight train service linking Haidong, Northwest China's Qinghai Province with Nepal<sup>59</sup>. This can be termed as China' Logistics prowness even amid the crisis times. The Qinghai-Tibet Group also has plans to strengthen the development of plateau railways while expanding the rail network and taking full advantage of rail transport with increased international freight train capacity.

These developments show China's robust role as ballast to the international logistics supply chains. Foreign Minister Wang YI recently stated that "China will make solid progress in the feasibility study of a cross-border railway project, improve the trans-Himalayan multidimensional

<sup>&</sup>lt;sup>56</sup> Ibid.

<sup>&</sup>lt;sup>57</sup>https://www.ndtv.com/india-news/us-defence-report-mentions-chinese-village-in-arunachal-pradesh-first-reported-by-ndtv-2599457

<sup>&</sup>lt;sup>58</sup>https://www.ndtv.com/india-news/to-counter-china-threat-indian-army-deploys-pinaka-rocket-system-in-assam-2584252

<sup>&</sup>lt;sup>59</sup>https://www.globaltimes.cn/page/202112/1241694.shtml

connectivity network and help Nepal realize its dream of changing from a 'landlocked country' to a 'land-inked country' on India has opposed the Tibet-Kathmandu rail project because of ever expanding Chinese strategic influence in the Himalayas. Similarly, according to Indian view, this project also has ecological impact in this environment sensitive area.

## **China and Environment/ Climate Change**

China's record on the environment related issues has been averse. On the front of achieving climate change goals of the major global agreements, China has been very much reluctant. On the front of renewable energy capacity it has done very well and currently manufacturing 98% of electric buses<sup>61</sup>. These developments have been possible because China's climate actions are primarily driven by domestic political consideration. China has kept the soft target of carbon dioxide emissions peak before 2030 and be carbon neutral by 2060. But still, China kept away from making stronger pledges at Glasgow which could have induced Beijing to offer more aggressive targets for controlling emissions.

Since the 2020 carbon neutrality pledge, the party leadership issues an unusual opinion to try and stabilize the energy market and rein in "decarbonisation frenzy". The experts viewed that this decision prematurely dismantled the old coal based energy infrastructure even when the new, renewable base was not ready to take over. The central government also doubled down on its campaign against polluting projects with high energy intensity claiming that there is legitimate work to do to tame the wasteful electricity users<sup>62</sup>.

Recently on Thursday, December 16, 2021 China General Chamber of Commerce and the American Chamber of Commerce in China organized the "Tackling Climate Change Together: U.S.-China Business Dialogue" webinar. Over 100 member companies of both Chambers attended and had the opportunity to hear from Alan BEEBE, President of AmCham China, and Chen XU, Chairman of CGCC-USA, President & CEO of Bank of China USA, on the business sector's role and responsibilities in the bilateral collaboration on climate action.

Mr. Xu indicated that "global partnerships are the only viable solution to crtical climate issues, and it is of the utmost importance for the U.S. and China to create a collective agenda on environmental protection and a new green economy that will benefit the globe". The event highlighted the opportunities in light of COP26 for U.S.-China partnerships and global collaboration with focusing on the importance of gradual transitions to green finance, renewable energy and investments in neglected areas of green technology<sup>63</sup>. Further, this U.S.-China collaboration to work harder together to cut emissions this decade is an indication of China's willingness to engage.

<sup>60</sup> Ibid

<sup>&</sup>lt;sup>61</sup>https://theconversation.com/in-the-fight-against-climate-change-china-is-doing-more-than-you-think-but-still-not-enough-172138

<sup>62</sup> https://www.prnewswire.com/news-releases/cgcc-usa-and-amcham-china-host-business-dialogue-on-us-china-climate-change-cooperation-301450559.html

<sup>&</sup>lt;sup>63</sup>https://abcnews.go.com/US/wireStory/top-us-diplomat-china-ambitious-climate-goal-81713893

#### China-India-Myanmar

On December 24, 2021, China handed over one of its Ming-Class diesel electric submarines to Myanmar consolidating its ever expanding influence and presence in India's immediate neighbourhood<sup>64</sup>. This induction of submarine came just after foreign secretary Harsh Shringla visited to Myanmar as India' first high level visit to the country after the Hlaing led state administration council ousted the Aung San Suu Kyi led government by a Coup in February.

India had transferred its old Russian origin INS Sindhuvir to Myanmar last year. Following this, China also commissioned the Ming class vessel to Myanmar. India does not have the funds and domestic defence production base to match with China in its outreach to India's neighbours. China is systematically using its debt-trap policies under its multi-billion dollar BRI (Belt and Road Initiative) to lend infrastructural support to the countries. In contrast, India shares a 1643-km land as well as maritime border with Myanmar and yet a cranked military tie with Myanmar is a major concern.

India's approach towards Myanmar is closest to that of Japan but intrinsically different from China. Indian cannot isolate Myanmar because of security and trade implications. During the recent visit of Harsh Shringla, it was emphasized that India would continue with its development projects in the Rakhine state border regions of China, Saging and the Naga self administered zones where India has already completed 100 projects. He also reiterated India's interest in "Myanmar's return to democracy at the earliest, release of detainees and prisoners, resolution of issues through dialogue and the complete cessation of all the violence".

Since the influx of Myanmar migrants in Mizoram and Manipur has increased during the Covid times, the security conversation with the Myanmar junta is seen to be of much significance. The reports of illegal arms smuggling opening the door for China and Pakistan to supply weapons to India's own insurgent groups in bordering region needs to be taken seriously and responded well. India handed over 1 million doses of "Made in India" vaccines to the Myanmar Red Cross society along with a grant of 10,000 tons of rice and wheat to Myanmar. Simultaneously, during the visit the issue of recent militant ambush in Churachandpur district of Manipur and Myanmar's role in it was also highlighted.

#### A Gas Pipeline and Russia-China Relations

The recent discussion on sending 55 bcm of gas to China through the power of Siberia 2 pipelines is getting attentions from the global political leaders. According to Putin, a feasibility study will take place in order to start working on this project. This pipe would help both the countries to hedge against tensions with the west according to the Nikkei Asian Review<sup>65</sup>. This pipeline is being presented as something akin to a marriage proposal which would bring two leading authoritarian states closer together.

Russia' interest here is to get export revenues and leverage over the nations which lie on its

<sup>&</sup>lt;sup>64</sup>https://timesofindia.indiatimes.com/world/rest-of-world/china-woos-myanmar-with-old-sub/articleshow/88534706.cms

<sup>&</sup>lt;sup>65</sup>https://www.livemint.com/news/world/a-gas-pipeline-won-t-turn-russia-and-china-into-buddies-11640131046727.html

borders. This has both economic and security implications for Russia. Currently, China barely buys piped gas from Russia but once the project is completed, there would be a combined 88 bcm import<sup>66</sup>. For this, the pipeline project is crucial for Russia- China relations in future. Since by building Power of Siberia 2, Russia will have a substitute market for its gas which it otherwise used to ship to Europe. Russia would enjoy this leverage over China and China would do everything to resist a situation in which it gets succumbed.

#### **China-Vietnam Borders**

China has tightened land border with Vietnam amid the omicron variant of COIVD-19 giving a blow to its trade when this Southeast Asian country is battling to get its economy back on track in the face of pandemic. Foreign drivers are barred from crossing the border with similar measures with Myanmar and Laos<sup>67</sup>.

China is Vietnam's second largest export market and biggest source of imports. These land border regulations will have severe implications on the developing economies of these South East Asian nations. Hence, it needs an alternative way of doing trade amid these Covid times.

<sup>66</sup> Ibid.

<sup>67</sup> https://asia.nikkei.com/Economy/China-tightens-border-with-Vietnam-stokes-trade-worries

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