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EDITORS

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Note from Director CS3

Dear All,

We are happy to publish the 18th issue of the Sinometer: The China Strategic Monitor, a monthly newsletter by the Centre for Strategic Studies and Simulation (CS3), USI. The significance of China within the global and regional spheres is continually transforming, and this transition is evident in the domains of geopolitics and geo-economics. The growing interest in Chinese security, economy, and political relations has sparked numerous debates, establishing it as a central focus in global affairs. The purpose of this magazine is to provide a glimpse into significant events in China and their repercussions on the international stage.

The newsletter starts by examining how China presented its Global Security Initiative (GSI) strategy as a counterpoint to the United States' approach to achieving lasting security in the Asia-Pacific region during the 20th Shangri-La Dialogue. It then discusses the joint aerial strategic patrol conducted by China and Russia, showcasing their influence and strength in the Asia-Pacific area. Following that, the newsletter explores several surveys that demonstrate China's manufacturing contracts have experienced a decline for three consecutive months and looking at China's biggest satellite launch to enhance earth observation and finally newsletter analysis bilateral relations between China and New Zealand.

This issue aims to give a holistic perspective of China in the backdrop of China's growth, challenges and a growing relationship with many countries. We hope that budding China Watchers find the newsletter useful. Happy reading!

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Chinese showcased its Global Security Initiative (GSI) approach in contrast to the US approach for Sustainable Security in Asia-Pacific at the 20th Shangri-La Dialogue

By Manav Saini

During the 20th IISS Shangri-La Dialogue held in Singapore, there was a noticeable divergence in viewpoints between China and the United States concerning security-related matters. Li Shangfu, a member of the Chinese State Council and Minister of National Defense, outlined China's security approach, which emphasized cooperation rather than alliances, dialogue instead of conflict, and mutually beneficial outcomes rather than a zero-sum mentality. In contrast to the US' divisive and confrontational stance, the *Global Times* argues that China's strategy, as exemplified by its Global Security Initiative (GSI), promotes regional security and development while also showcasing wisdom, strength, and dedication.¹

Li stressed the importance of mutual respect, fairness, and justice as fundamental principles for implementing the GSI. He emphasized the resolution of problems through trust and dialogue, while advocating for inclusivity and transparency to avoid confrontations among blocs. China aims to enhance its commitment to a future of shared prosperity in the Asia-Pacific region, foster cooperation in regional security, and establish a security framework that is open, transparent, and equitable. China seeks collaboration with all relevant parties to achieve these goals. The modernization efforts in China are regarded as a positive force that contributes to global harmony and improved global governance. General Li Shangfu, China's Minister of National Defense, delivered a speech aligned with the party's propaganda and shifted blame onto others.² While Li spoke about the importance of mutual respect and treating each other as equals, his words are contradicted by China's actions, such as the aggressive behaviour of Chinese military vessels and aircraft in the South China Sea and Taiwan Strait.

In his speech, Li posed three significant inquiries: Who is responsible for disturbing peace in the Asia-Pacific region? What are the underlying causes of chaos and instability? And how can we remain vigilant and protect against such disruptions? These questions challenged the United States' divisive approach and the formation of blocs like the Quad and AUKUS, which contradict the US's professed support for ASEAN centrality. According to the *Global Times*, Secretary Austin's response to these questions was deemed inadequate, suggesting a lack of understanding of the concept of "ASEAN centrality" by the US.³ ANI writes that China's militaristic behaviour has led to the formation of alliances and closer cooperation among

¹ Li Aixin, Guo Yuandan and Zhang Han, "China presents path to true, sustainable security for Asia-Pacific in contrast to US' bloc confrontation approach at Shangri-La Dialogue," *Global Times*, June 4, 2023, <https://www.globaltimes.cn/page/202306/1291935.shtml> (accessed on 03 July 2023).

² Ibid.

³ Ibid.

regional nations, such as the Quad and the recently announced AUKUS partnership between the US, Australia, and the UK.⁴

China displayed a hypocritical stance by projecting an image of upholding international norms and fairness while simultaneously being involved in human rights violations, such as the treatment of Uyghurs and the crackdown in Hong Kong. China's approach to international rules and laws is selective, as demonstrated by its disregard for the United Nations Convention on the Law of the Sea and its failure to adhere to agreements signed with the US regarding air and maritime encounters. Despite advocating for dialogue, consultation, and initiatives like the GSI, China falls short in addressing the mounting concerns and mistrust stemming from its own behavior.

China and Russia conducted Joint Aerial Strategic Patrol Flexing their Power in the Asia-pacific Region

By Manav Saini

As per China's defense ministry, China and Russia recently completed their sixth joint aerial strategic patrol in the Sea of Japan and the East China Sea. This patrol was conducted in accordance with the two countries' annual military cooperation plan. The details regarding the specific aircraft involved and the airspace traversed during the patrol were not revealed.⁵

This recent patrol follows a similar joint operation in November 2022, where strategic bombers from China and Russia conducted patrols over the same areas. In March 2023, Chinese President Xi Jinping and Russian President Vladimir Putin agreed to regularise joint patrols and military drills, enhancing military cooperation and exchanges between the two nations.⁶

Based on the information provided by South Korea's military, a total of four Chinese and four Russian military aircraft flew over the Sea of Japan and entered South Korea's air defense identification zone for a duration of around two hours. It is important to note that these planes did not violate South Korea's airspace. The South Korean military was aware in advance of the planes' entry and took proactive measures by deploying fighter jets to prepare for any potential accidental incidents.⁷

⁴ "China issues pugnacious monologue at Shangri-La Dialogue," *ANI News*, June 05, 2023, <https://www.aninews.in/news/world/asia/china-issues-pugnacious-monologue-at-shangri-la-dialogue20230605155102/>, (accessed on July 03, 2023).

⁵ Liu Xuanzun and Guo Yuandan, "Chinese, Russian militaries hold joint aerial strategic patrol in Asia-Pacific region amid US-led provocations," *Global Times*, June 06, 2023, <https://www.globaltimes.cn/page/202306/1292028.shtml>

⁶ "China, Russia conduct joint aerial patrol over Sea of Japan," *NHK World*, June 06, 2023, https://www3.nhk.or.jp/nhkworld/en/news/20230606_29/

⁷ Ibid.

As stated in a press release by Japan's Ministry of Defense Joint Staff, two Chinese bombers and two Russian bombers conducted a flight exercise across the Miyako Strait into the West Pacific. During the exercise, these bombers were accompanied by 18 additional aircraft. Furthermore, they flew together over the East China Sea.⁸

China and Russia continue their ongoing military collaboration through joint patrols and military exercises, with the objective of bolstering their strategic partnership and strengthening their defense capabilities. This cooperation serves various purposes, including sending strategic signals to external powers, particularly the United States, and asserting control in the Asia-Pacific region. Geopolitically, the joint patrols signify the shared interests of China and Russia and their alignment against perceived threats or interventions from other nations. Given the US's involvement in military activities, such as deploying warships and warplanes to sensitive areas, the joint patrols conducted by China and Russia act as a counterbalance to US influence.

Moreover, these joint patrols provide an opportunity for China and Russia to assess and enhance their interoperability, coordination, and communication systems. Operating diverse aircraft with distinct navigation and control systems in remote and demanding environments necessitates continual training and collaboration. Through the execution of these intricate operations, both nations strengthen their military capabilities and cultivate confidence in their capacity to effectively respond to potential emergencies or security challenges.

After conducting two days of joint aerial strategic patrol with Russia, the Chinese People's Liberation Army (PLA) initiated a large-scale exercise near Taiwan. This exercise involved the participation of 37 PLA aircraft, including J-11 and J-16 fighter jets, H-6 bombers, Y-20 tanker aircraft, and early warning aircraft. It was perceived as a response to escalating tensions in the region. The scale of the exercise surpassed the typical daily average for routine patrols and drills conducted around Taiwan. The actions taken by China and Russia raise security concerns for countries like Japan, South Korea, and Taiwan, which may potentially lead to further militarization of the region.

Various Surveys Indicate that China's Manufacturing Contracts for 3 Consecutive Months.

⁸ Liu Xuanzun, "PLA holds large-scale drills around Taiwan island after record-breaking China-Russia joint patrol in Asia-Pacific," *Global Times*, June 08, 2023, <https://www.globaltimes.cn/page/202306/1292226.shtml>

By Manav Saini

China's manufacturing sector experienced slower growth in June 2023, according to a private survey by the Caixin manufacturing purchasing manager's Index. The Caixin manufacturing purchasing managers index dropped to 50.5, down from 50.9 in May, indicating a decrease in expansion. This result was lower than economists' predictions of a 50.0 reading, which signifies the boundary between expansion and contraction.⁹

The Caixin survey primarily examines smaller and export-oriented businesses, while another index, the official Purchasing Managers' Index (PMI) released by the National Bureau of Statistics, also indicated a contraction in China's manufacturing activity for the third consecutive month. The PMI reading for June 2023 stood at 49.0, slightly higher than May's reading of 48.8, aligning with economists' expectations of 49.0. A PMI reading below 50 signifies a contraction in activity.¹⁰

The data further supports the idea that China's economic rebound is losing steam, as other indicators like consumer spending, the housing market, exports, and infrastructure investment have also exhibited signs of vulnerability. Wang Zhe, a senior economist at Caixin Insight Group, highlighted that recent economic data indicates that China's recovery has yet to stabilize. Wang emphasized the need for robust macro policy support and more effective implementation at the micro-level.¹¹

As per the Caixin report, manufacturers in China have been downsizing their workforce for the past four months in response to lower-than-anticipated sales and adjustments in production capacity. This development raises concerns about the state of the country's job market, particularly considering the significant increase in youth unemployment rates, which have reached record highs. The survey also highlighted deflationary pressures, with input costs declining at the fastest pace since January 2016. Moreover, firms have been reducing their selling prices due to heightened competition. The survey revealed a diminishing optimism regarding the 12-month production outlook, reaching its lowest point in eight months, as some companies expressed worries about sluggish market conditions.¹² China's economic growth in May and April fell below market expectations. However, Chinese Premier Li Qiang recently stated that the country remains on track to achieve its annual growth

⁹ John Liu and Fran Wang, "China Factory Expansion Slows in June, Caixin Survey Shows," *Bloomberg*, July 03, 2023, <https://www.bloomberg.com/news/articles/2023-07-03/china-factory-expansion-slows-in-june-caixin-survey-shows>

¹⁰ "China's manufacturing activity contracts for third-consecutive month," *CNBC TV18*, June 30, 1998, <https://www.cnbctv18.com/economy/china-manufacturing-activity-pmi-june-contracts-third-consecutive-month-17075751.htm>

¹¹ John Liu and Fran Wang, "China Factory Expansion Slows in June, Caixin Survey Shows," *Bloomberg*, July 03, 2023, <https://www.bloomberg.com/news/articles/2023-07-03/china-factory-expansion-slows-in-june-caixin-survey-shows>

¹² *Ibid.*

target of 5 per cent.¹³ Therefore, China is still hoping for manufacturing growth and recovery.

China launched record 41 Satellite in space to join Jilin-1 hi-res constellation

By Manav Saini

China achieved a milestone by launching 41 satellites into orbit in June 2023, expanding its already extensive satellite constellation. The launch, which took place from the Taiyuan Satellite Launch Centre, set a national record for the most satellites launched in a single mission. The satellites belong to the Jilin-1 family and their deployment brings the total number of Jilin-1 satellites in orbit to 108. These newly launched satellites joined the existing 72 Jilin-1 satellites to enhance high-resolution earth imaging services, ranging from land resource surveys to the development of smart city infrastructure. The spatial resolution of these satellites is better than 75 centimeters (30 inches), enabling detailed observations of Earth's surface¹⁴

The primary objective of the Jilin-1 satellites is to provide panchromatic imagery with a resolution between 50-75 centimeters (1 foot 6 inches to 2 feet 4 inches). While some satellite constellations in the United States, such as the Planet Labs array, consist of a larger number of satellites, only a small portion of them can achieve resolutions of less than one meter. The Jilin-1 satellites have already made a significant impact in disaster assessment and mitigation. In February, the United Nations adopted satellite data from Jilin-1 to assess and respond to the aftermath of earthquakes in Turkey and Syria. Additionally, local governments extensively used high-resolution images captured by Jilin-1 during the typhoon-induced flooding in northern Thailand in October, aiding in response efforts and assessing damage. This launch can help China to achieve its security and strategic intelligence. It will help to get the detail imageries of military post, critical infrastructures, spying, observing military experiments/missions of their adversaries.¹⁵

The company responsible for manufacturing and operating these satellites, Chang Guang Satellite Technology, plans to continue expanding the Jilin-1 constellation. According to He Xiaojun, a representative from Chang Guang Satellite Technology, they aim to have 138 satellites in the constellation by the end of 2023, offering a global revisit time of 10 minutes. Their second phase of construction aims to reach a

¹³ "China's manufacturing activity contracts for third-consecutive month," *CNBC TV18*, June 30, 1998, <https://www.cnbctv18.com/economy/china-manufacturing-activity-pmi-june-contracts-third-consecutive-month-17075751.htm>

¹⁴ Andrew Jones, "China launches national-record 41 satellites on single rocket," *Space*, June 17, 2023 <https://www.space.com/china-single-launch-record-41-satellites-video>

¹⁵ Ling Xin, "China sends record 41 satellites to join Jilin-1 hi-res constellation," *South China Morning Post*, June 19, 2023, <https://www.scmp.com/news/china/science/article/3224636/china-sends-record-41-satellites-join-jilin-1-hi-res-constellation>

total of 300 satellites in orbit by 2025, creating a comprehensive space-based monitoring network that can provide high-resolution global imaging on a daily basis.¹⁶

The majority of the satellites launched in this mission were Gaofen 06A, which is a fourth-generation Gaofen satellite. Gaofen is a Chinese abbreviation for "high resolution." Interestingly, the Gaofen 06A satellite received official approval only last year, and the team had less than a year to complete research, development, delivery, and the launch itself. This rapid timeline highlights the mass production capabilities and lays the foundation for an even larger network of satellites in the future.

The Gaofen 06A satellite weighs a mere 22 kilograms (48 pounds) and is priced at 4 million yuan (approximately US\$561,000). It represents a significant improvement in terms of weight and cost compared to the first generation launched eight years ago. The weight reduction was made possible by advancements in image sensors, improved design techniques, and the use of advanced integrated chips.¹⁷

New Zealand's PM visit to China: Analysing their bilateral relations

By Manav Saini

During New Zealand's Prime Minister Chris Hipkins' 5 days visit to China in June 2023, both nations signed cooperative arrangements aimed at strengthening trade and expanding cooperation in various sectors, including e-commerce and the green economy. New Zealand, which historically maintains a conciliatory approach towards China, actively seeks to increase exports despite home warnings about over-reliance on the world's second-largest economy amid growing geopolitical tensions. President Xi Jinping illustrated China's view of New Zealand as a "friend and partner" and emphasized the importance of the bilateral relationship.¹⁸

China is New Zealand's largest trading partner, and both nations have been focusing on increasing market access and strengthening trade ties. The recent visit of New Zealand's Prime Minister Chris Hipkins to China aimed to promote exports. Despite the economic benefits of the close trade relationship, there are growing concerns in New Zealand about over-reliance on China. As geopolitical tensions increase, New Zealand is becoming cautious about relying too heavily on a single nation for trade. New Zealand is mindful of Australia's experience, where political disagreements led

¹⁶ Ibid.

¹⁷ "China launches record-breaking 41 satellites into orbit," *CGTN*, June 15, 2022, <https://news.cgtn.com/news/2023-06-15/China-launches-record-breaking-41-satellites-into-orbit-1kEBbkXPT9u/index.html>

¹⁸ "China signs pacts with 'friend and partner' New Zealand" *Nikkei Asia*, June 28, 2023, <https://asia.nikkei.com/Politics/International-relations/China-signs-pacts-with-friend-and-partner-New-Zealand>

to punitive trade measures from China affecting major industries. Therefore, they are seeking to diversify its trade partnerships to reduce vulnerability.¹⁹

New Zealand faces the challenge of balancing criticism of China on issues such as human rights and the militarization of the Pacific with maintaining a positive and cooperative relationship. Prime Minister Hipkins in his statement posted on his government website stated that it is important to acknowledge areas of difference, such as over human rights. The country engages in respectful dialogue with China while emphasizing its independent interests and values.²⁰

It is worth noting that the article by *the Guardian* highlight New Zealand's increasing concerns about foreign interference, with a particular focus on China's efforts to exert influence in the country. Concerns include political donations from foreign-owned companies, influence through media outlets, and potential espionage activities. The government is taking steps to address this issue, including funding an investigation into the impact of foreign interference on ethnic communities.²¹ Overall, New Zealand kept itself away from geopolitical rivalries by focusing on trade with China as well as with the west.

¹⁹ Tess McClure, "Xi Jinping praises 'great importance' of China-New Zealand relations," *The Guardian*, June 27, 2023, <https://www.theguardian.com/world/2023/jun/27/xi-jinping-praises-great-importance-of-china-new-zealand-relations>

²⁰ "China signs pacts with 'friend and partner' New Zealand" *Nikkei Asia*, June 28, 2023, <https://asia.nikkei.com/Politics/International-relations/China-signs-pacts-with-friend-and-partner-New-Zealand>

²¹ Sam Sachdeva "As New Zealand reshapes ties with China, foreign interference must be brought out of the shadows," *The Guardian*, June 13, 2022, <https://www.theguardian.com/world/2023/jun/13/as-new-zealand-reshapes-ties-with-china-foreign-interference-must-be-brought-out-of-the-shadows>

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