



**GLOBAL CONFERENCE
on NEW SINOLOGY**
INTERCONNECTED EQUILIBRIUM

ORCA SPECIAL REPORT 3

 www.orcasia.org

 New Delhi



**THE ART OF
POWER IN
ZHONGNANHAI**

CONFERENCE REPORT

GCNS 2024

ORCA's second GCNS report brings together the ideas, recommendations and assessments of over 50 leading Sinologists from India and the world presented during the deliberations held in New Delhi, India on 26-27 September 2024.

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A DEEPER DIVE INTO ORCA-GCNS'24



Explaining our logos:

The GCNS logo represents the core value behind the tagline that accompanies it: *Interconnected Equilibrium*. It builds into the theme of a multipolar, interconnected world order symbolized by the globe in the logo, focusing most specifically on the dance between India and China. The emblems of Chinese and Indian flags are positioned within the Yin and Yang symbol, which as a Chinese philosophical concept describes opposite but interconnected forces, serving as a prudent phrase that describes China's relationship with India --and many other countries.

The ORCA logo builds on its namesake, orca, which is considered one of the deadliest mammals, while concurrently ranking as amongst one of the most intelligent species, on the planet. Orcas are also called 'Pandas of the Sea' --allowing a parallel to China's unofficial diplomats, the giant pandas. Furthermore, as orcas --despite being ferocious-- only defend rather than attack and are known to be great at conflict resolution, our logo's mascot draws parallels to India's own strategic autonomy, no-attack policy and role as a promoter of peace and the rules-based order. The map of Asia with no country boundaries showcases the nuances of the region.



Scan to read the theme behind each panel/roundtable/address/dialogue



Scan to access our website to see our research and subscribe to our publications.



Scan for longer bios of the speakers.

ABOUT ORCA & GCNS

Organisation for Research on China and Asia (ORCA) is a New Delhi NCR-based non-partisan research institute producing policy-oriented analysis on contemporary Chinese domestic politics, foreign policy, economy, defense strategy and socio-cultural behavior. We are one of the few think-tanks in India that focus on domestic Chinese policy-making and how it shapes external actions by Beijing. We urge you to peruse our website (QR Code available on your ID Cards), to acquaint yourselves with our research outputs and ventures which range across [special issues](#), [dashboards](#), [podcasts](#), [infographics](#), [articles](#), a [daily newsletter](#) and more.

The Global Conference on New Sinology (GCNS), ORCA's annual conference, aims to assemble the finest global minds in Sinology from diverse academic backgrounds to analyze and understand Chinese dreams and actions. It is one of India's leading China dialogues.

The inaugural edition of the GCNS saw ORCA host 55+ national/international experts and 400+ delegates in attendance across 5 sessions spanning two days with over 22 panels. The GCNS 2023 was India's first Chinese domestic politics- focused conference integrating contemporary facets of New Sinology. The full report of GCNS 2023 can be accessed on our website. The unique topics ideated by ORCA at last year's event went on to become grander avenues of discussion and scholarship by our speakers/attendees. The event deliberations were well received by both policymakers and government representatives, with the conference report having received over 7000+ views.

The theme of the 2024 GCNS conference is 'The Art of Power in Zhongnanhai'. The conference deliberations will focus on how the headquarters of the Communist Party of China (CPC) at Zhongnanhai cultivate, consolidate, retain and project power -- domestically and internationally-- via economic, diplomatic, political and military engagements to further China's ambitions in the 'new era'.

ORCA consistently aims to make this conference the largest gathering of Indian and foreign new sinologists and practitioners dealing with China in various capacities. The conference will host five sessions, each focusing on a specific question that the deliberations within the same will seek to answer. The format of dialogue is divided across Panels, Roundtables, Keynote Addresses and Experts' Dialogues.

55+ SPEAKERS	3RD ANNIVERSARY OF ORCA	5 SESSIONS	4 KEYNOTE ADDRESSES	4 FORMATS
400+ DELEGATES	TEAM OF 5 < 30'S	66 TALKS	2 SPECIAL PANELS	1200+ REGISTRANTS

REMARKS FROM DIRECTOR

The idea of GCNS came to us in October 2022, when we were discussing the need for a conference focusing on 'new' sinology in India after we realized that ORCA was one of the few - if not only - think-tanks in India that conducted a deep-dive research of the 20th National Party Congress of the CPC. To us, such a gathering would assess the contemporary application of sinology that links together traditional focuses on culture, history and language to present-day understanding of defence, politics and security, all with China at its core. That was the basis of ideating the conference's unique 'new sinology' focus. I am proud to say that ORCA - three years old and a 5-member team of under 30s - managed to organise such an esteemed gathering in Delhi via the inaugural GCNS in 2023, and built on the success in 2024 with the second edition of the GCNS.

The theme of the second GCNS focused on The Art of Power in Zhongnanhai, which encapsulates the symbolic and substantial preeminence of China's seat of power in politics, economics, foreign policy and military affairs. Every session of the GCNS aimed to answer a question in connection to the theme: How is China's military defending its strategies?; The Prince and his Party: power in its prime?; Stabilising and Sharpening: How China safeguards its Economic Might?; Shaping China's Diplomacy: the who, the what and the how? Furthermore, special sessions on the Tibet Question in China's Trans-Himalayan Aspirations as well as a special roundtable on Identifying the Ideal Torchbearer for the Global South brought focus on important topics.

All dialogue formats within these sessions were carefully ideated to be unique and multidisciplinary with most topics being discussed in India for the very first time. For instance, a keynote on Xi Jinping's leadership psychology; a roundtable on 'dragon' in 'panda's clothing', which focused on the story of Chinese soft power ; discussions on the cost of China's potential war in Taiwan; address on the Chinese People Liberation Army's 2027 centennial; panels on China's maritime power in action in the Indian Ocean Region; dialogue on the Kingmakers of Zhongnanhai; and more. All of these topics were ideated meticulously by Team ORCA and shared with our speakers for final approvals and edits.

We spent weeks perfecting everything: venue, theme, topics, speakers, sponsors. Every detail of GCNS was passionately & ambitiously crafted by ORCA. The format of the talks were ideated to ensure maximum audience and speaker engagement; from including our unique Expert Dialogue format to ensuring our roundtables happened off the stage and in the middle of the audience seating area, the planning ensured that the atmosphere in the hall for two days was charged with intellectual dialogue and debate on all things China. The conference was extremely well received by the scholarship community; with the event taking place on the third anniversary of ORCA, I was so humbled by how brilliantly our speakers and audience showed up for the event.

ORCA aims to make Delhi (and India) a hub of Chinese domestic political studies to enhance research on how the same shapes Beijing's international actions. The GCNS 2024 has shown that India has no dearth of China experts and sinologists; we hosted over 30 Indian China scholars with expertise in their domains that help us understand and deal with China better. This report covers extended summaries of the excellent presentations by the speakers at the GCNS 2024, and emerges as a vital resource to shape policy, research and public perceptions when it comes to China.

Eerishika Pankaj
Director, ORCA
Convenor, GCNS



TEAM ORCA AT GCNS 2024 (FROM LEFT TO RIGHT): OMKAR BHOLE, RATISH MEHTA, EERISHIKA PANKAJ, RAHUL REDDY & TRISHALA S

EERISHIKA PANKAJ (DIRECTOR AND CONVENOR)

One of the youngest think-tank heads in the country, her research focuses on Chinese elite/party politics, the India-China border, water and power politics in the Himalayas, Tibet, the Indo-Pacific and India's bilateral ties with Europe and Asia. She is also an Editorial and Research Assistant to the Series Editor for Routledge Series on Think Asia; a Young Leader in the 2020 cohort of the Pacific Forum's Young Leaders Program; a Commissioning Editor with E-International Relations; a Member of the Indo-Pacific Circle and a Council Member of the WICCI's India-EU Business Council. In 2023, she was selected as an Emerging Quad Think Tank Leader, an initiative of the U.S. State Department's Leaders Lead on Demand program. She has recently co-edited two Special Issue publications for ORCA. Her upcoming projects at ORCA focus on 'The BRI Post Xi', 'China's Dual City Centers' and 'India's Internal Security and China'.

RAHUL KARAN REDDY (SENIOR RESEARCH ASSOCIATE AND CO-CONVENOR)

Covering Party politics, China's external trade and foreign policy in Asia, Rahul produces data-driven research like dashboards, infographics and reports. At ORCA, he is the author of the India-China Trade dashboard, China's Provincial Development Indicators dashboard, China's Public Diplomacy dashboard and others on the Party's Central Committee & China's Decennial Census. He has produced reports on personnel appointments at the 20th Party Congress and conducted public opinion surveys on India & China in Nepal. He is the editor of a Special Issue publication on hydro-politics in South Asia, and is developing a multimedia project on the cultural connections between India & China. He was previously a Research Officer at the Chennai Centre for China Studies (C3S).

OMKAR BHOLE (SENIOR RESEARCH ASSOCIATE AND CO-CONVENOR)

A Chinese language student with Masters in China Studies from Somaiya University, Mumbai, Omkar has completed the HSK 4 level of Chinese language proficiency and worked as a Chinese language instructor. His research interests are: China's domestic politics, China's foreign policy in Asia, China's economic transformation, Digital Yuan, India-China economic relations and China's global domination. He previously interned at Institute of Chinese Studies and What China Reads. He has also presented a paper at the 1st All India Conference of East Asian Studies and 16th All India Conference on China Studies. He recently co-edited a special issue on 'India's Soft Power Diplomacy in South Asia', and his upcoming projects include 'China's Economic Statecraft in South Asia' and 'China's Role in Global Minerals Supply Chains.'

RATISH MEHTA (RESEARCH ASSOCIATE AND CO-CONVENOR)

A postgraduate in Global Studies from Ambedkar University, Delhi, Ratish's area of interests includes understanding the value of Narratives, Rhetoric and Ideology in State and Non-State interactions, deconstructing political narratives in Global Affairs as well as focusing on India's Foreign Policy interests in the Global South and South Asia. He is the co-editor of a special issue on 'India's Soft Push for Power in South Asia: Shaping a Favourable Tomorrow'. He was previously associated with The Pranab Mukherjee Foundation and has worked on projects such as Indo-Sino relations, History of the Constituent Assembly of India and the Evolution of Democratic Institutions in India. His forthcoming projects at ORCA include tracing India's role as the Voice of the Global South and Deconstructing Beijing's 'Global' Narratives.

TRISHALA S (JUNIOR RESEARCH ASSOCIATE & COORDINATOR)

With a background in Sociology and a minor in Public Policy from Flame University, Pune, Trishala focuses on family and gender studies, demography, and legal systems in China, examining how the aging population, gender disparities, and rural-urban migration influence social welfare, labor policies, and the integration of migrants into urban centers. She is currently working on the Urban Integration series, How China's Mega-Cities Are Handling the Migrant Influx—a data-driven analysis exploring how cities like Shanghai and Beijing address challenges in housing, education, and social services amid massive internal migration.



THEME OF GCNS'24

THE ART OF POWER IN ZHONGNANHAI

Zhongnanhai, often seen as a black box of Chinese power, is the nucleus of all decision making in China. Enclosed within its walls are the power corridors of China that guide momentous change and continuity in its social, political and economic landscape. While Beijing's authoritative governance leads to the perception of a monolithic China, several actors and processes interact to shape, cultivate, deploy and manage power that flows from the heights of Zhongnanhai to the edges of the world. Understanding this Art of Power in Zhongnanhai is instrumental for decision makers around the world to gauge and prepare for China's ambitions of superpower status. The Global Conference on New Sinology 2024 seeks to bring together the brightest minds in the field of Sinology to deliberate the instruments and impacts of China's art of power.

The conference will dissect China's growing military strength and its evolution into a modernised armed force that is increasingly willing to assert itself in maritime and continental domains around the world. The conference will also analyse the inner workings of the Communist Party of China, its method of centralising control and the thought-process of its top leaders. With China's economy struggling for momentum, the conference will detail domestic economic headwinds while also examining external economic risks that imperil Beijing's economic power. China's foreign policy, keen to project a favorable image of China and develop a new type of international relations, will be studied to reveal the impact of various stakeholders participating in foreign policy implementation.

This year's theme is, "The Art of Power in Zhongnanhai", which encapsulates the symbolic and substantial preeminence of China's seat of power in politics, economics, foreign policy and military affairs



The Art of Power in Zhongnanhai

OPENING REMARKS

by **EERISHIKA
PANKAJ**

Director, Organisation for
Research on China and Asia
(ORCA) and Convenor,
Global Conference on New
Sinology (GCNS)

We convene to explore one of the most critical subjects of our time—China's evolving mechanisms of power and influence, encapsulated within the theme of The Art of Power in Zhongnanhai. Zhongnanhai—the epicenter of China's political power—is often viewed as an impenetrable fortress, a locus where pivotal decisions that impact not only China but the global order are made. As we gather here in New Delhi, far from the power corridors of Beijing, it becomes ever more essential to demystify the processes, actors, and strategies that shape the wielding of power in Zhongnanhai.

Zhongnanhai is a name that evokes intrigue and awe, and it is the nerve center of China's power elite. Let us begin by acknowledging its significance. This is where the Communist Party's top leaders shape the country's destiny, where the fate of 1.4 billion people is decided, and where the art of power is honed to perfection. The art of power in Zhongnanhai is a subtle yet potent force that permeates every aspect of Chinese politics. It is an art that blends Confucian wisdom, Sun Tzu's strategic genius, and Mao's revolutionary zeal. It is an art that has been refined over centuries, through dynasties and revolutions, to create a system that is both fascinating and formidable spearheaded by the General Secretary of the CPC in power. As we explore this art, let us remember that Zhongnanhai is not just a physical compound but a metaphor for China's unique approach to governance. It represents the harmonious balance of yin and yang, which is a resounding theme behind our logo at GCNS as well, and the interplay between hard and soft power, as well as the perpetual quest for stability and prosperity.

This year's conference theme—The Art of Power in Zhongnanhai—could not be more timely or relevant. Understanding how China cultivates, manages, and deploys its power is crucial, not just for academics or policymakers, but for all those engaged in international affairs today. In a world where China's economic, military, and political influence continues to expand, we must probe deeper into the mechanisms through which this power is articulated, both internally and externally. As the locus of decision-making for China's leadership, Zhongnanhai is far from monolithic. It is a dynamic environment where the Communist Party's strategic objectives—ranging from military modernization to economic governance—are forged and contested. Xi Jinping's consolidation of power within this political nucleus has transformed China's state-party apparatus, presenting new challenges and opportunities for global governance and international relations. Our discussions over the coming days will dissect these complex processes, examining China's security ambitions, foreign policy, and its evolving economic strategies in the face of external pressures.

The panels and dialogues at GCNS 2024 covered critical aspects of China's trajectory, including its military advancements, the role of the Communist Party in maintaining internal cohesion, and how its economic policies are reshaping both domestic landscapes and the international economic order. Throughout this conference, the intricacies of Zhongnanhai's power dynamics, exploring how China's leaders navigate the complex web of factional politics, economic development, and global diplomacy, with Xi Jinping at its helm, are the focus of discussions. The role of ideology, propaganda, and censorship in shaping public opinion and maintaining social control has been discussed, while the personalities and policies of China's top leaders, from Xi Jinping's "Chinese Dream" to the enigmatic workings of the Politburo Standing Committee have been debated upon. An analysis of the impact of China's rise on global governance, international relations, and the world order has been expertly attempted at the GCNS.

26th September 2024

SESSION 1, SESSION 2 & SPECIAL SESSION



DAY 1

SESSION 1: HOW IS CHINA'S MILITARY DEFENDING ITS STRATEGIES

ASSESSING THE LAC AS IT STANDS

PANEL DISCUSSION



Concept of talk by ORCA

Security competition between India and China along the Line of Actual Control (LAC) has escalated significantly in different but interconnected ways since the Galwan Valley clashes in 2020. Driven by its continuous violation of confidence-building measures, China has significantly caused trust deficit during border negotiations, leading to the need for preparedness at various levels within the Indian military. One of the important stages of these preparations is to develop infrastructure in the form of border villages in the Eastern Sector, a recent feature of efforts to expand military presence in the region. Further, destabilising the fragile equilibrium along the

border by undermining the negotiation efforts to disengage, Beijing has employed various mechanisms to justify its altering of the status quo on the Western sector, with enormous implications for the entire LAC. Tensions along the Eastern and Western sector are a stark contrast to the relative stability in the Middle Sector, which could offer a template for 03 | GCNS 2024 stability in other regions in the future. Alternatively, current India-China border clashes in the Eastern and Western sector may have a spillover effect in the Middle sector with the addition of Nepal and Bhutan as other stakeholders. This panel will look into these varying but connected dynamics in all three sectors along the LAC to assess China's aggressive territoriality and India's evolved position of offering reciprocity in negotiations and countering asymmetry at the LAC.

AVM ANIL GOLANI - MODERATOR

(Director General, Centre for Air Power Studies)

FROM AIR TO GROUND: INDIA'S JOINT OPERATIONS AND INTEROPERABILITY ACROSS THE LAC | OFFERING RECIPROCITY, COUNTERING ASYMMETRY: LAC AS A TESTAMENT TO INDIA'S RESOLVE AGAINST CHINA

What exactly is the LAC composed of? The entire LAC is an arid and featureless terrain, which can be considered as a cold desert, barring the portion in Arunachal Pradesh. Any conflict in this cold desert would be determined by the biology of the warriors and the physics of the medium. No amount of infrastructure can reduce the acclimatisation time for soldiers on the ground or boost their physical condition in combat. The cold, dry and rarefied atmosphere is unforgiving. No vegetation grows in these conditions, thereby reducing natural cover and therefore it is heavily tilted against the soldier on the ground. He or she is left in the open, cold, unprotected and at times troubled by strong winds with low oxygen in the air they breathe. It is here that air power makes the difference. While any desert is unforgiving for the foot soldier, it is enormously advantageous to the airmen. All brilliant and effective air campaigns have happened in deserts, from the North African Campaign during the Second World War, Israel's wars in 1967 and 1973, the Gulf War in 1991 and the much celebrated air-to-ground battle at Longewala in the 1971 Indo-Pak War. The terrain without natural cover not only offers a target-rich environment, but also offers a good advantage to both targeting and ISR (Intelligence, Surveillance and Reconnaissance) platforms. The responsiveness of air power, when pitched against reduced mobility in this terrain, can generate asymmetric outcomes.

Like humans are affected by biology, aircraft function as per the laws of physics. While air power can be deployed by both sides to equal advantage in conflict, the geography of India offers an asymmetric advantage due to the low altitudes of existing air bases and their proximity to the LAC. This advantage cannot be overcome by China without violating the laws of physics or altering the LAC. They are building infrastructure and many airfields in the region, deploying J-20, 5th generation fighters to overcome this disadvantage. They are also overcoming the training advantage of the IAF pilots by taking part in bilateral exercises with Russia, UAE and Thailand.

How would India offer reciprocity? Maybe China did not expect India to stand up against them as has happened post Galwan. Rapid mobilisation and a swift response unnerved them. The present situation at the LAC is characterised by mutual distrust, suspicion and the breakdown of CBMs. With additional induction of forces on both sides, some local incidents have the potential to spiral into a larger conflict. The IAF needs to concentrate on high altitude operations, build up air defence assets and increase its presence much more in these areas. On the issue of joint operations and interoperability there are no divergences among the services and joint operations are absolutely necessary. The Army and Air Force need to prepare a joint warfighting strategy for the northern border. Joint training for specific cross border operations, particularly Special Forces (SF) operations with IAF helicopter crew needs to be stepped up. Combined utilisation and target planning for assets like Brahmos, UAVs, attack helicopters and air defence resources.

We need to build organisations that will reduce our asymmetry in areas like ballistic missiles, cyber, information and electronic warfare. What is essential is we develop capabilities in our inherent advantages that produce asymmetric outcomes. Our planning should cover all contingencies from local incidents to a full scale war so that we can achieve escalation dominance at all stages. China will hesitate when the threat of a major war looms. We need to hit where it hurts and for the Chinese psyche loss of face is an important and major issue. The present scenario of standing up to China, since Galwan has ensured status quo, which China would be wary of altering or going ahead with an aggressive posture as she realises that the riposte by India would be sharp and swift.

MAJ. GEN. N.D. PRASAD

(Former Director, School of Internal Security, Defence and Strategic Studies, Rashtriya Raksha University)

ROAD TO INFRASTRUCTURE PARITY ALONG THE EASTERN SECTOR: XIAOKANG VS VIBRANT VILLAGES

Origin of Concept of “Xiaokang Society”/ “Xiaokang Villages”

The concept of “Xiaokang” society was first enunciated by Deng Xiaoping in December 1979 as part of the “Four Modernisations”. This was reiterated by his successor Jiang Zemin and later Hu Jintao when he set the goal of achieving a “moderately well-off society” by 2020 during the 16th and 17th Party Congresses. In 2015, Xi Jinping spoke of “four comprehensives” which included the goal of “comprehensively build a moderately prosperous society”. The term “Xiaokang Villages” as used by the Chinese State media refers to structures/ model villages built by the PLA near the Line of Actual Control (LAC).

China started implementing large scale rehousing of the rural population in Tibet Autonomous Region in 2006 under its policy of “Comfortable Housing”. Since 2012, border regions have benefitted from preferential policies of the state resulting in construction of facilities for provision of water, electricity, roads, housing and other infrastructure urgently needed by the people. Under Xi Jinping, eradication of rural poverty became a key criterion for achievement of all around “Xiaokang Society”. During his visits to Yunnan in January 2011 and June 2021, Xi emphasised development and stability of border areas. In June 2015, he set out the goal of lifting all the remaining rural poor people from poverty by 2020 as part of achieving “Xiaokang Society” in all respects. This was incorporated in the 13th Five Year Plan in November 2016.

In 2017, as part of rural revitalisation, The Tibet Autonomous Region (TAR) government issued a “Plan for Construction of Xiaokang Villages in Tibet” from 2017- 2020. A total of 628 villages were planned in 112 border towns across 21 border counties. Later in 2021, President Xi announced that China had achieved the goal of overall “Xiaokang Society”. China allotted a total of 30.1 billion Renminbi for this initiative.

The aim of Xiaokang Villages has been to uplift the rural poor in border areas, strengthen the security apparatus by consolidating all assets, intensify border management including surveillance of cross -

border activities/infiltration by hostile elements, dual use infrastructure which can be used by the PLA in times of heightened tensions/conflict and intensify Party control/propaganda/ideology in these areas. By attaining all of the above, while ensuring civil - military fusion, China engages in "Gray Zone" warfare to gain tactical advantage.

Vibrant Village Programme

In contrast to China's border strategies, India launched the "Vibrant Village Programme" (VVP) in February 2023 covering 2967 villages in 46 border blocks of 19 districts in 4 States and one Union Territory along the Northern border with an outlay of INR 4,800 crores over three years (2023-2026). Of these, 662 villages have been identified for coverage on priority in the first phase. The programme aimed to identify and develop economic drivers based on local, natural, human and other resources of border villages, initiate development of growth centres on "hub & spoke model" through promotion of social entrepreneurship, empowerment of youth and women through skill development and entrepreneurship, leverage tourism potential through promotion of local culture, traditional knowledge and heritage and promote development of sustainable eco- agri businesses on the concept of "one village - one produce" through community-based organisations, cooperatives and NGOs.

Difference in Approaches of India and China

The approaches to development of border regions adopted by India and China reflect the difference in the governance of the two countries. While Indian approach is holistic and seeks to integrate the border regions and make them part of India's growth story while arresting outward migration of youth, China's approach is accentuated by its emphasis on "securitization" and focused on relocation of its rural population to these "Xiaokang Villages" by offering them monetary incentives as part of consolidation of these border areas. Financial outlay of India is much lesser than what China has invested in these "Xiaokang Villages". The governance systems of the two countries being what they are and the large number of stakeholders involved, makes it easier for China to implement such a programme in a faster time frame. India needs to approach the VVP in a "mission mode" and make all the stakeholders accountable for slippages if any.

Prognosis

Being a late starter, it would take India anything between 5 - 8 years to develop these border areas as envisaged under the VVP. The VVP, when viewed in the context of Article 7 of the 2005 Agreement between India and China, should have been initiated much earlier to ensure India took a lead in this very important aspect of border area development, integrating them into the economic development of the rest of the nation while ensuring consolidation of these sensitive areas.

AMB. ASHOK KANTHA
(Former Ambassador of India to China)

NEGOTIATING TABLE TO GROUND REALITY AT THE WESTERN SECTOR

The evolving India-China border situation, particularly in the western sector since 2020, has raised significant concerns. Tensions have historically been fueled by repeated Chinese incursions and a disregard for previously agreed-upon Confidence Building Measures (CBMs). However, the situation has worsened since 2020, as China has shown reluctance to return to the pre-crisis status quo. This marks a departure from past negotiations, such as the 2014 Depsang standoff, where China agreed to restore the status quo.

Recent Track 2 and Track 1.5 dialogues in Beijing and Singapore have indicated that Chinese officials do not intend to revert to the previous situation. Despite India's efforts to engage in negotiations, troop disengagement at five conflict points has resulted in buffer zones, restricting Indian troops from accessing areas they previously patrolled. This development compromises India's operational reach and raises concerns, especially in unresolved areas like Depsang and Demchok. Reports indicate that access to at least 15 patrolling points previously controlled by Indian troops is now denied, highlighting the ongoing militarization of the border by China.

Restoring the pre-April 2020 status quo appears unlikely, with India consistently asserting that the state of the border relationship significantly impacts broader India-China relations. However, China seems to expect India to accept the altered ground realities as the "new normal," preferring normalisation of relations without addressing the changes at the border. The lack of clarity from India regarding its stance on peace and tranquillity has led to ambiguity about the restoration of the status

quo.

Concerns have also been raised about the lack of transparency regarding the disengagement terms at the five conflict points, leading to doubts about whether India is beginning to accept China's new reality. The border issue has transitioned from a peripheral concern to a central aspect of India-China relations. China's current moves blur the distinction between the Line of Actual Control (LAC) and the actual boundary, contradicting previous agreements that specified the LAC should not influence territorial claims.

Going forward, India's priority should be to restore the status quo as much as possible, although full restoration may not be feasible given current realities. Accepting China's new normal could set a dangerous precedent, rewarding aggressive actions and risking territorial integrity. China's strategy appears focused on limiting Indian troop access to critical strategic points, emphasising the need for vigilance.

Disengagement should be followed by de-escalation, involving the withdrawal of troops and equipment from frontline positions. The 1996 military CBMs agreement underscores the importance of considering terrain, infrastructure, and troop movement times. China's strategic advantage in ground forces and infrastructure makes it essential for India to avoid agreeing to equal-distance withdrawals or numerical equivalence. Instead, de-escalation should focus on mutual security, taking into account the differing terrains and capabilities of both sides.

Deep mistrust between India and China calls for caution against rushed troop withdrawals, as conditions are not yet suitable for resuming talks on LAC clarification or boundary settlement. The 2005 agreement has seen little progress due to China's reluctance to clarify the LAC or resolve the boundary dispute, suggesting a tendency to use ambiguity as leverage in negotiations.

Moreover, unreasonable demands from China in boundary negotiations, particularly significant territorial concessions from India in Arunachal Pradesh, indicate a lack of genuine interest in resolving the dispute. There has been no meaningful effort from China to clarify the LAC, and India should avoid terms like "overlapping perceptions of the LAC," as these could validate China's perspective. Instead, India must adhere firmly to its own perception of the LAC and maintain a strong stance. Upholding strategic patience and territorial integrity is crucial for India to safeguard its interests without making concessions to China's aggressive tactics.

LT. GEN. RAKESH SHARMA

(General Bipin Rawat Chair of Excellence, The United Service Institution of India and Distinguished Fellow, VIF and CLAWS)

THE MIDDLE SECTOR: A TEMPLATE FOR PEACE OR A FUTURE FLASHPOINT?

The 1996 agreement laid down confidence building measures (CBMs) and was like a no-war pact prohibiting the use of military capability against the other side, especially within 2 kilometres of the LAC. The 2005 Agreement on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question stated that if the border personnel on the two sides came face-to-face over differences on the alignment of the LAC or for any other reason, they should exercise self-restraint and not use force or threaten to use force against the other side, cease their activities in the area, not advance any further, and simultaneously return to their respective bases. The India-China Border Agreement of 2013 laid down that neither side shall use military capability against the other side, and that their respective military strengths shall not be used to threaten or attack the other side. Given the multiple face-offs between the two sides over the years, a caveat was added that neither shall follow or tail patrols of the other side where there is no clear delineation of the LAC.

It had soon become apparent that the LAC was incurably faulty as a concept. This was largely because there was no formal delineation and demarcation, an issue studiously and deliberately avoided by the Chinese. Events in the following years further confirmed that the Chinese had deliberately ensured that the ill-defined nature of the LAC remained, in order to retain their leverage over India to engage in premeditated aggression at regular intervals alongside a well-planned psychological campaign. The travesty of this un-demarcated border was wrought at a tactical level, where the Indian units and formations deployed in eastern Ladakh faced the belligerent Chinese. Such 'transgressions' happened regularly and most were mutually amicably resolved under the provisions of the various agreements through 'banner drills' or Border Personnel Meetings (BPMs), without the matter ever being reported by the media. Since 2013, there have been gross violations of

protocols in Raki Nalla, Chumar, Pangong Tso, Demchok and Doklam, and the 'stand-offs' have transcended to a new level, where disengagement became impossible for a very long time – fistfights and brawls involving use of batons led to an adversarial atmosphere until resolved by BPMs.

It is obvious that the entire schema of the Chinese belligerence has an overt and covert agenda, and involves a calculated obfuscation of facts. The chronology of events adds up to show that the PLA deliberately and in a well-planned manner broke down the systemic understanding and behaviour outlined in the various agreements, protocols and norms. Retaining the Damocles' Sword of an ambiguous, unresolved, live border - and with a threat-in-being against India, would greatly suit China.

China has often stated that “we cannot lose a single inch of the lands we inherited from our ancestors”, and seeks to safeguard its sovereignty and maintain peace at the same time. It is another matter that there is no justification or historic authenticity backing the arbitrary 7 November 1959 line in Eastern Ladakh or elsewhere along the India-Tibet border. China pursued a policy of maintaining a more favourable environment along the LAC since 2013, by altering the status quo using its increasingly varied toolkit, well short of direct use of military force for fear of escalation to a conflict. This was followed by belligerence in Chumar in September 2014 and Doklam in 2017. It was PLA's use of “hard power, softly” over a large frontage with major transgressions in eastern Ladakh in May 2020 that ultimately led to the tragic incident in Galwan on 15 June 2020. This time, though, the PLA surreptitiously moved to occupy key terrain features/locations and relied upon just-sufficient backup of ‘hard power’ in the proximity to deter escalation.

Inevitably, there is a changed character of LAC with differing distance buffer-land (moratorium on patrolling) agreed upon, creating a kind of belt of actual control. China's push for patrolling moratoriums at the key decision points along the LAC in Aksai Chin will suit the PLA as they had found the chance fisticuffs and stand-offs difficult to deal with for over a decade. Evidently, the Chinese had conceived a strategic game plan for the entire eastern Ladakh border, and it was nothing like the simple salami-slicing in the South China Sea or targeting a few friction points. Eastern Ladakh and Aksai Chin will thereafter be separated by a benign belt, laterally separating the PLA and the Indian Army troops.

The inference is that where the forces exist today should be treated as firm dispositions and normal border management control should commence there. After the December 2022 clash at Yangtse near Tawang, it is apparent that the PLA probes to find weaknesses in the LAC management posture by the Indian Army units will continue, and the PLA might attempt to take advantage where feasible. This is singularly true also for the Central Sector. There are disputed areas in the central sector like Shipkila, Palumsumda/Nelang, Barahoti and others. There is fundamental divergence in the positions of the two sides. India believes that as long as peace and tranquillity is not restored in border areas and the state of borders remain ‘abnormal’, the overall India–China relations too cannot return to ‘normal’. On the other hand, China is seeking to delink the issue of peace and tranquillity in border areas from the usual course of the development of international relations. If borders are not precise and taken seriously, conflicts will result from transgressions by the PLA.

It is becoming evident for India that building consensus on border resolution will remain elusive and the trust deficit will remain for a long time. Invariably, peace will be guaranteed by the Indian Army retaining strong positional deployments and denying further incursions, while ensuring availability of strong reserves in proximity and deterrence by Indian Air Force and Indian Navy.

THE ARMY'S LONG MARCH: COUNTDOWN TO 2027 CENTENNIAL

KEYNOTE ADDRESS BY LT. GEN. S.L. NARASIMHAN

(Former Director General, Centre for Contemporary China Studies and Adjunct Professor, National Institute of Advanced Studies, Bengaluru)



Concept of talk by ORCA

The road to modernising China's armed forces into a world class fighting force is signposted by several goals and milestones like the 2027 Centennial, which marks the 100th Anniversary of the founding of the People's Liberation Army (PLA). The PLA's multifaceted modernization includes a large-scale reorganisation of the PLA's institutions, processes and systems to optimise coordination, efficiency and joint operations capabilities. The role of SOEs in its military industrial complex is also crucial in achieving self-sufficiency in the PLA modernization. The reorganisation of Military Regions into Theatre Comm-

ands, application of military technologies, effects of civil-military fusion and enhancement of interoperability between the tri-services also pose several pressing questions about the strength of China's military and the status of its transformation. Evaluating the progress of modernization and its shortcomings is a necessary step in determining the future of India-China confrontations along the Line of Actual Control (LAC). Further, it is also important to study personnel responsible for driving China's military modernization efforts given Xi's recent anti-corruption drive across the PLA institutions. This Keynote will analyse the achievements and shortcomings of PLA modernization efforts, evaluate the feasibility of achieving the 2027 centennial goal, infer its impact on China's security dynamics with India and attempt to forecast what lies ahead for China's military in the decade to come.

PLA's reforms started much earlier than the reforms it undertook in 2016. However, in this presentation, the assessment has been done only of the reforms of 2016. One needs to understand that 2027 is not the year for completing the modernization of the PLA but to complete its mechanisation and Information and Communication technology implementation.

The 2016 Reforms, hereinafter called the Reforms were done by the PLA under six headings. Changes to the Higher defence organisation, also called above the neck reforms involved removing the four general departments (Political, General Staff, Armament and Logistics) and subsuming them into the Central Military Commission (CMC). The creation of a Ground Forces Headquarters that was hitherto nonexistent, was the second reform. The third one was the creation of five theater commands from the seven military regions that covered the geographical area of China. Fourth reform was converting the PLA Rocket Force (PLARF) that was considered to be an arm into a full service. This reform did not materially affect the functioning of the PLARF but it brought it on par with the other three services namely army, navy and the air force. The fifth one was the creation of a PLA Strategic Support Force (PLASSF) and a PLA Joint Logistics Support Force (PLA JLSF). The PLA JLSF was created to provide integrated logistics support to all services and arms. The last of the reforms, that is the reduction of 300,000 personnel, was announced before the other reforms. However, it was completed by the end of 2017.

The effect of these reforms was that the PLA reduced one layer of command, thereby enabling decision making faster. However, it brought the CMC into day-to-day functioning. The dichotomy is that while the reforms were meant to decentralise the command and control and ensure integrated joint operations, the new organisation structure has contributed towards centralisation.

One of the outcomes of these reforms is abolishing the divisional structure of the fighting formations and converting them into combined arms brigades (CABs). Initially, there was only one type of CAB. Later, they were modified to light, medium and heavy CABs to cater various terrains in which they need to operate. Another reform was the reorganisation of the airborne corps. The erstwhile 15 Airborne Corps was converted into six airborne brigades from the three airborne divisions that it had. PLARF saw rapid expansion post the announcement of the reforms. 10 brigades were added in two years from 2017 to 2019 and ambiguity in the nuclear posture was brought in by having both nuclear and conventional missile warheads in six rocket brigades. Additionally, a Fractional Orbital bombardment system has been tested by the PLARF that will pose challenges for the defender.

PLASSF ceased to exist on 19 April 2024. It was converted into three separate forces, all of them reporting directly to CMC. These forces are the Information Support Force, Aerospace Force and Cyber Space Force. Their roles are corresponding to the Space Systems department, Network Systems department and the Information and Communications Bureau existing as part of the PLASSF. Additionally, the psychological operations are expected to be a part of the Cyberspace Force. China has been expanding her psychological operations capabilities particularly in Hainan and South China Sea. China has also been inducting new psychological operations equipment into its inventory.

China's Space programme is worth looking into. It has made tremendous progress in the number of satellites in operation, significant advances in launch capabilities, Beidou navigation system, quantum and nano satellites and anti-satellite capabilities. It is now moving towards establishing its own space station, carrying out deep space research and harnessing solar power from space.

An assessment of the reforms and training carried out by PLA reveals that the PLA is increasingly relying on ICT and mechanisation. The latter will pose problems for the PLA when it has to operate in mountainous terrain. PLA has increased the number of exercises that it carries out in high altitude terrain. PLA is practising operating in a heavy electromagnetic environment. PLA seems to be getting ready for nonlinear operations with its emphasis on simultaneity of operations using ground forces, air force, Special Operations Forces, Unmanned Combat Aerial Vehicles, Army Aviation & Airborne Troops. The PLA is increasing its capabilities in information warfare and space operations. With its increasing number of ships, the PLA navy may increase its presence in the Indian Ocean Region in the near future. However, development of naval tactics is still a work in progress. There is an increased effort by the PLA Navy on Maritime Domain awareness and Underwater Domain Awareness. PLA Air Force is improving its datalinks and thereby, its ability to communicate between various aircraft. PLARF is concentrating on mobility, increase in payload and quick re-deployment. PLA seems to be catering for third party intervention in its planning and preparation.

Overall, the massive structural reforms that the PLA is undertaking seem to be on track. However, it will take some time and effort to complete the same.

RESTRUCTURING XI'S ARMY: A STRATEGIC EVOLUTION

EXPERTS' DIALOGUE



Concept of talk by ORCA

Xi Jinping's restructuring of China's military has resulted in broad personnel changes to the leadership structures of the PLA, PLAN, PLAAF and military institutions like the Central Military Commission and Ministry of Defence. Moreover, Xi has integrated discipline inspection agencies into the military to strengthen party control, elevated the importance of support forces like the Information Support Force and Rocket Forces and prioritised the conduct of multi-domain joint operations. The importance of support forces is also complemented by an emphasis on "Three Warfares" (public opinion, psychological and legal warfare).

All these changes initiated by Xi Jinping, transform the CMC into a "war cabinet", which have profound implications for the world, particularly for India and Taiwan who grapple with China over contested borders and territory. This Experts' Dialogue will analyse the strategic evolution of the PLA, study the challenges of restructuring China's armed forces and measure the impact of technologies like drones and network capabilities, which would greatly enhance understanding of the PLA's efforts to alter the balance of military power in Asia and around the world.

DR. ROSHAN KHANIJO - MODERATOR

(Assistant Director (Research), The United Service Institution of India)

CPC'S CIVIL-MILITARY FUSION TO BECOME "WORLD CLASS MILITARY" BY 2049 | IMPLICATIONS FOR INDIA

The restructuring of the People's Liberation Army (PLA) under President Xi Jinping is fundamentally changing how China approaches its military strategy. A key element of this transformation is the concept of civil-military fusion (CMF), which aims to integrate civilian innovations into military capabilities. This shift signifies a move from traditional warfare tactics to what is termed "intelligence warfare", where advanced technologies like artificial intelligence (AI), automation, quantum computing, and cloud computing take centre stage.

Historically, efforts to merge civilian and military sectors began in the 1980s, but they have evolved significantly in recent years. The 13th Five-Year Plan emphasised the importance of technology and innovation, focusing on areas such as advanced electronics, robotics, biotechnology, and future networking. By partnering with foreign companies, China is not only advancing its technological prowess but also ensuring that these innovations are funnelled into enhancing its military capabilities.

This integration has broader implications for regional and global security. As China continues to strengthen its military through these advancements, neighbouring countries are increasingly wary of its growing assertiveness, especially in the Indo-Pacific region. The blending of civilian technology into military strategies can be seen in sectors like aerospace and cyber warfare, showcasing China's

commitment to maintaining a competitive edge. In summary, the evolution of the PLA, driven by civil-military fusion and a focus on technological superiority, is reshaping China's military landscape. This transformation not only influences China's defence posture but also poses new challenges for stability in the region and the world.

BRIG. SANAL KUMAR

(Former Deputy Defence Attaché in the Indian Embassy in Beijing, China)

TRI-SERVICE ORGANISATIONAL REFORMS IN PLA, PLAN, PLAAF - PERSONNEL CHANGES IN PLA AND MOD - CCDI WITHIN PLA - CMC 'WAR CABINET' - TAIWAN AND INDIA FOCUS - INTEGRATION OF COMMAND STRUCTURES FOR MULTI-DOMAIN JOINT CAPABILITY

China, and the PLA, has traditionally “cut its coat according to the cloth”, trying to optimise utilisation of what it deemed to be its strengths in meeting its strategic goals. In the early days of the People's Republic of China (PRC) and the People's Liberation Army (PLA), China was deemed to face threats from the rest of the world resulting in “total wars” not excluding invasion of its homeland, resulting in the formulation of the “People's War” strategy where the great depth available on the mainland would be used to draw in an enemy, and the trained and motivated cadres of the PLA would then set upon them to achieve victory. This transformed into the strategy of “People's War under Modern Conditions” as the Soviet threat was perceived, and the need to fight forward to prevent loss of key territory was felt. Many years later, Deng Xiaoping made the confident conclusion that a “total war” would be unlikely, and the strategy was modified into “Limited War” first, then “Limited War Under Modern Conditions”, and, in the immediate aftermath of the First Gulf War and the War over the former Yugoslavia into “Limited War Under Hi-Tech Conditions”. As war-fighting capabilities have been demonstrated elsewhere, and as China's post-Deng transition into the manufacturing and technology development hub of the world evolved, the strategy can be seen progressing towards “Wars under Conditions of Informationization” and “Wars under Conditions of Intelligentisation”.

David Finkelstein has remarked about reforms in the PLA thus: “the guts of this enterprise is aimed at enhancing the PLA's capability to conduct a type of war that it has never fought before”. As seen from Chinese media, exhortations are being made for “Preparations for Military Struggle” so that the PLA may fight and win informatised local wars and maritime military struggles. Conceptually, the PLA under Xi is preparing for a joint fight, integrating all the PLA's services and capabilities, in a conflict where technology and information is dominant, in traditional and non-traditional spaces such as maritime, aerospace, cyber, outer space and the electromagnetic spectrum.

All the reforms that China and the PLA have undertaken in recent days can be seen as showing the rest of the world that China is hard at work to overcome perceived weaknesses in technologies affecting weapons and systems, as well as in institutions, to include organisations, people and processes. Thus, organisations have been restructured, from battalions, regiments and divisions to form combined arms (CA) battalions, more agile and responsive CA brigades, CA corps and Theatre Commands with specific geographic areas of operational responsibilities; control structures have been flattened, removing intermediate HQ and reorganising the higher direction of war by creating clear lines of operational, force provision and logistics, as well as strategic authority, right up to the Central Military Commission.

Considerable emphasis is being given to provision of “enabling” factors and technologies that may give the average PLA soldier dominance on the battlefield of the future, in any of the spaces identified earlier. The Chinese “three warfares” apparatus seeks to impress the rest of the world including potential adversaries with the development, capabilities and provisioning of enabling factors to the troops in the field. These include the full range from sustenance (in terms of better living and sustenance in difficult terrain) to information (multiple levels of space-based ISR capability) and cognitive dominance, all to give the PLA confidence in “winning” the next war. As other armed forces have learnt to their chagrin and occasional peril, absorption and optimal use of such technologies on battlefields are long calls with many a pitfall along the course needing modifications, especially for an armed force with a large component of conscript soldiers.

Xi and his team in the Chinese Communist Party take pains to ensure tight control over the PLA, and not only through the political commissar system. Each plenum of the Party witnesses reaffirmation of the PLA's unquestioned (and unquestionable) allegiance to the Party and its Chairman, Xi Jinping. Repeated criticisms of “insidious foreign propaganda, targeting the people and the PLA” are efforts to create an impression that the PLA is an “army of the nation” as against “an army of the CCP”, seeking to reinforce the CCP's control over the armed forces.

DR. AMRITA JASH

(Assistant Professor, Department of Geopolitics and International Relations, Manipal Academy of Higher Education)

CRITICAL ROLE OF SUPPORT FORCES (CYBER, SPACE, INFORMATION - HYBRID WARFARE) - SSF TO ISF TRANSITION - PERSONNEL CHANGES IN ROCKET AND SUPPORT FORCES AND HOW IT SUPPORTS BROADER PLA GOALS - SAN ZHANG (PSYCHOLOGICAL, MEDIA AND LEGAL WARFARE STRATEGIES) - IMPACT FOR INDIA AND TAIWAN - NETWORK-CENTRIC OPERATIONS AND DRONES - CHALLENGES TO RESTRUCTURING

In April 2024, the Central Military Commission (CMC) of the People's Liberation Army (PLA) announced the formation of a new Information Support Force (ISF)- resulting in the dissolution of the PLA's Strategic Support Force (SSF), which was established in 2015. Apart from the creation of the ISF, SSF's Aerospace Systems and Network Systems departments were re-designated as the Aerospace Force (ASF) and Cyberspace Force (CSF), respectively- all three bodies now report directly to the CMC. With this new restructuring, the PLA now counts 'four services' (the army, navy, air force and rocket force) and the four arms (ISF, ASF, CSF and the Joint Logistics Support Force [JLSF]).

This dissolution of the SSF and branding of the ISF needs to be seen in the context of the PLA's broader goals of becoming a "World Class Military" by mid-century and "military strategic guidelines for the new era" which calls for the shift towards "intelligentisation", by leveraging disruptive technologies in military applications. In the words of Xi Jinping, "information support force is a new, strategic branch of the military and a key pillar in coordinating the construction and application of the network information system", while Xinhua states that, "it will advance the military's high-quality development and competitiveness in modern warfare."

In this regard, the ISF can be linked to the Three Warfare Strategy, especially in carrying out psychological warfare. This can be understood in two ways: First, disinformation campaigns, where the ISF coordinates disinformation efforts aimed at destabilising adversaries, influencing foreign governments, and creating internal divisions. This involves the spread of false narratives through social media platforms and traditional media outlets to influence public opinion. Second, perception management, where China uses the ISF's PSYOPS capabilities to manipulate narratives surrounding geopolitical events, such as border tensions such as the India-China border or conflicts in the South China Sea, East China Sea and Taiwan - to present a more favourable image of its actions against the adversaries.

Apart from ISF, what deems attention is the creation of a designated cyber arm for the PLA (such as the US Cyber Command)- the Cyberspace Force. Here, the core lies in fighting a modern war that is information-based, and network-centric, with cyberspace as the new battleground. In China's view, the CSF is created against the threat of 'cybersecurity', as China's Ministry of Defence has clarified:

"Cyber security remains a global challenge and poses a severe threat to China. Developing the Cyberspace Force and cyber security and defence means are important for reinforcing national cyber border defence, promptly detecting and countering network intrusions and maintaining national cyber sovereignty and information security. We actively advocate building a cyberspace featuring peace, security, openness and cooperation and are committed to working with the international community to jointly build a community with a shared future in cyberspace."

What does this new strategic restructuring of the PLA imply? China today is perceived to be a grave 'cyber threat', as stated by the Director of National Intelligence's 2024 Threat Assessment (US):

"China remains the most active and persistent cyber threat to the US Government, private sector, and critical infrastructure networks. If Beijing believed that a major conflict with the United States were imminent, it would consider aggressive cyber operations against US critical infrastructure and military assets. Such a strike would be designed to deter US military action by impeding US decision-making, inducing societal panic, and interfering with the deployment of US forces."

In 2023, US Cybersecurity and Infrastructure Security Agency (CISA) Executive Director Brandon Wales called China "the number one geostrategic challenge for the United States, both broadly and then absolutely within the cyber realm". Given these assessments, one needs to ask: What kind of threat do we anticipate with this restructuring?

Here, the answer is 'cyber threat', where the PLA carries out cyber-attacks, cyber-enabled espionage and influence operations, that can cause disruption and destruction below the threshold of war to coerce its adversaries. In this regard, the PLA can conduct offensive cyber operations, aimed at crippling or disrupting the networks of adversaries. This could include targeting military command systems, critical infrastructure, and financial networks to hinder military response times or weaken the opponent's ability to sustain a prolonged conflict. The other involves the PLA engaging in large-scale cyber espionage, stealing sensitive information from government, military, and private sector entities. This gives the PLA insight into adversary planning and capabilities while enabling industrial espionage to accelerate China's technological advancements.

Chinese cyber activities are already noted, such as in February 2023, the US shot down a Chinese spy balloon' in March 2024, the Five Eyes, issued a warning about 'Volt Typhoon's' (China's state-sponsored hacker group) activity targeting critical infrastructure- which China has denied. Owing to this anticipation, the vulnerability lies in the critical infrastructure- which as per the US definition entails:

"systems and assets, whether physical or virtual, are so vital to the state that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters."

Unlike the US, China calls it the critical information infrastructure, as stated in Article II of the regulation passed by the State Council of the People's Republic of China in 2021:

"Important industries and fields such as public communication and information services, energy transportation and energy conservancy, finance public service and e-government, science, technology, industries for the national defence and other facilities, and information systems that, once destroyed, lose functions, or have data leaks, might seriously endanger national security, the national economy, the people's livelihood, or the public interests."

The danger remains that Beijing would likely consider hacking military targets and critical infrastructure of its adversaries. In this respect, China's adversaries, which include India remain vulnerable to China's cyber offensive capabilities- posing a direct threat to the critical infrastructure, including its power grid, banking system, and military networks. Thus, the wisdom lies in being cyber combat-ready to counter the China threat.

CHINA'S MARITIME POWER IN ACTION IN THE IOR

ROUNDTABLE



Concept of talk by ORCA

China's rapidly growing maritime power projection capabilities are increasingly visible in the Indian Ocean Region, a space of enormous significance for trade and security. Driven by blue water ambitions for its Navy, China's presence is characterised by deployments for anti-piracy and surveillance operations, investments into ports and dual use infrastructure, non-traditional security threats posed by fishing fleets and diplomatic engagements with small island states. China's expanding maritime presence in the IOR is supported by modernization and security strategy of the PLAN outlined in China's 2015 Maritime Security Strategy document.

These interests and engagements in India's maritime backyard and the Indo-Pacific's most important domain have introduced complexities and challenges for regional security dynamics of the region. This growing presence of China has brought the IOR to the centre of the Indo-Pacific, further highlighting the importance of rules-based order in the region. Scholars and practitioners in this Roundtable will explore the scale and depth of China's tangible maritime power projection capabilities in the IOR and analyse its impact on stakeholders, dynamics and stability of regional security.

CMDE. C. UDAY BHASKAR - MODERATOR
(Director, Society for Policy Studies)

PLAN'S MODERNIZATION FOR AN EXPANDED MILITARY FOOTPRINT | IOR CENTRALITY IN THE INDO-PACIFIC

The discussion centred on the ancient Chinese concept of Zhongnanhai and its connection to maritime power, exploring the interplay between power, culture, and the maritime domain while acknowledging time constraints that limited a deeper analysis. Over the past two decades, China's maritime presence has grown, particularly in response to piracy in the Indian Ocean Region (IOR). This trend illustrates China's strategic use of power and its historical maritime ambitions, which date back to the 15th century. The historical context of China's maritime power is crucial for understanding current geopolitical dynamics.

CAPTAIN SARABJEET S. PARMAR (RETD.)

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PROJECTING POWER IN THE INDIAN OCEAN REGION: FROM SURVEILLANCE TO ANTI-PIRACY

Surveillance is one of the foremost activities that a nation seeking the position of a global maritime power will undertake. In China's context the term can be viewed in two parts. Firstly, the traditional definitions of surveillance, and surveillance as an important subset of Maritime Domain Awareness (MDA) along with Intelligence and Reconnaissance. Surveillance can be considered to cover four parts of the spectrum. Space, surface and air surveillance provides situational awareness of the position from the sea and land surface upwards. The sub-surface part of surveillance, due to the nat-

ure of the underwater domain, is more challenging. Second is the part that opens doors for a better understanding of the dynamics of distant maritime environments where the PLAN would operate in the future. These dynamics include understanding the region's maritime security environment and the related nuances of regional and international cooperation, and most importantly the chance to operate in the proximity of other navies, especially western, and study their operating philosophies.

Piracy off the Horn of Africa offered that opportunity, and China has taken full advantage of this opportunity which has resulted in a high level of confidence in the PLAN to operate in 'Far Seas'. This is a path which started from the deployment of the first Anti-Piracy Escort Force (APEF) in December 2008, a deployment after a gap of around five centuries. Any earlier such operational deployments can be traced back to the 15th century when the Ming dynasty sailed a succession of fleets across the Indian Ocean, reaching out to South and West Asia, and the east coast of Africa. The PLAN's preparation included teaching English to a select part of the ship's crew and selection and training of select persons in international maritime laws, especially UNCLOS. Some of these personnel were brought in from other services and made to attend maritime law courses abroad. One of the major qualifying requirements was a good command over English. The first APEF sailed with a trained officer whose task it was to advise the APEF Commander on issues related to maritime law and operations. Subsequent deployments saw around a third of the ships and crew rotated. As the APEF consisted of three to four ships operating in the area for three to four months per deployment, the task was made easier with time and the 'bench strength' of the PLAN grew with time. As the PLAN gained confidence in operating in an international environment addressing a common global threat it also ventured into other international cooperative mechanisms like the escort of world food programme ships. Although PLAN operated alone, the confidence in operations and logistics supply grew and an APEF on completion of the deployment sailed around the globe and was out of home port for around 307 days.

As the understanding of the dynamics of the region's security environment grew, the PLAN's presence in the Indian Ocean gradually increased. A better combined air, surface and subsurface picture at the strategic, operational, and tactical levels is important for the PLAN for deployment, especially for its carriers and nuclear submarines in the region. Surveillance through inputs from space, air and surface assets provides a clear situational picture and enhances the development of maritime domain awareness. Of late there has been an increase in the presence of Chinese Research Vessels (CRVs) in the IOR for the conduct of underwater surveillance or marine surveys. There have been reports that these CRVs have containers in which they grow vegetables, this along with the cold and cool room storage facilities are adequate to feed the 100-member team of crew and scientists/technicians onboard. Therefore, these CRVs can therefore be deployed for months without a need for stocking or refuelling as the propulsion is electrical. The docking of the ship at ports, especially friendly ports, would specifically be a form of strategic signalling while also catering for rest and recreation time for the crew.

UNCLOS provides for complete freedom of research and survey activities in the high seas, and in the Exclusive Economic Zone of another state the permission of that coastal state. These CRVs deploy underwater survey equipment and gather the required information as per predetermined patterns. Hence, it will be easy to monitor their deployments, but no action can be taken against the CRVs in the high seas. This sort of surveillance provides inputs for the deployment and operations of Anti-Submarine Warfare assets and submarines, especially nuclear, and specifically SSBNs.

Such surveillance and deployments greatly aid the development of PLAN's four core operational capabilities. These are Integrated Near Seas Operations, Far Seas Mobile Operations, Strategic Deterrence and Counter Strike, and Amphibious Operations. The combination of these four capabilities enhances the power projection capability of the PLAN, from the near seas outwards and therefore have implications for security in the Indian Ocean Region.

CMDE. SESHADRI VASAN (RETD)
(Director General, Chennai Centre for China Studies)

CHINESE DUAL-USE PRESENCE IN THE IOR: BETWEEN PORTS, SUPPORT BASES AND SUSPECTED OUTPOSTS

Before dwelling on China's specific methodology of using dual use options through ports, investments, bilateral agreements, BRI and other means, it would be necessary to understand the larger plot which will enable better appreciation of the intent behind such initiatives. Having clearly understood that to be a global power, the sea legs have to reach out to far seas, China started work-

ing at many levels of building Comprehensive Maritime Power (CMP). To be able to assert its political/military/strategic prowess China understood that in addition to the land, cyber, and air power it needed to build strong constituencies along the maritime corridors. It was appreciated that the only way to be powerful is to invest in the maritime domain which would provide the options for application of maritime power as may be required both during peace and during hostilities. It was appreciated that presence and posturing was an important component of power projection and there was no hesitation on part of the leadership to invest in the ports, connectivity, energy and other developmental activities in developing countries in areas of interest across continents. There are legitimate areas of interest in the IOR mainly due to the need to protect ships that are engaged in serving energy security objectives of a heavily dependent China and also in promoting EXIM around the world.

China has set its sights well beyond its shores more so in the maritime domain which is considered of critical importance for an aspirational power which is working to be a reckonable global power on par with the USA if not overtake them as the number one power. The white paper on use of the far seas came out in 2015 and China has used all opportunities to ensure that it remains ahead of the curve. While there are many instruments of intelligent dual use applications in the maritime domain, it is important to unravel the larger implications of such initiatives in the IOR and the far seas, as it is this long term goal that dictates the means and methods to be employed in areas of strategic interest.

Even before the issuance of the white paper, the People's Liberation Army (PLA) Navy used the anti piracy patrols along the African coast to understand the weather, traffic pattern, hydrography, bathymetry and the concept of operations of other navies and coast guards. That as of date more than 360 anti piracy patrols by combat vessels of the PLA Navy have been undertaken and ongoing, is indicative of the long term objectives to be a relevant maritime power in the region.

In more recent times the extensive use of dual use research vessels, space assets including dual use weather balloons, research vessels and merchant/fishing fleets has contributed to building up of databases to equip and serve the future needs of the PLA Navy.

This also includes data collection, collation and analysis for designing sensors and weapons in different areas of operation. The investments in ports in Bangladesh, Sri Lanka, Pakistan, Myanmar and other African countries as part of the BRI has to be seen in the light of the strategic objectives of China to be a reckonable Extra-Regional dominant Power in the IOR. The investments in other ports such as Gwadar, Hambantota and ports in Bangladesh and Myanmar while on the surface is about promoting maritime interests, the dual use ports would provide the necessary facilities for stage through operations and even for mounting offensive/ clandestine operations using submarines and Unmanned underwater vessels as and when the situation so demands. The Maritime Silk Road as part of the BRI came handy in multiple ways. Firstly, it allowed the surplus capacity to be exported by way of so-called developmental assistance. The BRI investments were totally one sided as the recipient countries had little say in the way the projects were undertaken. The opacity of the contracts made it difficult for any scrutiny. The only way to find out was when the countries were driven to debt trap as in the case of Hambantota.

The only military naval base in Djibouti is expected to serve the interests of PLA Navy units which were on patrol along the African coast. Even the use of satellites for promoting the common good of the developing countries can be clubbed under the category of dual use application. The modern day satellites have the ability to not only assist in town planning, mapping green cover and provide telemedicine but also provide required intelligence to the Chinese space establishment on building up necessary data for future use.

The fishing fleets of China are operating in far seas and have been frequently violating the EEZ of other nations. The inability of the developing countries to mount effective surveillance is a hindrance in preventing incidences of IUU. There are reports of these vessels carrying scientific equipment to map the oceans and to record the observations.

In conclusion, it can be inferred that China is working on shoring up its overall maritime capacity and capability by investing heavily in the related infrastructure in ports and connectivity. China has used all opportunities for application of dual use assets for carefully building up its database for future use. That these would be handy in any future conflict is a grim reality and needs to be factored by the regional navies in IOR. Close monitoring of the activities by heightened surveillance and intelligence while having response mechanisms is inescapable if countries in the region have to protect their sovereign interests.

DR. MA BO

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CHINA AND SIDS: WHOSE SECURITY AND WHOSE SAFETY?

China views the United Nations (UN) as the backbone of the international order. With 39 Small Island Developing States (SIDS) members in the UN, representing around 20% of the UN General Assembly's total membership, these countries collectively possess significant voting power and voices of the Global South. For instance, 28 out of these 39 SIDS supported China's stance on human rights issues in the Xinjiang region and its "One China" policy. This demonstrates how maintaining strong diplomatic ties with SIDS is crucial for China in securing support for its policies on the international stage.

As China's economic and military capabilities continue to grow, it recognizes the need to establish strategic geopolitical and military deterrence toward potential rivals. This has led to the development of the "String of Pearls" strategy, where China has invested heavily in ports and infrastructure in countries around India, such as Sri Lanka (Hambantota Port) and Pakistan (Gwadar Port) and the Maldives. These investments serve not only economic purposes but also as strategic footholds, potentially providing China with leverage in the Indian Ocean Region, thereby acting as a deterrence against India's influence.

Similarly, China's increasing engagement with South Pacific nations, such as the Solomon Islands and Papua New Guinea, can be viewed as an effort to counterbalance Australia's influence, especially since Australia has aligned itself more closely with the United States on matters like the South China Sea disputes. By establishing diplomatic and economic ties with these island nations, China aims to strengthen its presence and influence in the South Pacific region, thereby creating a strategic buffer against potential challenges from Australia.

This growing engagement offers China a way to balance the influence of countries like Australia and the United States, which are increasingly active in the Indo-Pacific.

China's "String of Pearls" strategy has seen over \$11 billion invested in port and infrastructure projects in countries surrounding India, such as Sri Lanka, Pakistan, and the Maldives. The Hambantota Port in Sri Lanka alone received a \$1.4 billion investment, serving both economic and strategic purposes.

In the South Pacific, China has increased its aid and investment, reaching approximately \$1.5 billion between 2011 and 2020, making China the second-largest aid donor in the region after Australia.

Deterrence vs. Economic Sanctions

China views economic sanctions approach as less effective and potentially more costly to its own economy due to the interdependence of global trade networks. Instead, China opts for strategic engagement with SIDS, leveraging investments, infrastructure development, and diplomatic ties to build alliances and establish geopolitical deterrence. This strategic choice enables China to avoid the economic drawbacks associated with sanctions while effectively counterbalancing the influence of potential rivals like India in the Indian Ocean Region and Australia in the South Pacific. By investing in these regions, China secures long-term partnerships that are more sustainable and mutually beneficial, offering a stable alternative to the uncertainties and adversities of sanction-based approaches.

What SIDS Can benefit from China

Economic Interests: Ports and Dual-Use Infrastructure:

China's investment in SIDS under the BRI exceeded \$2 billion by 2023, with key projects including the Solomon Islands infrastructure development (\$825 million) and port projects in Papua New Guinea and Fiji. These investments have resulted in the creation of over 10,000 jobs across SIDS and improved trade connectivity, leading to a projected increase in GDP for participating countries by up to 4% annually. The Hambantota Port in Sri Lanka, while originally facing financial challenges, has started generating annual revenues of \$10 million since being leased to China, demonstrating the potential long-term economic benefits of such partnerships.

In response to China's engagement, countries like India have increased their aid to the Maldives, reaching \$1.4 billion in credit lines in recent years, and Australia pledged an additional \$500 million in aid to the South Pacific in 2022. This competition has allowed SIDS to leverage China's presence to gain better terms and more options in their international engagements, enhancing their ability to assert their own interests.

The opening of two new U.S. embassies in the South Pacific (the Solomon Islands and Tonga) in 2023 marks the first expansion of U.S. diplomatic presence in the region in over three decades, demonstrating how China's engagement has drawn renewed interest and investment from other global powers. Additionally, the U.S. announced an aid package of \$600 million for SIDS in the South Pacific from 2023 to 2025, signalling a more competitive and beneficial environment for these countries.

The Next Steps Going Forward

China's experience with large-scale land reclamation, exemplified by its addition of over 3,200 acres of artificial land in the South China Sea since 2014, could be used to support SIDS facing challenges from rising sea levels and climate change. According to UN data, more than 50% of the population in SIDS is at risk from sea-level rise, making China's expertise valuable for their adaptation efforts.

China has invested over \$500 million in healthcare, education, and climate resilience projects across the South Pacific, signalling its commitment to the well-being of these nations. This aid includes the establishment of hospitals, schools, and infrastructure projects designed to improve living standards, reinforcing China's position as a non-colonialist partner focused on development and mutual prosperity.

Engaging with India through platforms like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), which involves 7 countries and a combined GDP of \$3.5 trillion, could help China build positive relations and jointly address regional issues. Similarly, participating in the Pacific Islands Forum (PIF), which represents 18 member countries with a combined population of over 10 million, allows China to work with Australia and other regional powers to address shared concerns like climate change and sustainable development, fostering a more inclusive and harmonious regional environment

CAPTAIN ABHIJIT SINGH

(Senior Fellow and Head, Maritime Policy Initiative, Observer Research Foundation)

IOR IN PLAN'S MARITIME SECURITY STRATEGY

China's maritime strategy reveals a significant evolution in the quality and frequency of its naval deployments in the Indian Ocean Region (IOR). Over time, the number of Chinese warships operating in the area has gradually increased, with instances now where China has sent as many as five warships simultaneously. Notably, recent deployments have included large amphibious warships like the Type 71 and Type 75, as well as sophisticated destroyers and frigates, such as the 052D and 054A. This incremental approach in military presence aims not to alarm regional players but to advance China's interests subtly.

China's strategy also reflects a nuanced understanding of regional dynamics, particularly from India's perspective, which views these actions through a lens of scepticisms. The presence of Chinese naval forces is seen as a form of subtle coercion, part of what some refer to as a grey zone strategy. This method allows China to exert influence without escalating tensions overtly, operating in the space between diplomacy and military action. The psychological and cognitive elements of maritime strategy play a crucial role in this case, shaping perceptions and responses among neighbouring countries.

China's Maritime approach is characterised by its iterative nature, emphasising gradual changes that avoid provoking local or regional states. This strategy was not prominent in Chinese discourse regarding Indian Ocean interests until around 2015, following the establishment of a white paper that articulated China's goals for "far seas protection." This shift marked the beginning of a more assertive Chinese presence in the IOR, exemplified by the establishment of a military base in Djibouti and reports of naval facilities being developed in Bangladesh, Cambodia, and the UAE. These dual-use structures, while not overtly military, could serve military purposes if required.

The idea of stakeholder ship in the region is central to China's strategy, where it seeks to present itself as a cooperative partner rather than an aggressor. This aligns with the concept of multinational diplomacy, whereby China aims to foster collaborative relationships while gradually enhancing its military footprint. By doing so, China creates a perception of inevitability regarding its presence in the region, suggesting that local states must adapt to this new reality.

Another critical aspect of China's maritime strategy is the integration of civil and military components, often referred to as civil-military fusion. While there may not be an official document outlining China's maritime strategy, the components involved suggest a composite approach that extends beyond mere military capabilities. The strategy encompasses various elements, including port development, shipbuilding, intelligence gathering, and maritime surveillance. This multi-faceted approach reflects a coordinated effort to enhance China's maritime presence and capabilities, leveraging all available resources in parallel.

The concept of parallel functioning resonates with philosophical discussions about the integration of mind and body. Just as an intelligent mind utilises all its faculties simultaneously, China's maritime strategy effectively employs multiple dimensions—military and non-military—working together to establish a strong presence in the region. This organic need for China's involvement is reinforced by the desire of regional states, such as Sri Lanka, Bangladesh, and Myanmar, for Chinese investment and support.

In summary, understanding China's maritime strategy requires looking beyond traditional military assessments. It encompasses a range of strategic dimensions that work in concert to secure China's interests while minimising regional apprehension. This holistic approach positions China as an indispensable player in the Indian Ocean Region, shaping the geopolitical landscape through a combination of soft power and strategic military presence. As China continues to evolve its maritime capabilities, the implications for regional security and dynamics will be significant, necessitating a nuanced response from neighbouring countries and global powers alike.

DR. POOJA BHATT

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SILENT NETS: CHINA'S IUU FISHING AS A NON-TRADITIONAL SECURITY THREAT TO THE IOR

IUU Fishing poses serious social, economic, and environmental threats globally. However, when looked closely, the issue is more complicated for various reasons, and therefore, addressing it is the multi-layered, multi-agency approach.

Whether the IUU fishing in the Indian Ocean needs to be seen as a non-traditional security threat depends upon the following issues and perspectives:

1. The definition of the IUU fishing: It refers to three different but inter-related issues related to fisheries:

a. Illegal fishing refers to activities conducted by national or foreign vessels in waters under a State's jurisdiction without that State's permission or in contravention of its laws and regulations.

b. Unreported fishing refers to fishing activities that have not been reported, or have been misreported, to the relevant national authority, in contravention of national laws and regulations and

c. Unregulated fishing refers to fishing activities in the area of application of a relevant Regional Fisheries Management Organisation (RFMO) that are conducted by vessels without nationality, by those flying the flag of a State not party to that organization, or by a fishing entity in a manner that is not consistent with or contravenes the conservation and management measures of the coastal state.

This is the definition provided by the FAO under the 2001 FAO International Plan of Action (IPOA-IUU) to prevent, deter, and eliminate IUU fishing (IPOA-IUU), which is closer to the illegal fisheries' food and economic security approach. However, sometimes, fishermen and fishing boats are involved in other banned activities such as piracy, drug smuggling, gun running, and even human trafficking. Such crimes at sea are beyond the existing purview of the FAO and, therefore, obfuscate the issue further on legal grounds.

In India, just as in most Global South coastal nations, fisheries' is a delicate issue. At the economic level, fisheries are the main occupation for the coastal communities. The protein provided by seafood ensures the food and health security of these underdeveloped and developing nations. As fishermen communities also form strong voting constituencies across countries, they are also a part of social-political importance for the political stability of the nations. Even the subsidies provided by the nations to their fishermen to help them financially, are sometimes misused to undertake IUU fishing by local fishermen.

1. The Jurisdiction- The coastal State's jurisdiction on the issue of IUU fishing needs more attention. The nations have the power to catch and prosecute the fishermen of the same nationality with their EEZ and beyond. However, when it is fishermen of different nationalities and a foreign-flagged vessel in its EEZ or on the high seas, it becomes complicated for the coastal State to make a case against them. Moreover, the High Seas remain open for all to fish. Therefore, while countries can use their domestic laws, surveillance, and enforcement agencies within their EEZ, jurisdiction remains a grey zone. For example - A foreign fishing vessel will be fishing without a licence in Indian waters, which can be called poaching. However, if a country has an access agreement with another coastal state, then it is not illegal.

On the other hand, if the local fishermen's licence is for gillnet fishing and they use trawl net fishing, that will be local IUU as per the International Fusion Centre definition. In addition, licensing and registration apply to fishing vessels, not crew.

2. The Actors- it has been seen that many fishermen from certain countries, such as China, undertake illegal fishing in the EEZs of countries on different continents. They are also referred to as Distant Water Fishing Fleets. They are a source of security threats in two ways: firstly, they travel in hundreds and multiply the fishing activities in the High Seas, often cleaning out the seas in zones. They are backed by mother vessels that act as transshipment of catch and provide supplies to the fishermen that sustain them on the High Seas for a longer time.

On the other hand, fleets are empowered by their nation's constitution, such as in China's case, where they are also referred to as Maritime Militia and act as another force under the PLA. Retired servicemen board such fishing vessels, and the crew is civilian. It has been reported that these fishing boats switch off their Automatic Identification System (AIS) and can't be tracked by the authorities. When located just outside the EEZ of other nations, they can act as 'eyes and ears' for the PLA Navy. Several such incidents of Chinese fishing vessels outside the Indian EEZ for weeks have been reported in the open sources in the past. In such cases, IUU fishing takes another angle as a national security threat.

While national agencies such as IFC-IOR have been monitoring the cases of IUU fishing vessels within the Indian EEZ for both local IUU and poaching cases, the vessels in the High Seas are still a focus area. Moreover, India and its neighbours must work on domestic and regional mechanisms for legal, jurisdiction, and enforcement mechanisms to address the IUU fishing threat at the regional level.

SESSION 2: THE PRINCE AND HIS PARTY: POWER IN ITS PRIME?

KINGMAKERS OF ZHONGNANHAI

EXPERTS' DIALOGUE



Concept of talk by ORCA

Xi Jinping's rise to power in China and consolidation of his authority over the years has been supported by several people, both within the State-Party hierarchy and outside of it. While many of these officials work as the "face" of Xi Jinping in different Party and State positions, there are people who also work in the background to keep Xi and the CPC in power. Since Xi came to power in 2012, his emphasis on putting his loyalists in positions of power within the Party and State apparatus has helped him to strengthen control over policymaking and governance. Further, several Party organs such as the Propaganda department and Organisation department-

nt as well as security-related ministries are also instrumental in maintaining Xi's stronghold over power. On the other hand, Xi's family members and trusted advisors from his formative years are also important elements that help him stay in power. Xi's relations with Party elders and his loyalists from the younger generation also play a critical role in ensuring that Xi's power remains undisputed within China. This Experts' Dialogue will analyse these aspects to understand how the Party and Xi Jinping maintain power in China with the help of the network of personnel and institutions.

LT. GEN. S.L. NARASIMHAN - MODERATOR

(Former Director General, Centre for Contemporary China Studies)

HOW XI HAS RETAINED POWER? | WHO WILL XI BECOME THE KINGMAKER FOR?

Since Xi Jinping took office in 2012, he has implemented a systematic approach to consolidate power within the Chinese Communist Party (CCP) and the state apparatus, reshaping China's political landscape and reinforcing his position as a dominant leader reminiscent of Mao Zedong. One of Xi's first actions was to revive elements of the Mao era, signalling a return to the party's historical roots. This revival included symbolic gestures, such as visiting the original site of the party conference in Zunyi and reintroducing practices like self-criticism. By encouraging party members to engage in self-critique, Xi aimed to reinforce loyalty to party ideology and establish a culture of adherence to the party line, thus strengthening his control over the party.

Xi has also centralised power by leading around 15 influential small leading groups, which oversee various governance aspects, including finance, foreign affairs, and security. By taking charge of critical areas, such as the finance sector—previously managed by the Premier—Xi has centralised decision-making authority, diminished the power of other senior officials and enhanced his control over economic policy. This move illustrates his strategy to eliminate potential rivals and consolidate power in key governance areas.

A pivotal aspect of Xi's consolidation strategy is the introduction of the chairmanship responsibility system, which devolves significant authority to the chairman, making decisions and their consequences directly attributable to Xi. By assuming ultimate responsibility for both successes and failures, he has positioned himself as the central figure in Chinese governance, effectively minimising dissent and opposition within the party. Xi's extensive anti-corruption campaign has further solidified his power. Initiated shortly after he took office, this campaign has led to the investigation of approximately 4.7 million individuals across various government levels. By targeting both high-ranking officials and lower-level bureaucrats, the campaign serves two purposes: eliminating potential threats to Xi's leadership and instilling fear among party members. This strategic approach reinforces loyalty within the party and dissuades any potential challenges to his authority.

In addition to these measures, Xi has appointed trusted allies to key positions in party human resources management. Figures such as Zhao Lijian and Chen Xi, who are closely aligned with Xi, have been placed in influential roles to ensure that loyalty to Xi's vision is prioritised in appointments and personnel decisions. By surrounding himself with loyalists, Xi has insulated himself from dissent and established a supportive network within the party hierarchy. Xi's purges have also extended into the military, where he has removed several high-ranking officials. This strategy consolidates his power within the armed forces and signals to the military that loyalty to Xi is paramount. The removal of key figures within the military establishment demonstrates Xi's commitment to controlling all facets of state power and reducing the influence of potential rivals.

A crucial element of Xi's consolidation has been the cultivation of a cult of personality around him. He has established himself as the "core" of the party and enshrined his political ideology—Xi Jinping Thought on Socialism with Chinese Characteristics—into the party constitution. This ideological integration legitimises his authority and reinforces his role as the guiding force behind the party's direction. The incorporation of his thoughts into the constitution elevates his status to that of historical figures like Mao Zedong and Deng Xiaoping, further solidifying his position. The abolishment of term limits for the presidency in 2018 has significantly contributed to Xi's power consolidation. This decision allows him to maintain control indefinitely, marking a departure from previous leadership succession practices. By removing the constraints on his presidency, Xi has positioned himself to rule for life, thus solidifying his grip on power. Additionally, Xi has sought to enhance his image as "Renmin Lingxiu," or the people's leader, a designation that draws historical parallels with Mao Zedong. By positioning himself as a champion of the people, Xi aims to strengthen his legitimacy and garner popular support for his policies.

Furthermore, Xi has effectively neutralised rival factions within the party, including the princelings, the Communist Youth League, and the Shanghai clique. By diminishing their influence post-20th Party Congress, he has reduced potential challenges to his leadership, ensuring that the party remains unified under his control. Lastly, Xi's assertive stance in both domestic and foreign policy has fostered a sense of national pride among segments of the population. Many view China's growing assertiveness on the global stage as a reflection of Xi's leadership and vision for the country. This perception contributes to a narrative that portrays Xi as a strong leader capable of restoring China's status as a global power.

In summary, Xi Jinping's consolidation of power is characterised by a combination of historical revivalism, centralization of authority, strategic purges, the establishment of a cult of personality, and the promotion of national pride. Through these multifaceted approaches, Xi has redefined the political landscape in China, positioning himself as a dominant figure in contemporary Chinese politics. His leadership style not only reflects a desire for control but also a broader ambition to reshape China's role in the world.

DR. GUOGUANG WU

(Senior Research Scholar, Stanford Center on China's Economy & Institutions, Stanford University, USA)

LOOKING AT PEOPLE THAT ARE THE 'FACE' OF THE GENERAL SECRETARY AND HAVE MORE ACCOUNTABILITY - XI'S LOYALISTS IN PBSC & POLITBURO - ORGANISATION DEPARTMENT'S JOB OF APPOINTING 'YES' MEN - PROPAGANDA DEPARTMENT'S ROLE IN BUILDING XI'S 'CULT OF PERSONALITY' - SECURING XI'S POWER: ROLE OF SECURITY APPARATUS (MINISTRY OF PUBLIC SECURITY, MINISTRY OF STATE SECURITY, CPLAC, NSC) - RELEVANCE OF LEADING SMALL GROUPS

Xi Jinping's grip on power is one of the most enigmatic aspects of contemporary global politics. Despite the extensive studies surrounding his leadership, many remain puzzled by how he acquired such authority and the mechanisms through which he maintains it. A simplified yet insightful answer to this question is that Xi skilfully navigates the interplay between institutional structures and interpersonal networks. While much of the discourse on Chinese politics emphasises the country's institutions, it is equally important to consider the significance of the interpersonal relationships surrounding Xi Jinping.

When we discuss the facets of Xi Jinping's public power, we inevitably touch upon the key figures within the Chinese Communist Party (CCP), particularly the Politburo and its Standing Committee. The relationships between these members and Xi Jinping form compelling narratives, not only reflecting their own career trajectories but also illustrating how they ascended through the intricate hierarchy of the CCP. These connections can be categorised based on Xi Jinping's life experiences, which have shaped his interactions and the networks he has cultivated.

Born into a prominent "red second generation," Xi Jinping is the descendant of communist revolutionaries. This background provides him with a unique perspective on power dynamics in China. His formative years were spent in Shanghai Province, where he was sent during the Cultural Revolution. This period allowed him to forge connections with individuals who later became influential in his political journey. Xi's early involvement in the Communist Party during this time would lay the groundwork for future alliances, particularly with those who shared his regional roots. Xi's academic journey at Tsinghua University also played a crucial role in shaping his network. During his time there, he established relationships that would later prove advantageous as he navigated his political career. His subsequent postings in Hebei Province were less remarkable, but it was in Fujian Province that Xi truly began to build his power base. Many of today's powerful leaders in China were initially Xi's followers during his tenure in Fujian in the 1980s, cementing a loyalty that would benefit him in the long run.

Xi's brief but significant stay in Shanghai further solidified his influence. Even at this early stage, he began to organise a group of loyalists who would support his ascent. Once he reached central leadership, he strategically formed networks within key functional departments, ensuring that individuals who had known him for years were promoted to high-ranking positions. This practice diverges from historical norms within the CCP, where many leaders rose through the ranks without any prior personal connection to Mao Zedong.

Unlike Mao, who was often an unknown figure to many local leaders before gaining prominence, Xi Jinping's approach relies on familiarity and loyalty. He has surrounded himself with individuals who share a long history with him, thereby ensuring a cohesive support system that is relatively unique in the context of the CCP's history. This strategy has also allowed him to integrate professional diplomats and military officials into his administration, creating a blend of loyalty and expertise.

For instance, Foreign Minister Wang Yi represents the shift from a traditional diplomatic approach to a more assertive style under Xi's leadership. Wang, known for his gentlemanly demeanour, transformed into a "wolf warrior" diplomat, aligning with Xi's aggressive foreign policy stance. Such adaptations reflect how individuals within the CCP must navigate their roles to remain in favour, often altering their professional identities to fit Xi's vision.

Xi's control over the coercive apparatus of the state, particularly the military, is another significant pillar of his power. However, this discussion will focus on the more nuanced aspects of his leadership style, particularly regarding the Organisation Department. This key body is responsible for personnel decisions and plays a vital role in maintaining Xi's grip on power. It is crucial to recognize that while the Organization Department is instrumental in recommending individuals for promotion, Xi's influence extends beyond mere recommendations. His meticulous assessments of potential leaders ensure that loyalty is rewarded, further consolidating his control.

The current landscape of the Organization Department reflects Xi's intention to promote a younger generation of leaders who are more amenable to his style of governance. Over the past decade, he has selectively accelerated the rise of individuals born in the 1970s and 1980s to significant positions within the CCP. This long-term strategy could potentially create a new cadre of leaders who have only known Xi's political framework, reinforced his ideology and ensured continuity in governance.

Additionally, the propaganda, now termed the Publicity Department, plays a crucial role in shaping the narrative around Xi's leadership. While this body has been active in promoting Xi's persona, recen-

t incidents, such as the withdrawal of an article that branded him a reformer, illustrate the delicate balance of messaging within the regime. Such missteps highlight the necessity for constant alignment with Xi's vision, as even minor deviations can lead to repercussions.

In conclusion, Xi Jinping's ability to wield power stems from a sophisticated understanding of both institutional dynamics and interpersonal networks. By carefully curating his relationships and promoting loyalists within the CCP, he has established a strong foundation for his leadership. This multifaceted approach allows him to navigate the complexities of governance while maintaining an iron grip on authority, ultimately defining his unique style of leadership in contemporary China.

DR. WEN-HSUAN TSAI

(Research Fellow, Institute of Political Science, Academia Sinica- Taiwan)

PEOPLE BEHIND THE SCENES - 'FRIENDS' FROM HIS FORMATIVE YEARS WHO HE IS STILL CLOSE TO - ROLE OF XI'S FAMILY AS ADVISORS AND PROTECTORS: MOTHER, WIFE AND FAMILY ASSOCIATES - XI'S PROTEGES AND FACTIONAL NETWORK (YOUNGER GENERATION) - PARTY ELDERLY AND PRESIDUM - IMPORTANCE OF BEIDAIHE MEETINGS - FINANCIERS OF XI'S LOYALISTS

After Xi Jinping came to power, he began to strengthen national security and used this logic to rule China. The negative effect of his approach is the massive withdrawal of foreign investment and the economic recession. In addition, the concentration of political power has resulted in dictatorship and a lack of transfer of information. As a result, he can be called as the chief reverser (总倒车师), because the Xi Jinping era seems to have repeated the characteristics of the Brezhnev stagnation era in the Soviet Union.

In the early 1980s, the top leadership of the Chinese Communist Party (CCP) had the so-called third echelon succession plan. One of its characteristics was asking the families of the national leaders to select their children as potential successors of the people in power and facilitate their path to officialdom by helping them acquire the experience needed and become promoted. For example, Deng Xiaoping recommended his son Chen Yuan, Bo Yibo recommended his son Bo Xilai, and Xi Zhongxun recommended his son Xi Jinping. In the early 1980s, Xi Jinping was selected to move to the Ding County, Hebei Province, and serve as the county party committee secretary. Obviously, that is a formal process. The Xi family only hoped to give Xi Jinping all the qualifications to gain grassroots experience, but more importantly, continue to be promoted. Xi Jinping's mother even wrote a letter to Gao Yang, the First Secretary of Hebei Province, hoping that Gao would take care of her son and promote him. However, Gao Yang was an honest person, and Xi Jinping's political performance in the Zhengxian County was not good, so he was not willing to promote Xi Jinping, a representative of the second red generation.

The Xi family once again arranged for Xi Jinping to serve as the deputy mayor of Xiamen through their relationship with Xiang Nan, the Secretary of the Fujian Provincial Party Committee. However, similarly, Xi Jinping's political performance and the reputation in Xiamen were not good either. In 1986, Xiang Nan stepped down because of the counterfeit drug case he was involved in. Following that, it was Jia Qinglin, the Deputy Secretary of the Fujian Provincial Party Committee and later the Secretary, who took care of Xi Jinping. That was the earliest connection between Xi Jinping and Jiang Zemin's faction.

Xi Jinping has had decades of experience in officialdom. After Xi took on the role of the General Secretary, he promoted people who had had experience working with him. First, Li Qiang, Premier of the State Council, was mainly Xi Jinping's Secretary-General during his time in Zhejiang. During the COVID-19 period, Li Qiang was in Shanghai to implement Xi Jinping's zero-clearance (清零) policy and implemented the lockdown of Shanghai, which led to the decline in Shanghai's economy. Cai Qi worked with Xi Jinping in Fujian and Zhejiang, and they shared close ties. Cai Qi's most controversial action as the Secretary of the Shanghai Municipal Party Committee was the expulsion of the "low-end populations" (低端人口), and namely, the demolition of the dwellings and expulsion of migrant workers, in which Xi Jinping participated. Ding Xuexiang, who worked with Xi Jinping in Shanghai and was the former director of the General Office of the CPC Central Committee, played an important role. Li Zhanshu and Xi Jinping worked together in Hebei, and Li Zhanshu also served as the director of the CCP's General Office. Li Zhanshu recently became the focus of attention after being photographed by reporters as he was apparently scolded by Xi Jinping at the National People's Congress meeting in March of this year. Wang Huning was placed in the role of a consultant and an advisor and has a distant relationship with Xi Jinping.

The main scenario of the succession of power plan has been that Xi Jinping will gradually select the successor of the General Secretary after 2030. I think Cai Qi, Li Qiang and others mentioned earlier are unlikely to be the candidates. First, they are quite old and none of them will be suitable to serve as the General Secretaries in ten years. Second, these type of political officials have been working in the officialdom for a long time. The party has many members and complicated relationships, which are difficult for Xi Jinping to control. Finally, these officials lack professional training in various disciplines, especially science and engineering. To put it simply, they may help Xi Jinping in his political struggle, but they are unable to govern China.

Therefore, in a normal transfer-of-power scenario, technocrats may have an advantage. They have the ability to develop the national science and technology, and their relationships and backgrounds are relatively simple, so they pose less of a threat to Xi Jinping's status. For example, these future politicians major in science and technology, and three of them graduated from Tsinghua University, except Yuan Jiajun. Take Chen Jining, for example. He received a rigorous Western scientific education. He was hired by the Tsinghua University in 1998 and promoted to the president in 2013. In 2015, through the recommendation of Chen Xi, the head of the Organisational Department and also a Tsinghua alumnus, Chen Jining was promoted to the Minister of the Department of Environmental Protection and officially entered officialdom. He was promoted to the Mayor of Beijing in 2017. In other words, it is quite incredible that he was promoted to the Mayor of Beijing two years after entering officialdom. Previous mayors, such as Meng Xuenong, Liu Qi, or Guo Jinlong, all served for no less than 25 years in the local positions to the Mayor of Beijing. Therefore, Xi Jinping must have supported Chen Jining in his career. Although Yin Yong, the current Mayor of Beijing, has not yet been elected as a member of the Politburo, he is only 55 years old and deserves attention in the future.

The second scenario is that if Xi Jinping has major health problems before 2030, that will cause chaos and instability in the Zhongnanhai's political system. The three current core Xi faction members, including Cai Qi, Li Qiang, and Ding Xuexiang, will try to compete for power. Moreover, this is a zero-sum competition, and a coup may occur when Xi Jinping is too weak to control political affairs.

UNIFYING DIVERGENT VOICES IN THE MAINLAND: THE CPC PLAYBOOK

PANEL DISCUSSION



Concept of talk by ORCA

The CPC has a multifaceted approach to diverse stakeholders in Chinese society, which reflects its ambition to craft a single national identity, ensure political security of the CPC and monopolise control of systems that shape public opinion. The Party assimilates non-Han ethnic and religious groups by managing expectations of social and political mobility, controlling ethnic and religious elites and deploying a range of Sinicization policies. Foreign companies operating in China are also regulated extensively. As a result, these companies have to navigate a challenging legal and business environment as they are often targets of nationalist protests. The Party also regu-

lates the expression of civil society, limits mass mobilisation and censors controversial and anti-social attitudes by operating a massive firewall and censorship campaign. These social controls work in concert with a large surveillance and propaganda apparatus that gives the Party overwhelming control over the narrative in society. China's extensive playbook to maintain national unity and social stability by managing diverse voices in China will be scrutinised by this panel to reveal the nature of control exerted by the CPC. The panel will discuss China's minority policies, management of foreign entities and systems of public opinion control, explaining how the Party sets the narrative in China and manages non-Party institutions.

DR. T.G. SURESH - MODERATOR

(Associate Professor, Centre for Political Studies, School of Social Sciences, Jawaharlal Nehru University)

CPC'S NARRATIVE POWER: SYNTHESISE OR SINICISE? | CULTIVATING NON-CPC ELEMENTS WITH CHINESE CHARACTERISTICS

China's institutional and political model has evolved significantly, displaying a trend towards greater centralization compared to previous eras. Yet, a deeper analysis reveals that this transformation is not simply a matter of rigid top-down governance. Instead, it involves a continuous renegotiation of the social contract between the Chinese Communist Party (CPC) and various social groups, including regions, classes, and interest groups. The state does not merely impose its authority but engages in a complex exchange, providing recognition and rewards to maintain stability and cohesion across the country. This dynamic approach shows that China's governance is not solely focused on unification through control but is also about balancing diverse interests to maintain overall harmony.

China's resilience as an authoritarian state challenges the notion that such political systems are inherently unstable and prone to crises. The country's institutional structures have adapted over time, demonstrating an ability to evolve from within. The emphasis on "synchronisation" rather than "synthesis" characterises this approach. It reflects a deliberate strategy where the CPC and the Chinese government do not only demand compliance from the population but also create narratives and policies that resonate with people's aspirations. This shift marks a departure from the traditional ideology-based mobilisation of the past, highlighting a more sophisticated governance model that al-

igns the state's agenda with the interests of its people, thereby fostering compliance through a sense of shared goals and development.

When it comes to ethnic relations and cultural policies, China has adapted its strategies significantly, particularly in the context of post-reform and globalization periods. Like other societies, China has faced the challenge of uneven economic development, which has led to regional inequalities. These disparities, if left unaddressed, have the potential to spark resentment, as some regions may feel marginalised or deprived of their rights, which could eventually lead to political or social unrest. However, China has largely managed to mitigate such consequences. For example, in southwest China's Yunnan Province, targeted development efforts over the past two decades have significantly reduced the risk of adverse political outcomes associated with underdevelopment.

Drawing comparisons with Michael Hechter's concept of internal colonialism in British national development, which discusses how regions like Ireland, Scotland, and Wales experienced prolonged underdevelopment and subsequently witnessed national movements, China has so far avoided such strong counter-movements in its territorial fringes. Despite the presence of regional disparities and questions around development and inequality, these issues have not escalated into significant political resistance. China's adaptive governance strategy, emphasising regional development and integration, has effectively moderated potential unrest, demonstrating its resilience and capacity for maintaining internal stability even in the face of economic and social challenges.

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THE PARTY'S EVOLVING ETHNIC POLICIES: ASSIMILATING IDENTITIES AND MITIGATING DISSENT

The term minzu (民族) for ethnic group or minority is very indigenous to China and each group has historically been established in particular regions. The ethnic minority groups as nationalities were recently defined by the state and many of these categories did not exist until their creation in 1950. In the official narratives of the PRC, the term ethnic minorities and nationalities are used synonymously. But they cannot be used interchangeably as there exists a marked difference between minzu and ethnicity. Minzu is a state construction whereas ethnicity is defined as a group with ethnic identity. While ethnicity is shifting and flexible, minzu is fixed and exclusive.

The Chinese constitution stipulates that China is a unitary multiethnic nation-state. Article 50 of the Common Programme states that, "All nationalities within the boundaries of the PRC are equal. They should establish unity and mutual aid among themselves and oppose imperialism and their public enemies so that the PRC will become a big fraternal and cooperative family composed of all its nationalities....The areas within the People's Republic of China where ethnic minorities live in compact communities shall practise regional ethnic autonomy. Thus. regional ethnic autonomy is a basic policy to solve China's ethnic problems."

Geographically, the Han majority resides in Central and Southeast regions and 55 other officially recognized ethnic minorities are scattered in North, West and Southwest parts of China. China has promoted development narratives to achieve national integration and inter-ethnic harmony. Additionally, the state has tried to establish control over the peripheral regions either through the use of military power or by developing infrastructural links through these regions. The western region is the main inhabited area of ethnic minorities, with more than 40 ethnic groups, accounting for 71% of the country's ethnic minority population. The State Ethnic Affairs Commission in a move to revitalise the border areas and enrich the population residing there, implemented the strategy of western development. The state has also formulated a project of poverty alleviation in 1994 giving a high priority to ethnic groups. The main idea was that it was necessary to economically modernise these poor, backward and undeveloped ethnic communities into mainstream Han culture.

The state also initiated the ethnic classification project to divide the population into various groups. Applications were invited from those who want the status of an ethnic group which essentially emphasises the cultural differences from the Han population. However, from the last national census in the 1980s, no further ethnic classification was conducted by the Chinese state. There are still ambiguities about which ethnic groups could be considered as belonging to ethnic minorities, or if the geographical factors alone determine the existence of ethnic minorities.

In revolutionary China and the post liberation era, certain enabling measures were taken to grant regional autonomy to these ethnic minority regions. Article 4 of the PRC constitution states, “Regional autonomy shall be exercised and regional autonomous governments shall be established in areas entirely or largely inhabited by minorities. Such autonomous areas will be an inalienable part of the PRC. Regional autonomy for ethnic minorities means that under the unified leadership of the state regional autonomy is practised in areas where people of ethnic minorities live in concentrated communities.”

As a result of this regional autonomy, the CPC promised that these regions could establish self-governance and manage their internal affairs. Besides, there is also a centralised system to administer ethnic minority affairs. The State Nationality Affairs Commission was established in October 1949 at the provincial, prefecture and county levels in areas having a substantial number of ethnic minority populations. In addition, every ministry of the Central government has separate divisions dealing with ethnic minority affairs. The United Front Work Department was established in March 1953 as the Party organ to guide and coordinate ‘ethnic minority work’ in establishing harmony and bringing prosperity in those regions.

However, after the market reforms, ethnic conflicts became intensified in China. In the post Mao era, an increasing Han migration into minority regions such as Xinjiang and Tibet led to competition for jobs with local people. It created tensions and aggravated ethnic conflicts. Moreover, market reforms have commercialised minority cultures which has resulted in films, pop music, theme parks and restaurants to enhance the tourists attraction of the regions where ethnic minorities reside. The Chinese state has introduced several preferential policies like reserving some seats in higher educational institutions for minority nationalities, giving tax benefits to the local economy of the ethnically dominated regions, igniting patriotism in ethnic minorities areas by regularly organising visits of central leaders to these interior areas. Ethnic delegations are received by the national leaders especially from the regions which have wider implications for China’s national security.

However, China’s policy towards minority nationalities has made a complete shift from promises of regional autonomy and self-determination to the promotion of ethnic fusion. Pan Yue, who is currently the head of the State Ethnic Affairs Commission introduced the idea of Chinese civilization based on unified national consciousness. The main idea is to assimilate the ethnic groups through “ethnic fusion” (minzu ronghe, 民族融合). The term “ethnic fusion” promotes the idea that the minority groups have been encouraged to adopt Han customs, institutions, and language as a part of Chinese civilization. Xi Jinping himself has stressed the idea of forging a sense of community by bringing national consciousness as the primary goal of ethnic work.

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TRACKING THE TREND: INTERNET CENSORSHIP AND PUBLIC OPINION CONTROL

China’s approach to internet control is deeply rooted in its political concerns, with regime security being the foremost priority. When the internet was opened to the public in China in the mid-1990s, it was already accompanied by regulatory measures. By 1997, clear regulations were established, leading many scholars to speculate on how this new technology would impact Chinese society. Some were optimistic, hoping the internet might democratise China, while others, considering examples like the Arab Spring, were more cautious, viewing it as a potential tool for destabilisation. The Chinese Communist Party (CCP) recognized these risks and saw the internet as a double-edged sword—a potential threat to its power but also an opportunity to control and shape public opinion.

The CCP’s primary concern is maintaining regime security, which it often frames as “maintaining social order.” Lu Wei, former head of Cyberspace Administration of China (CAC) once expressed, “The more we pursue freedom, the more we require order.” The fear of movements similar to the colour revolutions or the Arab Spring, where citizens used the internet to mobilise against governments, led to an intensified focus on internet regulation. This concern is not unique to China; other countries, such as the US in the context of the 2016 election and alleged foreign interference, have also prioritised controlling online narratives.

Over the years, China’s strategy for internet control has evolved. Early regulations primarily focused internet service providers, which later through norms such as ‘Real Name Registration’ shifted to individual netizens as well. Since Xi Jinping’s rise to power, ‘Real Name Registration’ system has been more stringent, ensuring that the state can link online accounts to individuals. For example, by 2015, 80% of WeChat users had registered with their real identities—a practice even applied to foreign use-

rs who must verify their identity with passports or bank cards. It was made mandatory for WeChat groups, if they had more than 100 people.

The development of public opinion guidance mechanisms has been gradual but systematic. As early as 2006, the Central Propaganda Department set up a specialised 'Network Bureau' (中宣部网络局) to monitor and manage public opinion. By 2008, under Hu Jintao's leadership, there was an explicit call for a proactive approach to guide public sentiment. In his speech given at People's Daily (人民日报) headquarters, Hu outlined the need to develop a "new pattern of public opinion guidance", which led to the establishment of 'Media Opinion Monitoring Offices' and similar entities at local and provincial levels, as well as in educational institutions.

A key institution in this framework is the Cyberspace Administration of China (CAC), which published a 2019 article detailing strategies for handling public opinion. It highlighted three main challenges: insufficient capabilities, the duality of online and offline issues, and improper handling of incidents, which sometimes exacerbates tensions instead of resolving them. The CAC proposed three measures, including investing in R&D on AI and big data technologies to preemptively (从“事中”“事后”提到“事前”) manage and mitigate online dissent before it escalates by upgrading China's capabilities in emerging technologies.

Regarding methods, one approach, as discussed by Dr. Wen-Hsuan Tsai, involves categorising public opinion into four stages: incubation, development, upsurge, and fallback. The CCP's aim is to intervene early—during the incubation phase—before issues escalate. However, if opinions reach the upsurge stage, the response becomes more coercive, potentially involving account freezing or visits from authorities, a practice colloquially known as "drinking tea" (喝茶) with the police. In the final fallback phase, the CCP shifts focus to damage control and restoring trust through positive narratives. Another method involves a sensitivity ranking system, using a colour-coded alert scale from blue (least sensitive) to red (most critical). Depending on where an issue falls on this scale, the CCP tailors its approach, with red alert situations triggering the most stringent measures.

In conclusion, China's censorship system is highly sophisticated, which on the one hand uses a unique combination of 'public opinion analysts' and technology enabled methodologies, and on the other hand enacts law and norms to shape online behaviour. Therefore, it continues to invest in research and technology to enhance its capabilities, aiming to create a "healthy cyberculture". This is also achieved through a range of measures and regulations such as "Social Credit System", "Anti-Espionage Law" etc., where self-censorship becomes the norm, and citizens align their behaviour with the party's expectations. Coercive policies are usually seen as the last resort which can be used whenever required, however the primary focus remains at creating an environment of compliance through norms induced behaviour. This approach supports the broader goal of achieving "social harmony" under CCP-defined conditions, where acceptance of state guidelines is essential.

CADRES AND MANDARINS: MANAGING THE PARTY-STATE JUGGERNAUT

ROUNDTABLE



Concept of talk by ORCA

The Party-State apparatus of China requires the careful management of personnel, institutions, ideology and norms that determine the functioning of the political system. Personnel management in the form of appointments, promotions, transfers and anti-corruption campaigns are instrumentalized to instil loyalty and discipline in cadres and officials. Additionally, the emphasis on ideological legitimacy allows party ideology and political education campaigns to significantly condition the actions of party-state officials. At the highest level, the dual institutions of the Party and State have been merged to ensure the primacy of the Party by concentrating policy power in the hands of Party personnel and organs. At the grassroots level, membership,

authority and political mobility is controlled in different ways to maintain the character of the CPC. The degree of flexibility given to local officials in interpreting guidelines and engaging in policy experimentation is also a way of binding the Party-State into a single functional unit. Finally, widespread purges of officials across ranks have also impacted CPC's cadre management mechanism. This Roundtable will cover these various perspectives and mechanisms that influence the functioning of the Party-State apparatus in China.

DR. SRIPARNA PATHAK - MODERATOR

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SIGNIFICANCE OF PERSONNEL MANAGEMENT AS AN INSTRUMENT OF PARTY POWER | CHALLENGING ENVIRONMENT IN WHICH CADRES HAVE TO OPERATE

Personnel management in the People's Republic of China (PRC), under the Communist Party of China (CCP), is a part of the cadre management system. The cadre system of the CCP includes the methods and institutions employed by the CCP to train, organise, appoint, and oversee personnel to fulfil a wide range of civil service roles in Party, within the state, in the military, business, and in other organisations across the country. The system is composed of several million full-time, professional staff or the gàn bù.

Given that China is a one-party state under the direct control of the CCP, the management of cadres is one of the ways in which the Party controls the state and influences society in general. Personnel have to be loyal to the CCP, but are not always members themselves. Cadres are trained not just to be competent administrators but also to be ideologically faithful to the CCP and to its pursuit of socialism with Chinese characteristics.

Under Xi Jinping, there has been an increase in ideological training of the personnel. On December 29, 2023, he addressed a gathering of the PRC's diplomatic personnel in Beijing's Great Hall of the People. He instructed his audience to compose a "diplomatic iron army", representing China's interests. Notably, Xi emphasised the need for correct political thinking: asserting that they must "persist in our revolution", "be steadfast in political conviction", and "build a sturdy ideological line of defence" about themselves in the performance of their work.

This is just one of the extensive series of efforts by the CCP leadership to reinforce ideological regimentation within the Party. On October 16, 2023, the CCP Central Committee promulgated a new document titled the National Cadre Education and Training Plan (2023-2027) which laid out extensive new requirements for ideological study on the part of CCP officials. This move had been signalled at a CCP Politburo meeting at the end of August, which was reportedly convened to deliberate on new draft documents related to ideological training for Party members. The official coverage of the August meeting emphasised that forthcoming Party directives would further scrutinise "political judgement"—signifying loyalty and obedience to the central Party leadership—and "strengthen political gatekeeping" for cadre reliability.

Chinese cadres are all required to attend regular training and education in issues pertaining to ideology and management skills. This mainly takes place in one of China's many Party schools. There are around 2500 of these, but the most important is the Central Party School in Beijing, which is often headed by a member of the Standing Committee. There are several such mechanisms to manage the party-state juggernaut.

With 95 million members, the CCP is the world's largest political party. It is present in all corners of Chinese society, be it government offices at central and local level, rural villages, urban neighbourhoods, state-owned enterprises (SOEs), privately-owned companies, even joint ventures and NGOs. The CCP rules China through its cadre corps. Thus, the CCP keeps an absolute check on its cadres, which has only been increasing under Xi Jinping. Pursuant to the 2018 amendments to the Civil Service Law and the 2019 Work Regulations for the Promotion and Appointment of Leading Party and Government Cadres, "political quality" and "political standard", are the most important criteria for recruiting and evaluating cadres.

Cadres who actively practise religion or frequent fortune-tellers have faced investigation and expulsion from the CCP. Cadres are also prohibited from investing in private equity. CCP members can be expelled for reading banned materials in private, using drugs, or soliciting prostitution. As of 2024, CCP branches can expel members who "lack revolutionary spirit" or fail to participate in organisational activities for six months without a valid reason. Cadres are not permitted to possess books banned for the general populace.

Interestingly, since the 18th National Party Congress, many high-ranking business executives and regulators from China's financial system have been appointed as the so-called 'airlifted' vice-provincial governors in financial affairs. The appointment of central financial elites to provinces is becoming a trend under Xi Jinping and is a sign of increasing control of Chinese society.

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DISCIPLINING THE PARTY: PURGING TIGERS, FOXES AND FLIES

When anti-corruption campaigns are initiated, it typically suggests a crisis or emergency in the political environment which requires the reinforcement of political discipline and loyalty. The first internal disciplinary department of the Party was set up in April 1927 in response to the attacks on Communists by the Nationalist government in Shanghai. The attacks led to defection of Party members on a massive scale. To regroup and cope with this, the Party set up a high-level Supervisory Committee. Its purpose was to eliminate Party members who betrayed the Party and punish those who violated Party rules, an effort to stem defection. On one hand, anti-corruption campaigns are meant to maintain organisational cohesion.

Threats to party leadership, emanating from creation of factions and influence networks by political rivals, have also motivated the execution of campaigns. For example, shortly after the 'three and five antis' campaign ended in 1952, the Gao Gang and Rao Shushi affair came to the fore. They were accused of challenging Liu Shaoqi, Zhou Enlai and factionalism, which surprisingly resulted in the ab-

olishment of the CCDI in 1955 for not detecting Gao Gang's wrongdoings.

Anti-corruption campaigns have been the signature characteristic of Xi Jinping's tenure as Party leader. Xi has framed corruption as an existential threat to the Party and state. Two days after he was made General Secretary, his speech targeted corruption and set out priorities for coming years. Here too, anti-corruption work was devised to serve the two purposes: ensure organisational cohesion and secure the top leader's power. In his speech Xi said, "long-pent-up problems in some countries have led to resentment among the people, unrest in society and the downfall of governments, with corruption being a major culprit."

His campaign has also targeted rivals and factions within the Party in order to build up his own faction. High level members of the Shanghai and Youth League factions have been purged over the last decade. The motive was elimination of factional rivals and challengers to Xi's consolidation of power. These casualties are more often tigers, rather than flies.

The CCDI implements various regulations regarding corruption and one of the most important ones is the eight point regulation. It states that officials are expected to avoid engaging in formalism, which means paying lip service to party directives but acting in ways that contravene them or insufficiently executing them. The regulations also focus on excesses, meaning officials should travel light, not arrange banquets, not attend ribbon-cutting, foundation-laying activities, celebrations, exhibitions and seminars. There are several other restrictions on housing, vehicle allocation, and other work and living benefits.

These regulations have been the basis of CCDI investigations, and data on corruption cases over the last 4 years offers some insight into the trends and emphasis of the anticorruption campaign. The data shows that CCDI actions have been overwhelmingly focused on cadres at the lowest levels. Between May 2020 and July 2024, 92% of problems investigated by the CCDI were at the township level. Similarly, 94% of the cases in which the CCDI undertook criticism and re-education were at the township level. And 94% of the cases in which the CCDI imposed administrative sanctions and party disciplinary measures were at the township level. Less than 1 % of cases were related to provincial and ministerial level cadres.

It is also interesting to look at how CCDI has handled cases related to specific crimes of corruption. Cases classified as corruption in terms of formalism and bureaucracy, the party has deployed criticism and re-education campaigns, which account for 61% of formalism and bureaucracy cases. More specifically, in terms of corruption framed as failure to implement major decisions, there were a total of 1991 cases, of which 43% were dealt with through criticism and re-education and 30% were handed sanctions and administrative punishments. In terms of failures to take responsibility, inaction, misconduct, and false actions, there were a total of 1,30,701 cases, and 42% of cases received re-education and had to undergo criticism, while 27% were sanctioned and received administrative punishments.

The Party also disciplines its cadres for hedonism and extravagance, which relate to monetary corruption. For instance, in cases of improper receipt and delivery of valuable specialty products, gifts and monetary gifts, there were 73,950 cases, of which 38% were dealt with through re-education and criticism, while 29% were dealt with through administrative punishments and sanctions. There were 27,451 cases of illegal issuance of subsidy or welfare of which 42% were subjected to criticism and re-education and only 30% of cases were sanctioned or given administrative punishments.

What do the next few years look like under the anti-corruption campaign? Using an ARIMA model to forecast how many party officials are likely to be disciplined through administrative punishments and sanctions at the township level and below, it is clear that cases are likely to remain at the same level, and maintain their seasonal spikes around January. The model also indicates that the rising trend observed during the initial period of 2024 would taper away. The model is instructive not of the exact number of cases we can expect in the future, but the directionality of the anti-corruption campaigns, which is likely to maintain its trend between 2020-2024, but shed its seasonal and irregular tendencies observed in 2024.

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ENFORCING THE XI JINPING THOUGHT: FROM TRAINING TO CAMPAIGNS

The enforcement of Xi Jinping Thought has become a cornerstone of the Chinese Communist Party's (CCP) strategy since Xi Jinping took the reins in 2012. This enforcement is primarily achieved through training programs and ideological campaigns that aim to align party members and society with Xi's vision for China. A systematic approach has been established to implement these principles, emphasising political loyalty, anti-corruption measures, and the centralization of power.

Since Xi's ascension, significant restructuring has occurred within the cadre training programs. Regulations governing the education and training of party members have undergone several revisions. Initially established in 2006, these regulations were replaced in 2015 and further updated in 2023. These regulatory frameworks set the groundwork for cadre training initiatives developed by local authorities based on central guidelines from the Central Committee.

The Central Committee regularly issues five-year plans for cadre recruitment and training, forming the basis for localities to design their specific training initiatives. Party schools and training academies are required to align their programs with these overarching plans to ensure ideological adherence. This centralised approach reflects the CCP's intention to maintain ideological uniformity and control across all levels of the party.

Ideological campaigns are another crucial aspect of enforcing Xi Jinping Thought. These campaigns serve educational and practical purposes, aiming to instil party members with Xi's principles while addressing issues like corruption and political discipline. For instance, a thematic education campaign deepened cadres' understanding of Xi Jinping Thought. Similarly, from mid-2019 to 2020, a campaign focusing on party history emphasised ideological continuity under Xi's leadership. The ongoing anti-corruption campaign, a hallmark of Xi's governance, aims to eliminate corrupt practices while reinforcing discipline and loyalty within the party.

Central to Xi Jinping Thought is the idea of the party's survival and the rejuvenation of the Chinese nation. Upon taking power, Xi sought to prevent the party's collapse by addressing internal ideological vacuums and systemic issues within the CCP. This goal necessitated a structured effort to reform and discipline the party. While the notion of rejuvenating the Chinese nation is not new, Xi has integrated it into a comprehensive ideological and disciplinary framework.

As a result of these reforms, significant changes have occurred within the party. The anti-corruption campaign is among the most visible elements, but broader reforms are evident in the development of intra-party regulations. Reports indicate that approximately 75% of the intra-party rules currently in effect have been established or amended since Xi took power. This extensive overhaul indicates a deliberate effort to reshape the party's operational framework, ensuring alignment with Xi Jinping Thought.

These regulations encompass various areas, particularly in enforcing ideological conformity. The CCP has prioritised expanding its presence at grassroots levels, within private enterprises, and local party committees. New rules have strengthened these party bodies, increasing their influence and accountability, thereby ensuring adherence to principles set by central leadership. Recruitment processes for new cadres are now governed by more stringent regulations, ensuring that they meet the ideological and moral standards expected by the CCP.

The routinization of party conduct is evident in the new regulations, which govern the everyday behaviour of cadres and emphasise organisational and ideological discipline. This approach diverges from the traditional Weberian perspective of bureaucracy, which emphasises rationality and detachment. Instead, the CCP's model integrates ideology and organisational control into the daily lives of party members. Moreover, these regulations extend beyond party members, influencing their families. Recent initiatives by the Central Commission for Discipline Inspection (CCDI) have sought to educate the families of cadres about corruption and its consequences, encouraging them to support their relatives in adhering to the party's laws.

The emphasis on ideological learning and political loyalty is a significant aspect of intra-party regulations. Mechanisms such as study sessions, oath-taking ceremonies, and the formation of party groups reinforce Xi Jinping Thought within the party structure. The CCP has introduced various methods to encourage theoretical learning and political education among cadres, aiming to embed ideology into all aspects of party life. Local organisations are responsible for organising these events, ensuring continuous reinforcement of the party's ideology.

Reforms have also targeted the training academies themselves. While institutional capacity has not

expanded significantly, substantial efforts have been made to reform and streamline these academies, promoting Xi Jinping Thought as the central theme of training programs. This shift reflects the broader trend of integrating ideology into the CCP's operations.

The revised intra-party rules have expanded into new areas, illustrating a significant evolution in the scope of party regulations. Political loyalty remains a primary focus, requiring cadres to demonstrate their commitment to the party's principles and objectives. Loyalty to Xi Jinping and his vision is emphasised through various mechanisms, including theoretical learning and an updated syllabus introduced to party schools.

Overall, the enforcement of Xi Jinping Thought through training programs and campaigns illustrates the CCP's commitment to creating a disciplined governance framework. By focusing on the everyday conduct of cadres, ideological training, and political loyalty, the party seeks to maintain control over its members and Chinese society at large. The routinization of these practices and the emphasis on the party's relationship with the state and society reflect a systematic effort to establish Xi Jinping Thought as the guiding ideology of the Chinese state.

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MANAGING THE MANDARINS: PARTY CONTROL OF STATE APPARATUS

It has always been a fiction that the Chinese government and Communist Party were separate. Deng Xiaoping tried to bring in a degree of separation to prevent a recurrence of Mao's autocracy. But it was never in doubt who was in charge: the CCP. Before the Xi era, many organisations were "double nameplated" (eg the Central Commission for Discipline Inspection and the Ministry of Supervision largely shared the same staff, even if they treated Party and non-Party members somewhat differently).

Since Xi Jinping came to power, the separation has narrowed considerably. "Party, government, army, society and education – east and west, south and north, the party leads on everything," as Xi declared at the 19th Party Congress in October 2017. As Xinhua reported in 2021, nationwide, 80% of all officials are CCP members, and 95% of leading cadres (ju/xian ji). The figures for central government departments will be higher. This change has been affected in five major ways.

First, decision-making powers were centralised under increased Party control. There have always been both Party and state leading small groups (LSGs), whose role is to design, coordinate and oversee the implementation of policy. Xi Jinping set up new Party LSGs, including the most important Central Commission on Comprehensively Deepening Reform, as well as other commissions to oversee governing the country according to law, auditing, and education. He also upgraded existing LSGs into commissions, under the Party, to be in charge of, for example, cybersecurity and informatisation, finance and economics, and foreign affairs.

Second, the position of General Secretary of the CCP grew in relation to that of Premier. Thus, Xi sidelined the power and prestige of Wen Jiabao and Li Qiang. To reinforce his role and power from January 2015, Xi instituted the practice of "personally listen[ing] to reports from Standing Committees of National People's Congress, the State Council, Chinese People's Political Consultative Conference, the Supreme People's Court and the Supreme People's Procuratorate. Third, the Party took over responsibilities hitherto undertaken by the state. Thus, the United Front Work Department took over work on Overseas Chinese, religion and ethnic minorities. The Party now takes the lead in finance, Hong Kong and Macau affairs and technological development. Separate committees, for example for Party secretaries-general and state secretaries-general are now united in one body.

Fourth, all civil servants now come under the same discipline and regulations as CCP members. Thus, the CCDI and the Ministry of Supervision are one organisation, and the responsibilities of the China Academy of Governance now belong to the Party Schools. And lastly, particularly since 2015, the CCP has extended its reach into other sectors. Branches and cells now exist in most state-owned enterprises, private companies, and foreign funded enterprises. By the end of 2017 the Party had a presence in 61% of social organisations and 95% of public institutions. "Leading Party members' groups" have been set up within most organisations to ensure the implementation of the Party line, theories and policies.

It is also worth singling out the extension of Party control into three other major areas. Firstly, Party control in rural areas is seen as crucial. Since June 2019, the Party has declared an intention “By 2020, ... to develop an institution structure and policy system for modern rural governance” and “By 2035, the country plans to...perfect the Party-led rural governance model”. Secondly, control of and the role of the Party in education has been strengthened. Thirdly, the People's Liberation Army has been under much stricter political control since Xi held the “Gutian Meeting” in Oct 2014, in which he re-emphasised that the PLA is the Party's name, not a national army and that political loyalty was the most important military requisite. All these measures above have been backed up by both Party and state laws and regulations.

Why all this change? Partly it reflects Xi's belief that an identity of Party and state makes for good governance. Other reasons might include: a need for coordination across government in a complicated world; issues which are increasingly cross cutting and serious (national security for one); an emphasis on law based governance which requires more uniformity; avoiding duplication of responsibilities, resulting in job saving and streamlining government; Xi's emphasis on national unity and the United Front Work Department (which has absorbed religion, Overseas Chinese, and ethnic affairs); and facilitating better government discipline, implementation, and combating corruption.

Finally, CCP doctrine now declares the outstanding importance of the “Two Maintains” and the “Two Establishes” – in essence, the Party as the core and Xi Jinping as the core of the core. If Xi is to dominate, it is easier to dominate one pyramid of power, than two.

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THE QUID PRO QUO OF PARTY MEMBERSHIP: RECRUITMENT, RESPONSIBILITY AND REWARDS

In July 2024, the Communist Party released its membership data, indicating substantial growth in membership. By the end of this year, the membership is projected to reach approximately 100 million individuals. Celebrating its centenary in 2021, the data reveals several important trends. Notably, the party, once predominantly composed of the proletariat, has transformed into an organisation primarily representative of college-educated individuals, with those holding higher degrees constituting about 56% of the membership.

However, a concerning aspect of this data is the representation of educated women within the party. Although they make up around 30% of the membership, their representation at the highest levels remains significantly lacking. During the pandemic, the dynamic leadership of a figure such as Sun Chunlan, who served as the COVID-19 czarina and travelled extensively across cities, was evident. Despite her visibility and contributions, the recent leadership transitions have overlooked her, while individuals like the Shanghai party secretary, positioned as Xi Jinping's second-in-command, have ascended. This raises critical questions regarding the effectiveness of the reward systems in recognizing the contributions of women, who have historically been acknowledged as holding "half the sky".

Another trend observed is the increasing centralization and personalization of the party. A recent article from Xinhua regarding Shi Chongchun has drawn attention. While the article has been removed from the internet, copies remain available in some Hong Kong publications. It emphasises Shi Chongchun's contributions during the reform and opening-up era, while also suggesting that Xi Jinping has gained credit for his fieldwork during this period. This portrayal illustrates a shift towards attributing greater importance to individual figures within the party.

A significant development has been the appointment of a naval officer as China's defence minister for the first time, following the purge of two previous ministers. Speculation has arisen about the emergence of a new faction, referred to as the "Shang Pong mafia," given the new minister's connections to the First Lady of China. This development hints at an increasing concentration of power within specific families or groups, leading to a perception of a chaotic political environment characterised by favouritism in key positions.

The previously touted notion of political meritocracy in the Chinese system has come under scrutiny. Western scholars once highlighted this system as superior to democracy, emphasising its perceived advantages. However, with the current trends in party dynamics and the apparent malfunction of the reward system, a critical reevaluation of this political thesis may be necessary. These observations raise

important questions about the integrity and functionality of the political landscape within the Communist Party.

Lastly, the quid pro quo surrounding party membership, recruitment, responsibilities, and rewards underscores a complex interplay of trends, including the changing demographics of membership, the challenges faced by women in leadership roles, and the increasing personalization of power within the party. As these issues are explored, the need for introspection regarding the efficacy of existing systems and the potential for reform becomes increasingly apparent.

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THE UNWRITTEN NORMS OF POLICY EXPERIMENTATION AT THE LOCAL LEVEL

Many of the Communist Party of China's (CCP) reform policies are not explicitly stipulated. For example, Xi Jinping emphasises promoting outstanding cadres and giving them exceptional promotions. However, since Xi Jinping does not have a deep relationship with the Communist Youth League and does not trust the cadres of the Youth League enough, these special promotion regulations are not used for the cadres of the League enough. Second, Xi Jinping does not like the social welfare policies in China. He believes that China cannot raise lazy people (养懒汉). Therefore, the cadres in the social welfare department have relatively few opportunities to receive good promotions. On the contrary, it is the fields that Xi Jinping likes and attaches great importance to, such as science and technology, politics and law, where the cadres may be promoted faster than others. This is an unwritten rule to determine which cadres may be promoted quickly and which ones may not. That reflects Xi Jinping's personal governance reasoning and preferences.

A second example is related to the local cadre management approach during the Xi Jinping period. The selection and transfer of students has become a very important system. The local governments sign contracts with many well-known universities to allow selected graduates (选调生) to work in local governments. Most of them serve as the department level leading cadres and are responsible for the implementation of complex agendas, such as promoting investment, poverty alleviation, environmental protection, and stability maintenance. If these selected students do well, they may be quickly promoted to the county level. But, it is difficult to get promoted further beyond the county level. Xi Jinping hopes to have a large number of young and outstanding cadres working at the grassroots level, especially as the county leaders. However, it is not necessarily expected that these selected graduates will move on to the higher positions. In other words, this type of talent management policy uses selected students as a tool. Although they may serve as the county level leading cadres at the age of about thirty, they may work at the county level for more than twenty years to help Xi Jinping with local governance.

XI JINPING'S LEADERSHIP PSYCHOLOGY

KEYNOTE ADDRESS BY DR. JOSEPH TORIGIAN*

(Research Fellow, Stanford University's Hoover History Lab)



Concept of talk by ORCA

China's paramount leader Xi Jinping exercises absolute control over the Communist Party of China and policymaking in China. Xi's leadership style is influenced by several factors which are instrumental in shaping his vision for China. Xi Jinping's turbulent childhood including his education, family and friends have been integral in building his early career in Fujian and Zhejiang, helping him build his own circle of influence. Like other global leaders, Xi Jinping also has several role models and influences, both within China and outside, who have shaped his leadership approach. Further, his relations with contemporary Chinese political leaders is also a critical factor in influencing his thinking and rise as a supreme leader. Lastly, as Xi continues third term in power

the question of his legacy, both in terms of its nature as well as people who will carry it, becomes a crucial determinant of Xi's leadership in the coming years. This Keynote Address will delve into these factors from Xi's past and present with an attempt to understand his leadership style and how it will shape China's domestic and foreign policy in the near future.

**Please note that the below summary is a redacted version of the Keynote Address presented by the speaker at the GCNS 2024, as the full remarks are part of an unreleased publication by the author. ORCA will not be entertaining any requests to disclose the full remarks without explicit permission of Dr. Torigian.*

Xi Jinping is often described as a fundamentally new kind of leader in Chinese politics - one who has ended a tradition of collective leadership and returned to a Maoist ideological agenda. While those two conventional views have some truth to them, they do not fully grasp the complexities of Chinese elite politics or the role of ideology in today's China. The CCP has always been an extraordinarily leader-friendly system, and claims that Xi is rejecting Deng Xiaoping's institutionalist leadership model do not reflect the new historiography on Deng's tenure as China's leader. And although Xi Jinping clearly believes that only devotion and conviction among party members can save the CCP, his experiences under the Mao era suggest a distaste and scepticism for radical politics. Xi's approach to ideology indicates the pursuit of both a new and middle path: one that tries to maintain the economic vitality of Reform and Opening while drawing selectively upon an earlier era to address the challenges those years of economic reform have brought to regime stability. And given the nature of the CCP as a system in which power tends to flow down, not up, it is highly unlikely that a coalition within the elite will force a course correction.

SPECIAL SESSION

TIBET QUESTION IN CHINA'S TRANS-HIMALAYAN ASPIRATIONS

SPECIAL DIALOGUE



Concept of talk by ORCA

China's growing presence in South Asia has evolved into a strategy for hegemony in the Himalayan region, which is emerging as a major domain of contestation in the Indo-Pacific region. Its security concerns with respect to Tibet have always been central to its diplomatic engagements with countries like India, Bhutan and Nepal. These countries are contending with China's aggressive territorial expansion which complements China's deployment of military assets and sinicization policies in Tibet. Moreover, China's anxiety over the issue of the Dalai Lama's succession and the several scenarios that could emanate from the succession process cast a spectre of uncertainty over the future of Himalayan geopolitics. The Himalayan region and Tibet's criticality for the availability of transboundary water resources is another matter of serious national security intertwined with the Tibet question and China's Himalayan hegemony strategy. With massive dam construction and river diversion projects underway in China, water is fast becoming a crucial piece of China's strategy for the region. Compounding this is Beijing's infringement of territory in countries like Bhutan and India at places like Doklam, Sakteng, Tawang and several others to expand China's sphere of influence into the Himalayas. Given the importance of national rejuvenation and reunification of territories China claims for itself, the Himalayan region has taken on heightened significance for Xi Jinping's third term in office and his legacy. This Experts' Dialogue will detail these emerging and evolving dynamics in the Himalayan frontier along with China's strategy to dominate the region and shape the outcome of the Tibet Question.

DR. JAGANNATH PANDA

(Head, Stockholm Center for South Asian & Indo-Pacific Affairs, ISDP, Sweden)

WHAT WOULD DALAI LAMA'S PASSING MEAN FOR CHINA'S HIMALAYAN STRATEGY? - HOW IS CHINA PROVING TO BE A HYDRO-HEGEMONY IN THE HIMALAYAN REGION? - WHY AND HOW CAN THE WEST SHOW GREATER COOPERATION WITH INDIA ON THE TIBET QUESTION? - HOW IS THE TIBET QUESTION SET TO SHAPE THE FUTURE OF THE LAC DISPUTE?

China's approach, deeply tied to its broader geopolitical ambitions, often references historical narratives such as the Qing Dynasty's control over Tibet, which is used to support Beijing's modern claims while downplaying Tibet's historical autonomy under the Dalai Lama. This narrative manipulation extends to the issue of the Dalai Lama's succession, framing it in purely political terms to undermine Tibetan spiritual traditions.

The significance of Arunachal Pradesh, particularly Tawang, in China's narrative also demands attention, as China intensifies its territorial claims in the post-Dalai Lama era. India's diplomatic strategy, including internationalising the Tibetan cause and strengthening global alliances, will be crucial. The implications of the Dalai Lama's passing hold significant weight for China's Himalayan strategy and the ongoing boundary dispute with India. A deep understanding of these implications requires an examination of both the historical context and the current policy dimensions surrounding the issue. The death of a leader as pivotal as the Dalai Lama is expected to produce reverberations that will test the resilience and character of both China and India, particularly in how each nation responds to the event.

Historically, the Dalai Lama has been a unifying figure for the Tibetan community worldwide. His role transcends religious leadership, as he embodies the aspirations and identity of the Tibetan people. Therefore, his passing will be felt not just as a loss within the Tibetan community but also as a significant event that could alter the dynamics of Tibetan discourse on autonomy and cultural preservation. The potential for a significant loss of collective memory regarding Tibetan identity and aspirations is high, especially since the Dalai Lama has long represented the cause of Tibetans globally.

The post-Dalai Lama scenario raises crucial questions about succession, which has evolved into a politically charged issue within China's discourse. The Chinese government has historically maintained a tight grip on religious leadership, asserting control over the recognition of the next Dalai Lama. This has led to a situation where the distinction between 'succession' and 'reincarnation' becomes pivotal. Emphasising this distinction is essential for India and the international community to pressure China for greater transparency and clarity regarding its stance on the next Dalai Lama.

In navigating these complexities, India is suggested to strategically align itself with the Tibetan community and the Central Tibetan Administration (CTA) based in Dharamshala. Such an alignment could facilitate a more cohesive response to the challenges posed by the Chinese narrative surrounding the Dalai Lama's succession. The Chinese claim over Tawang, Arunachal Pradesh, has been woven into a historical narrative that highlights its connection to the birth of the 6th Dalai Lama. This connection has been amplified over recent decades, reflecting China's ongoing effort to establish its historical claims in the region.

Following the 14th Dalai Lama's passing, it is anticipated that the Chinese narrative will intensify, potentially creating new challenges for India. The expected increase in assertiveness from China necessitates that India develop counter-narratives. These counter-narratives should be rooted in historical and civilizational truths that extend beyond the Qing Dynasty's era, aiming to reinforce India's position in the geopolitical discourse surrounding Tibet and its own territorial integrity.

A recent proposal addressing Tibetan climate and human rights issues was presented at the UN; however, it was not entertained. This lack of engagement highlights the significant influence China wields through its diplomatic channels. It suggests that countries with shared interests must come together to support Tibet's cause actively. The collaboration among like-minded nations could amplify the Tibetan cause on international platforms, ensuring that Tibetan voices and concerns are heard.

Furthermore, the issue of hydrological data, especially regarding the Brahmaputra River, is recognized as complex and surpasses the realm of simple memorandums of understanding (MoUs). The authenticity and transparency of the data shared regarding this vital water resource are deemed critical. International attention is required to navigate the sensitive dynamics of water sharing, particularly in the context of transboundary rivers. Legally binding agreements may be necessary to ensure that data is not only authentic but also accessible to all stakeholders involved.

Lastly, the passing of the Dalai Lama will have profound implications for the geopolitics of the region, particularly in relation to China and India's relationship. The historical, cultural, and political dimensions must be understood thoroughly to navigate the challenges ahead effectively.

The alignment between India and the Tibetan community, coupled with international support, is essential in ensuring that Tibet's aspirations are addressed while managing the complexities of China's strategic manoeuvres. As these dynamics unfold, the responses from both India and China will undoubtedly shape the future of the region.

MR. CLAUDE ARPI

(Distinguished Fellow, Centre of Excellence for Himalayan Studies, Shiv Nadar University, Delhi NCR)

WATER POLITICS - LAC - WHAT IS XI HOPING FOR WITH RESPECT TO TIBET IN HIS THIRD TERM IN OFFICE?

The Tibetan Flag

In the 1990s, during an interview with Phuntso Tashi Takla, the Dalai Lama's brother-in-law who was in charge of the Tibetan leader's security when the latter visited China in 1954-55, the Tibetan official told me that on some occasions, Mao Zedong came himself to the Dalai Lama's residence [in Zhongnanhai]. During one of the several discussions that the Dalai Lama and Mao Zedong had, they were talking on some subject, when Mao [suddenly] said: "Don't you have a flag of your own, if you have one, you can hoist it here [on the Guest House]." Takla was surprised to hear Mao Zedong speaking of the flag of Tibet. The Chairman's statement had (and still has today) incalculable implications for the so-called minorities in China.

The Dalai Lama's translator, Phunsok Wangyal (alias Phunwang) relates the same incident in his memoirs: "One day, Mao unexpectedly came to visit the Dalai Lama at his residence [Guest House]"... During their conversation, Mao suddenly said, "I heard that you have a national flag, do you? They do not want you to carry it, isn't that right?" Phunwang further recalled: "Since Mao asked this with no warning that the topic was to be discussed, the Dalai Lama just replied, that Tibetans have an army flag. I thought that was a shrewd answer because it didn't say whether Tibet had a national flag. Mao perceived that the Dalai Lama was concerned by his question and immediately told him, "That is no problem. You may keep your national flag." The Chairman added that in the future the Communist Party could also let Xinjiang and Inner Mongolia have their own flag. He then asked the Dalai Lama if it would be fine for him to host the national flag of the People's Republic of China in addition to the Tibetan flag. Phunwang says that the young Lama nodded his head and said 'yes': "I was amazed to hear this" later wrote Phunwang. This is still worth pondering upon, what is the place of the minorities in modern China?

The Double Tragedy

The last months of 1950 witnessed a double tragedy: the Dalai Lama and his people lost their independent country and India lost a border, which had been peaceful for centuries. Despite the presence of the Dalai Lama in the free world and his continuous efforts to find, in a non-violent manner, a reasonable solution to the Tibetan issue, no great progress has been achieved. As for the Indian border, it has never been so tense, particularly in Eastern Ladakh and Arunachal Pradesh. On November 7, 1950 (five weeks before his passing away), Sardar Patel, the Indian Deputy Prime Minister, wrote to Prime Minister Nehru. Sardar Patel strongly suggested (among other things):

- A military and intelligence appreciation of the Chinese threat to India both on the frontier and internal security
- An examination of our military position and such re-disposition of our forces as might be necessary
- An appraisal of strength of our forces
- A long-term consideration of our defence needs
- The question of Chinese entry into the UN
- The political and administrative steps to strengthen our Northern and North-Eastern frontier.
- Improvement of our communication, road, rail, air and wireless in these areas and with the frontier outpost.

Seventy-four years later, India is still facing the same issues, but in a far more exacerbated manner. In this regard, the first step that India could take is to stop speaking of the 'the Sino-India border', but instead call the Northern boundary as the Indo-Tibet border; let us not forget that for centuries it has been the border with Tibet. Further, India should use the names of all localities in Tibet in a correct transliteration of the Tibetan original names and not in a sinicized way. Many other steps could be taken in a similar vein.

The Dalai Lama's Succession

The Dalai Lama's succession is a subject which concerns India as the religious leader took refuge in this country in March 1959 and lakhs of his followers (which include the Himalayan population) live in India today. Whether the Dalai Lama decides not to reincarnate (which is doubtful), or to take a new body or else to 'emanate' during his own lifetime into a young child, Delhi and the people of India are personally and politically concerned. While the 'political' succession has been taken care of in 2011, when the Dalai Lama decided to relinquish his temporal power and have an elected leader running the Tibetan government's affairs, the 'spiritual' succession remains a problem.

Returning to Tibet as the 15th Dalai Lama under the present circumstances is not viable, it can therefore be discarded as a place of rebirth; in any case the Communist authorities have already planned his 'return' through Communist party regulations and China is bound to have its own candidate who will be a Communist first, before being a religious leader in an atheist regime. The best bet for the succession would be a 'return' in India, where he would be most welcome by both the people and the government (even if Delhi does not say so openly, to not upset China).

The choice is then between a reincarnation and an emanation; the latter seems more adapted to a modern system of governance which can't afford a gap of 20 years or so in leadership. The Tibetan leader will ultimately have to take the call. In the meantime, China has already prepared to have its own 15th Dalai Lama. In July 2007, the party-State announced the 'State Order number' or 'Management Measures for the Reincarnation of Living Buddhas in Tibetan Buddhism. The 14 articles of the Regulation effectively control the system of reincarnation. India should note this and act according to its own interests.

IDENTIFYING THE IDEAL TORCHBEARER FOR THE GLOBAL SOUTH

SPECIAL ROUNDTABLE



Concept of talk by ORCA

The significance of the Global South for countries striving to cultivate a leadership role on the international stage cannot be overstated. Countries in Africa, South America, South and Central Asia and Eastern Europe have emerged as prominent voices on issues related to development, war, international institutions, climate change and norms of the international order. China and India have positioned themselves as advocates of the interests of the Global South. China, for its part, has offered infrastructure projects via the BRI to countries of the global south, which are often guided by political motives of leadership in recipient countries rather than economic merit. Moreover, China's efforts to rally the Global South and gain their support has become increasingly significant for Xi Jinping's legacy. India, on the other hand, commands an immovable centrality in the Global South Narrative, based on its historic non-alignment position, balanced development perspective and reform-minded approach to multilateral institutions. Efforts to lure Global South countries also influence India and China's actions in multilateral forums where both countries promote the collective interests of the Global South either through competition or sometimes through consensus. Amidst this competition, the Global North, particularly the European Union, too faces a choice in terms of preferences of an ideal advocate for the Global South. This Roundtable will discuss the perspectives and criteria that determine the qualities of the ideal advocate of the interests of the Global South. The speakers will analyse India and China's differing and competing approaches to securing the interests and support of the developing world.

PROF. S.D. MUNI - MODERATOR

(Professor Emeritus, School of International Studies, Jawaharlal Nehru University)

HOW AND WHY ARE INDIA AND CHINA BOTH COMPETING FOR THE TAG OF GLOBAL SOUTH'S 'TORCHBEARER'? | WHY IDENTIFYING THE IDEAL TORCHBEARER FOR AN IDEA LIKE THE GLOBAL SOUTH MATTERS?

India and China are competing and also collaborating on various fronts. Among the important areas of competition is The Global South. Frequent use of the term Global South is a recent phenomenon in International Relations narratives. It was prominently used during the 50th G7 Summit Conference held in Italy in June 2024. The term broadly includes the countries geographically located in the southern hemisphere of the Globe. However, the countries covered under the Global South have been in focus for a long time. They have been called by different names, Afro-Asian countries, Non-aligned countries, newly independent countries, developing and under-developed countries, and the countries of the Third World. Each of these expressions have had their specific strategic connotation but the countries involved were broadly those belonging to Asia, Africa and Latin America and were not as rich and prosperous as the northern hemispheric countries. The North-South divide in world politics is a long standing phenomenon and will continue to be there for quite some time to come.

China claims its leadership of the Global South by underlining its huge investments and assistance programmes undertaken through the Belt and Road Initiative (BRI) projects and institutions like vari-

ous investment banks such as the Asian International Investment Bank (AIIB). China also claims that it is fighting against Western dominance of the World for greater freedom and independence of the Global South. India claims its leadership on the basis of its long standing cultural connect with these countries, its democratic and transparent political order, its long-standing fight against colonialism, imperialism and racialism, its emphasis on peace and prosperity, and the post-cold war support of the international community, including both the Western and other powers, for its emerging leadership.

Both India and China claim their leadership of the Global South and question each other's credibility as being members of the Global South. China's claim is questioned because of its economic prosperity and its autocratic political system, which contrast with the challenges typically faced by Global South nations. China's economic engagement with the Global South is massive through generous investments and loans. But this engagement is seen as extractive and exploitative, leading to a dependency relationship for the recipients. China is also a formidable trade powerhouse for the countries of the Global South, most of whom depend on China for their critical imports. The trade balance is mostly in favour of China. In order to protect their heavy investments, China is also pursuing regime change policies and encourages political corruption and interference. Some analysts see a creeping decline in the Chinese economy, leading to the erosion of its economic heft in the world that it enjoys today. On the other hand, China describes India as incapable of leading the Global South because of its poor manufacturing base and lack of overall economic capabilities. India is also seen by China as a country dependent on the West and therefore, incompetent to stand up against domination by the West.

The leadership of the Global South will not be bestowed on those who are vying for it or are laying claims for it. Leadership has to be acceptable to those who are led or who need guidance and support. The Global South is a diversified aggregation of countries and people. Most of these countries are affected by poverty, authoritarianism and corruption; while many of these countries are also progressing towards democracy and gaining more credibility. There are different sets of values nurtured and sought by them. India would then be acceptable to those who stand for democracy and transparency, who value cultural heritage and connectivity, who respect humility and mutual accommodation, and who seek stability and order. China would appeal to those who are looking for immediate economic gains irrespective of the forms of governance, who accept political corruption, assertive and aggressive stance of diplomacy and external interference as practical and inevitable components of contemporary life.

The majority of the panellists saw India as having greater potential of leading the Global South. But there were presentations that saw a balance between China and therefore, continuation of the competition. This will remain a competition between the moral and material aspects of diplomatic engagement.

DR. AUSTIN STRANGE*

(Assistant Professor, Department of Politics and Public Administration, University of Hong Kong)

PURSuing STATUS AT THE COST OF DEVELOPMENT? THE POLITICAL PULL OF BRI FOR THE GLOBAL SOUTH

**The speaker wishes to highlight that below is a rough summary of his remarks provided during the roundtable discussion by the ORCA team*

The Belt and Road Initiative (BRI) and China's global infrastructure efforts are long-term endeavours that began long before, and go beyond, their formal launch in 2013. When one appreciates historical and comparative contexts, it becomes clear that China's development cooperation and global infrastructure investments have deep roots, extending back to the founding of the People's Republic of China (PRC) in the 1950s. The BRI, despite being heavily debated and scrutinised, is not a temporary trend, but rather a part of China's consistent and evolving economic engagement in the Global South.

During the first decade of the BRI, China became the largest bilateral creditor globally. At its peak, the volume of China's infrastructure loans under the BRI was unprecedented. However, narratives about the demise of the BRI and Chinese lending due to economic slowdowns are premature. China's global infrastructure push predates the BRI; it began in the late 1990s under the "Going Out" strategy. That strategy was largely driven by domestic economic concerns, specifically the anticipation of slowing economic growth within China. Thus, contrary to the prevailing narrative that a slowdown will result in a pullback, the underlying logic historically suggests otherwise.

It is also important to scrutinise dominant narratives such as the concept of "debt trap diplomacy".

This notion suggests that China intentionally ensnares developing countries with unsustainable debt, ultimately extracting assets or gaining political leverage. However, empirical evidence for such a strategic motive remains unconvincing. While the narrative is powerful and widely discussed, the available research does not support the idea that China's large infrastructure projects are primarily aimed at trapping countries in debt. This does not suggest that China's global infrastructure projects are without flaws; issues such as transparency, corruption and environmental concerns are well-documented. Large-scale infrastructure projects, whether Chinese-led or otherwise, face similar inherent risks.

BRI reception and implementation by host countries is complex. The motives of these countries, and their active role in requesting, acquiring, and managing BRI projects, are crucial to understanding project outcomes. This approach highlights the importance of examining the agency of the countries that host BRI projects, as their political and economic decisions significantly shape the success or failure of the initiatives. Despite the backlash against certain BRI projects due to debt distress or environmental concerns, the appeal of large-scale infrastructure projects remains tangible for many governments in the Global South. These governments continue to find political value in these projects, which highlights the sustained demand for Chinese investments.

Although the BRI has evolved over time and has now entered a phase beyond its peak, it remains significant within Chinese foreign policy. There is now a larger emphasis on pre-project risk assessment, involving both Chinese stakeholders and host countries, at various levels from state to firm. This shift reflects an increasing awareness of the need for better economic and non-economic risk evaluations to sharpen the BRI's impact. The emphasis is moving towards smaller, greener, and more digital projects. This transition aims to address past challenges and indicates a recognition of the need for more sustainable approaches in future projects.

The BRI's trajectory, including its adaptation and shift in focus, illustrates that reality is often more complex than simplistic narratives suggest. China's global infrastructure efforts, including the BRI, are long-term components of its foreign and economic policies that need to be understood in a granular way. Accurate research, whether through qualitative case studies or large-scale data analysis, is essential for understanding what actually occurs on the ground with these projects. Such an approach ensures that one can comprehend the political and economic logic of these projects, rather than accepting broad narratives uncritically.

Despite substantial research evidence showing that the debt trap narrative is problematic, the influence of this narrative persists in public and policy discussions. The challenge remains to bridge the gap between research and policy effectively, ensuring that more nuanced, evidence-based perspectives inform public discourse and decision-making.

DR. CHEN GANG

(Deputy Director (Policy Research) and Senior Research Fellow, East Asian Institute, National University of Singapore)

GLOBAL SOUTH IN XI JINPING'S LEGACY: WHY WINNING THE NARRATIVE BATTLE MATTERS

China has been silently adjusting its strategic concerns over the years in accordance with changes in domestic and international contexts. The diplomatic focus on third world countries during Mao Zedong's era has taken a renewed form in Xi Jinping's era with the focus on the global south. In the 1990s and early 2000s, China's foreign policy guidelines seemed unchanged with peaceful development as its ultimate goal and cooperation based on mutual interest as principles for bilateral and multilateral relations. In Jiang Zemin and much of Hu Jintao's time, China's ambition of projecting global influence was constrained by its inward-looking focus on poverty alleviation, economic reforms and urbanisation. During Xi's time, however, China has been adjusting its foreign policy to face rapidly-expanding overseas presence and higher expectations from the international community for more responsibilities to be shouldered by China.

While China has become the second largest economy in the world, it still posits itself as a developing country and a part of the global south. These global south countries have similar viewpoints on international governance, such as the emphasis on poverty alleviation, building infrastructure, technology transfer and aid. The global south is thus not just an economic concept - it also involves a country's political identity.

In 2013, Xi proposed the Belt and Road Initiative (BRI), an ambitious infrastructure project connecting China to several developing countries in Asia and Africa, as well as in Europe, by sea and land routes.

The initiative aims to support the economic development of countries along the route via large-scale infrastructure projects. Although it includes developed European economies, the BRI also focuses more on global south countries in Asia and Africa, which significantly overlaps with countries in the Indo-Pacific region which are part of the US's Indo-Pacific Strategy. The BRI is a concrete example of China's third world diplomacy in the Xi era, indicating China's renewed focus on third world countries. In recent years, China-US relations have become more tense, while the relationship between China and the rest of the West is no longer as it was before. Trade wars, tech blockades, shifts in industrial chain, border controls and de-risking have dramatically reduced the interdependence, interactions and exchanges between China and developed Western economies.

Under new circumstances, Chinese diplomacy faces new adjustments that could further elevate the importance of the global south or even propel it to the top of the list. Correspondingly, China's focus on foreign trade and investment could also shift to the global south. While the US, Europe and other developed economies had been China's long-standing top trading partners, ASEAN, which is part of the global south, became China's largest trading partner in 2020, with bilateral trade continuously reaching new highs since then.

China needs to cooperate with India, the most populous and largest economy in the Global South, to expand their influence in the Middle East, Africa, Latin America and elsewhere, enhancing the discourse power of developing countries in international affairs.

DR. ZSUZSA ANNA FERENCZY

(Assistant Professor, National Dong-Hwa University, Hualien, Taiwan)

PLACING ITS BETS: EU'S PREFERENCES IN THE CHINA-INDIA COMPETITION FOR GLOBAL SOUTH LEADERSHIP

In a new geopolitical and geoeconomic reality, the European Union (EU) is rethinking its ability to defend its interests and strengthen its global influence. As a bloc of 27 countries, the EU is also working on reducing its strategic dependencies and on increasing its resilience by working closely with like-minded partners. In this process, the EU has courted the developing world, or the Global South as developing countries are commonly, but loosely referred to. This has been driven by the fear that Europe is “losing the Global South” to other emerging powers, such as China or India. Both have strengthened their influence in the developing world, albeit to different degrees and in different ways.

Some European observers have argued that there is a crisis in the EU's approach to the Global South, while others have urged that the EU needs to rethink its approach. Internal debates in the EU have therefore intensified on how the EU could best contribute to empowering developing countries to shape their own future. There is a wider agreement across member states that this would require a shift away from the EU's pursuit of traditional development aid in the Global South to securing its strategic investments.

In 2019, the EU committed to becoming a “geopolitical” actor, largely but not exclusively driven by the need to respond to an assertive China and address the growing imbalance in EU-China trade. The EU labelled China a “systemic rival” promoting an alternative governance model. Yet, Europe is divided on its approach to dealing with China. Russia's invasion of Ukraine in 2022 has reinforced member states to converge, although Europe's fragmentation persists. The EU continues to be alarmed, seeing China's support to Russia further grow since the attack on Ukraine and Russia becoming China's junior partner.

Europe has also focused its attention on narratives, fearing efforts of authoritarian regimes to shape global governance narratives while undermining the rules-based international order. Disinformation has been a powerful tool for these countries, in particular Russia and China, to increase their influence in the Global South.

In 2024, the EU's High Representative for Foreign Affairs, Josep Borrell outlined the four tasks on the EU's geopolitical agenda: support Ukraine more and quicker; put an end to the humanitarian catastrophe in Gaza; improve relations with the Global South; and finally, strengthen the EU's defence

and security. Questions however remain on how effectively the EU can win back the trust of the Global South, and work together with developing countries in this process.

The EU is interested in working closely with India in this process and sees India as a like-minded partner. The two have reinforced cooperation, including in security and defence. As its top leadership has maintained, India is not “anti-Western”, but “non-Western”, and this is also what has reinforced Europe’s interest in working closely with India as the “Voice of the Global South”, in contrast with China. Europe dislikes Beijing’s narrative that seeks to build on the anti-Western sentiment that many countries in the developing world share. This is the reality that the EU needs to address, as much as it must push back against Beijing’s assertiveness.

DR. SWARAN SINGH

(Professor, Centre for International Politics, Organisation and Disarmament, SIS, JNU)

INDIA-CHINA CONSENSUS AND COMPETITION: ADVOCATING FOR THE GLOBAL SOUTH IN MULTILATERAL FORUMS

The relationship between post-colonial states and their former imperial powers has been examined extensively by political scientists. However, it is essential to recognize that India’s perspective on the Global South differs significantly from that of China, leading to inevitable deviations in their approaches.

Consensus and competition in this relationship are expected to coexist, a norm prevalent in major power relations. It is not unusual for China and India to find common ground in certain areas while contesting others. Despite both countries being members of the Global South, there is no endorsement of each other’s leadership roles within this framework. For instance, while China has initiated forums in Beijing attracting significant international participation, India’s Voice of the Global South Summit also drew participation from numerous countries. This indicates that the Global South treats the duality of leadership as normal and seeks to engage with both China and India based on respective national interests.

Fundamentally, in terms of broader vision, both China and India share similar views on sustainable development, inclusive growth, and the role of the Global South in global governance. However, differences become apparent when examining their operational strategies. The historical trajectories of both nations, liberated as distinct models competing for influence in Asia, continue to shape their engagement with the Global South.

Chinese adaptability to new international formulations has been observed over time. Their shift from a Soviet alignment to engagement with the United States since the 1970s, and gradual participation in Western-sponsored forums, exemplifies this adaptability. A parallel can be drawn with their approach to the Global South and the Indo-Pacific, terms initially met with reluctance, but now accepted by China. This shift indicates an acknowledgment of the Global South as a legitimate entity which deserves adequate representation.

A significant divergence lies in how India and China project their roles on the global stage. India positions itself as a bridge builder, aiming to mediate between the North and South, thus creating greater space for the Global South in global governance. In contrast, China’s narrative emphasises on undoing Western hegemony to foster alternative arrangements.

Two recent examples illustrate these differing approaches. In the context of the conflict in Gaza, the Indian Prime Minister was among the first international leaders to assert Israel’s right to self-defence while also extending humanitarian assistance to Palestinians. This stance aligns closely with Western perspectives advocating for a two-state solution. In contrast, China has refrained from denouncing Hamas, opting instead to facilitate a meeting of 14 Palestinian groups in Beijing to explore solutions. Moreover, during the recent annual meeting of the IMF and World Bank, both India and China underscored the need to rectify voting weightage disparities. India’s acceptance of the Western-sponsored model of equiproportional representation contrasts with China’s call for a redesign of voting structures to better reflect evolving global dynamics. Such operational differences highlight the complexity of their relationship and the necessity for both nations to navigate these differences while maintaining dialogue.

As India and China grow increasingly global in their outlook, a more effective management of their respective rises and contributions to global governance is anticipated. This evolution may not mirror the irreconcilable enmity seen between the Soviet Union and the United States, but it acknowledges the complexity of their relationship. India's transition from non-alignment to multi-alignment also positions it advantageously, allowing for simultaneous engagement with diverse nations without compromising national interests. This flexibility enables India to engage with countries like Israel, Iran, Saudi Arabia, and the UAE concurrently.

Ultimately, the Global South does not express a clear preference for leadership among its members, allowing India to navigate this ambiguity with greater ease. This dynamic fosters an environment in which India can effectively manage its relationships and pursue its national interests without the constraints of a defined leadership role within the Global South.

AMB. VENU RAJAMONY

(Professor, Diplomatic Practice, O.P. Jindal Global University & Former Ambassador of India to the Netherlands)

INDIA'S IMMOVABLE CENTRALITY IN THE GLOBAL SOUTH NARRATIVE

The expression of 'India's Immovable Centrality to the Global South Narrative' evokes discomfort which stems not from a lack of conviction regarding India's centrality, but rather from the notion that the discourse surrounding India's significance should be articulated by voices from the South, emphasising a more authentic representation of their experiences and aspirations.

India's historical engagement with the Global South is deeply rooted in shared colonial legacies. This connection has persisted since India's independence, as the nation has consistently sought to support emerging nations in Africa and Asia. The legacy of Prime Minister Jawaharlal Nehru, whose extensive travels and diplomatic efforts exemplified India's commitment to global solidarity, illustrates this enduring support. Nehru's proactive foreign policy approach, including solidarity with China during its resistance against Japanese occupation, underscores India's historical role in championing the cause of Global South nations.

Key historical milestones, such as the Afro-Asian Conferences of 1947 and 1949, were instrumental in fostering a sense of unity among formerly colonised nations. These gatherings, alongside India's pivotal role in the formation of the Non-Aligned Movement (NAM), cemented India's leadership position in articulating the collective interests of the Global South within international forums, notably the United Nations. India's involvement in these initiatives was characterised by an unwavering commitment to advocating for decolonization and anti-apartheid efforts, demonstrating its longstanding engagement with the principles of equity and justice.

The post-Cold War era brought significant changes to the international landscape, resulting in a decline in the relevance of the Non-Aligned Movement, which faced internal divisions and challenges. During this transformative period, India embarked on a path of economic reform and strategic realignment, strengthening its ties with Western powers, particularly the United States. This shift allowed India to emerge as a formidable player on the global stage, articulating the concerns and interests of the Global South even as it focused on its national interests. The adoption of a more pragmatic foreign policy marked the beginnings of the multi-alignment strategy that India emphasises today, reflecting a nuanced understanding of its role in a rapidly changing world.

In contrast, China's historical trajectory has been shaped by a complex interplay of internal and external factors. China's engagement with the Global South has been characterised as a relatively late development compared to India's longstanding involvement. Historical events, such as the Cultural Revolution and shifting alliances during the Cold War, significantly influenced China's position within the Global South. Despite its later entry into this sphere, China's recent initiatives to engage with Global South nations highlight its aspirations to play a more prominent role in global governance.

The G20 platform emerged as a critical opportunity for India to reaffirm its leadership within the Global South. India successfully positioned itself to advocate for issues of paramount importance to Global South nations, exemplified by the inclusion of the African Union in the G20. This landmark achievement not only reflects India's commitment to inclusive representation but also signifies its proactive approach in shaping the global discourse to address the concerns of the Global South.

The contrasting approaches of India and China underscore India's enduring emphasis on soft power, leveraging diplomatic engagement as a means of fostering collaboration and mutual understanding. India's adeptness in diplomatic negotiations was particularly evident during the G20 summit, where it showcased its ability to navigate complex geopolitical dynamics and facilitate dialogue among diverse nations. Unlike China, which often relies on its economic clout, India's distinct position enables it to share valuable development experiences, particularly in innovative sectors such as digital public infrastructure.

As India continues to ascend in economic and political stature, its role within the Global South is poised to expand further. Nations within the Global South are likely to increasingly seek India's support and guidance in addressing multifaceted global challenges. Rather than overtly proclaiming its leadership, India is expected to be approached by these countries for collaboration and assistance, affirming its status as a reliable partner in their development trajectories.

The effectiveness of India's diplomatic engagement and coalition-building strategies positions it favourably within the Global South context. The Indian government's concerted efforts to place pertinent issues on the G20 agenda are indicative of its commitment to fostering inclusive dialogue and collaborative problem-solving. As the dynamics of global governance continue to evolve, India's capacity to bridge divides and facilitate cooperation will be essential in addressing the shared challenges confronting Global South countries.

Recognizing the diverse aspirations and challenges faced by Global South nations is paramount. Each country within this heterogeneous group possesses unique contexts and objectives, necessitating India's responsiveness to their specific needs. This adaptability will be crucial as India navigates its position within an increasingly multipolar global landscape, where collaboration and mutual understanding will be instrumental in shaping future trajectories.

India's centrality to the Global South narrative extends beyond historical ties; it embodies an ongoing commitment to supporting fellow nations in their pursuit of equity and justice. As India continues to solidify its influence on the global stage, its leadership will be defined not by self-assertion but by the collaborative aspirations of the Global South, wherein partnerships, understanding, and shared objectives will propel the narrative forward. The journey toward greater inclusivity and representation in the international arena will hinge on India's ability to engage meaningfully with its partners, thereby contributing to a more equitable and just global order.

27th September 2024

SESSION 3 & SESSION 4



DAY 2

SESSION 3: STABILISING AND SHARPENING: HOW CHINA SAFEGUARDS ITS ECONOMIC MIGHT?

COST OF CHINA'S POTENTIAL WAR IN TAIWAN

ROUNDTABLE



Concept of talk by ORCA

As the threat of China-Taiwan conflict looms large, its impact will be severe for the global economy. Owing to China and Taiwan's integration into the world economy in the past few decades, the nature of costs that different stakeholders need to incur is a critical geo-economic issue for the world. While China itself will weigh its options in terms of mobilizing sufficient resources domestically that can help them sustain the war as well as post-war sanctions, other countries are also preparing to mitigate costs of such a war. The USA will have to do a balancing act of providing Taiwan with sufficient resources without affecting its own economic interests.

Furthermore, ranging from Europe's critical dependence on China and Taiwan for semiconductors to disruption of trade routes for East and Southeast Asian countries to even economic costs for India caused by its trade overreliance on China, conflict between China and Taiwan can cause significant damage for economic prospects of countries in these regions. Moreover, such a conflict can also alter China's overseas ambitions that are currently supported by its widespread financing mechanism through the Belt and Road Initiative and regional institutions, thereby affecting economic interests of Global South countries. This Roundtable will identify potential costs for different stakeholders, factors responsible for these costs and measures to mitigate these costs through both respective national policies and global cooperation.

DR. AMITA BATRA - MODERATOR

(Professor of Economics, School of International Studies, Jawaharlal Nehru University)

ASSESSING GLOBAL SUPPLY CHAIN VULNERABILITIES AMIDST CHINA-TAIWAN WAR | PROSPECTS FOR GLOBAL COOPERATION IN MITIGATING COSTS OF WAR

The potential for increased conflict between China and Taiwan is becoming a central concern in today's core economic contest. The intricacies of the global value chain highlight the extent to which these two countries are tied to each other, forming an essential instrument in the technological competition not just between themselves but also with major global powers like the United States and other rising powers such as China.

Over the past decade, we have witnessed intense competition between the US and China, translating into technological rivalry. This competition has manifested most prominently in chipsets, a critical component in modern technology. The cost of this escalating conflict is expected to reverberate worldwide, impacting the global supply chain and affecting the production of the smallest and largest commodities we consume.

The adverse implications of this conflict are multi-faceted, spanning bilateral, regional, and global levels. On a bilateral level, the relationship between China and Taiwan and their respective relationships with the United States are likely to face increased strain. Globally, the repercussions could disrupt international trade and alter supply chains.

Should this conflict escalate, the world may witness significant changes across various fronts, including diplomacy, foreign policy, and international relations. Extending the conflict beyond its immediate participants could reshape global alliances, trade agreements, and technological cooperation.

The technological competition, particularly in chipset production, is a microcosm of the larger geopolitical tensions. As Taiwan holds a crucial position in the global semiconductor industry, any disruption to its production capabilities could have far-reaching consequences for industries worldwide. This underscores the interconnectedness of the global economy and the potential for localised conflicts to have widespread impacts.

The increasing tension between China and Taiwan, set against the backdrop of US-China rivalry, presents a complex challenge to the global order. The intricate web of economic interdependencies, particularly in high-tech industries, means that the ramifications of this conflict extend far beyond the immediate region. As the situation evolves, it will likely necessitate careful diplomatic navigation and potentially lead to a reconfiguration of international economic and political relationships. The global community must remain vigilant to the potential consequences of this conflict, as its impacts could reshape the world order in profound and lasting ways.

DR. ZSUZSA ANNA FERENCZY

(Assistant Professor, National Dong-Hwa University, Hualien, Taiwan)

SEMICONDUCTORS AT STAKE: PROTECTING EU'S GEOECONOMIC INTERESTS

Firstly, it is impossible to predict how a Taiwan contingency would unfold, which complicates any assessment of its economic impact. In such a contingency situation, disruptions would be felt immediately across the globe and would be difficult to reverse. The potential conflict between China and Taiwan would impact global trade and investment, and no country would be untouched. A contingency could take many forms, varying in duration, scale and those involved.

Second, while discussing semiconductors, one must consider critical raw minerals (CRM). The most serious economic impact of a contingency would come from disruptions to semiconductor supply chains and related downstream industries. CRMs are vital for chip production, the two are vital for the transition to renewable energy and digitization.

Third, China is a dominant global player in the mining, refining and processing of CRMs. China produces 86 percent of the world's rare earth elements. The European Union (EU) imports 98 percent of rare earths and 93 percent of its magnesium from China, 98 percent of its borate from Turkey and 85 percent of its niobium from Brazil. Clearly, the EU is highly dependent on other countries for these raw materials. Cobalt is crucial for batteries, wind generators and digital technologies. The Democratic Republic of Congo (DRC) accounts for over 70 percent of the global supply chain and China in turn owns 70 percent of Congo's mining industry. Cobalt from DRC is refined in China and then sold to battery makers around the world. This illustrates the complexity of the CRM supply chains.

Fourth, Taiwan is the world's 16th largest economy and produces 92 percent of the world's most advanced chips. Yet, the success of Taiwan's semiconductor industry relies on American, European and Japanese collaboration. By nature, chip manufacturing is the product of international cooperation. No single company can produce it alone, and no single county can own an entire semiconductor supply chain. Besides its prominence in the semiconductor sector, Taiwan also has a vital geostrategic location, at the center of the First Island Chain – any disruption would impact global shipping and logistics.

Finally, the EU is trying to catch up with the impact of this geostrategic competition. Europe is worried that the PRC's growing military capabilities and declining confidence in its ability to achieve

peaceful unification will push China to attempt a takeover by force. Europe is taking measures to address its strategic dependencies, particularly on China. Central to these efforts is reliable international cooperation. The EU has signed strategic partnerships on CRM value chains with Canada, Ukraine, Kazakhstan, Namibia, Argentina, Chile, DRC and Zambia. Europe's Chips Act committed EUR 45 billion for its chips industry to increase chip production, reduce supply vulnerabilities and increase EU's global market share from 10 to 20 percent. But catching up is not just about state aid and factories, it is about creating an entire ecosystem that relies on talent. The EU semiconductor sector faces a shortage of 30,000 skilled workers, a significant challenge that the EU seems to focus less on. The bloc is also facing opposition from the private sector in how to address its vulnerabilities, while some countries can afford subsidies, and others cannot.

DR. AUSTIN STRANGE*

(Associate Professor, Department of Politics and Public Administration, University of Hong Kong)

BREAKING THE BANK FIGHTING OR FINANCING: WHAT ABOUT THE BRI?

**The speaker wishes to highlight that below is a rough summary of his remarks provided during the roundtable discussion by the ORCA team*

In international relations, there's often a tendency to view world politics, power, and resources as interchangeable and fungible. This perspective might lead one to assume that the Belt and Road Initiative and China's global economic engagement, particularly in the Global South, would be directly integrated into or affected by a potential crisis in cross-strait relations. However, it needs to be emphasised that these are distinct issues involving different actors, and thus it is important to exercise caution against oversimplification.

The potential costs and benefits of China's economic engagement in the Global South in the event of a crisis are multifaceted. One key question is whether China's extensive economic involvement over recent decades has produced political, diplomatic, or other forms of capital that might prove helpful in a crisis scenario. While there would undoubtedly be direct economic costs for China's interests globally, the situation is complex and requires careful analysis.

The Chinese government supported much of China's economic cooperation with developing countries during the first decade of the BRI. The BRI, often described as a massive global infrastructure spree, represents a significant investment. However, it's important to note that despite its scale, the BRI's volume is still relatively small compared to the size of the Chinese economy and its domestic debt.

The changing nature of the BRI and China's global engagement adds another layer of complexity. There's been a shift from predominantly state-financed projects to increased involvement of both public and private Chinese companies. These entities are investing in projects and serving as contractors for infrastructure and other initiatives worldwide. This evolution complicates any direct comparison or substitution one might consider between cross-strait conflict and China's global economic activities.

The potential impact on China's global reputation may be more significant than the direct economic costs. A severe crisis or conflict could lead to fewer countries engaging economically with China, for example. This reluctance could stem from changes in governance preferences, shifts in public opinion, or concerns that engagement with China might be perceived as politically costly. Historical precedent suggests that such reputational damage can have significant effects. For example, After the Tiananmen Square incident in 1989, China experienced temporary setbacks in its relationships with major lenders like Japan and European states, faced an arms embargo, and saw a decline in people-to-people engagement. However, it is worth noting that these effects proved temporary, mainly due to China's economic growth and its increasing importance in the world economy.

All of this said, the Taiwan issue of course represents one of China's core interests. In a potential crisis scenario, the marginal calculations about economic costs, benefits, and spillover effects might become secondary considerations in Chinese decision-making. These economic factors may not be at the forefront of China's strategic thinking in such a situation. It's also important to recognise that China's government has been working to make various sectors of its economy more resilient to international tensions, partly in response to growing friction with the United States and perceived attempts by the US and its partners to contain China in vital technological industries.

An alternative perspective to consider is whether China's extensive investments could instead pay off in a crisis. Over recent decades, well before the BRI, China's government has worked to cultivate relationships with political leaders across the Global South. China-Taiwan competition for diplomatic recognition has been intertwined with China's foreign aid strategy almost from the beginning, highlighting an important geopolitical dimension of China's foreign engagement.

In terms of China's position on the Arctic, it has evolved significantly. Beijing is emerging as a major player in the Arctic and within a decade, China has moved from being a peripheral partner to an active member of the Arctic Council. China has its own white paper on the issue, which is included within the BRI.

While the soft power benefits of China's economic investments remain unclear, it can be argued that these efforts have produced significant high-level political support on critical issues. This could potentially serve to blunt international criticism in the event of a cross-strait crisis.

While the economic costs and benefits of China's global engagement should not be exaggerated in shaping its approach to cross-strait relations, they represent a complex combination of factors that warrant careful consideration. The interplay between China's economic interests, diplomatic relationships, and core strategic objectives creates a multifaceted landscape that defies simple analysis. As tensions persist, the global community must navigate these intricate dynamics, recognising the far-reaching implications of any potential cross-strait crisis or conflict on the world stage.

DR. BISWAJIT NAG

(Professor, Indian Institute of Foreign Trade, New Delhi)

TAIWAN CONTINGENCY AND INDIA'S PRODUCTION CAPACITY CONUNDRUM

The global value chain (GVC) of the semiconductor industry follows a unique path compared to other sectors, necessitating a deep understanding of how Taiwan's production impacts other countries and an assessment of India's current position within this ecosystem. To comprehend the dynamics of the semiconductor industry, both macro and micro perspectives must be considered. The macro view focuses on countries' policies, while the micro perspective examines how companies adapt to these policies. In the literature on global value chains, governance is a crucial concept that addresses who drives growth in the industry. The semiconductor industry exhibits a mixed model of governance, where major players sometimes attempt to control the value chain, while market forces dominate at other times.

An essential concept in understanding the semiconductor industry is the " 'smile curve' of GVC. It suggests that the initial activities such as R&D, product design and the final stage of activities such as branding and distribution phases generate the highest value, while the production phase in the middle yields a lower value. In the semiconductor industry, over 50% of the value is generated in the design phase, with production accounting for about 24-25%. The remaining 25% is attributed to raw materials and distribution. This distribution emphasises the critical importance of design capabilities for countries seeking to enter or advance in the industry.

The significance of semiconductor design cannot be overstated, as chips are integral to various sectors, including artificial intelligence, automobiles, medical instruments, and next-generation travel. New concepts like reshoring/nearshoring/friendshoring emerge in the ongoing US-China conflict with extended discussions about de-globalisation or 'slowbalisation'. This situation presents an opportunity for many countries, including India, to discover or rediscover their capabilities in semiconductor production.

India's response to these global shifts has been proactive. Since 2019, the country has introduced a series of new policies to boost its semiconductor industry. These include the Semiconductor Mission 2021, the National Electronic Policy 2019, and the Semiconductor Chip Protection Act. The latter is significant for protecting intellectual property rights. Recognising the high value of design in the industry, India has introduced incentives for both chip production and design development.

These policies are complementary, with the Semiconductor Chip Production Act focusing on manufacturing and the Design Linked Incentive scheme encouraging innovation in chip design. The recent Indian budget allocated approximately \$12 million, for innovation in this sector. This commitment has attracted interest from global companies, including those from Taiwan, the USA, Japan, Korea, and Europe.

The semiconductor industry's requirement for substantial land and production capacities aligns well with India's resources. Unlike other sectors where land acquisition can be challenging, multiple Indian states such as Gujarat, Odisha, Tamil Nadu, and Maharashtra sign MOUs with different companies to establish production facilities.

India's strategy appears to focus on both design capabilities and fabrication facilities. Given India's large population and potential market size, it's projected that the country could account for 30-40% of global semiconductor demand in the next 10-15 years. While India will continue to import semiconductors, the goal is to achieve a degree of self-sufficiency in this critical sector.

An exciting aspect of the global semiconductor value chain is its length and complexity. When a value chain involves components moving through multiple countries, relocating or shortening the chain becomes challenging. This area requires further study to understand how trust and transparency can be enhanced when production is spread across two or three countries. New kinds of alliances, such as those discussed between India, Japan, and Australia, could play a crucial role in reshaping the global semiconductor landscape.

India's emerging role in the semiconductor industry, driven by strategic policies and global geopolitical shifts, presents a significant opportunity for the country to establish itself as a key player in this critical sector. As the global value chain evolves, India's focus on both design and production, coupled with its large domestic market, positions it well to contribute to and benefit from the reshaping of the semiconductor industry landscape. The ongoing initiatives and international collaborations suggest a promising future for India in the global semiconductor ecosystem.

DR. G. VENKAT RAMAN

(Professor, Humanities and Social Sciences, Indian Institute of Management, Indore)

CHOICES AND DYNAMICS OF MOBILISING CHINA'S WARTIME ECONOMY

China's policy towards Taiwan is a product of complex policy-making processes involving a) Senior political leadership b) Domestic political considerations in nationalistic policy environment c) PRC's assessment of political conditions in East Asia, Taiwan, and the US, and d) Broad geopolitical forces in the Indo-Pacific region. Subject experts broadly categorise China's policy towards Taiwan into three distinct approaches, namely 1) Leverage, 2) United Front, and 3) Persuasion.

Leverage refers to a zero-sum approach to China-Taiwan relations whereby China would consider wide-ranging options, which include incurring military/economic/diplomatic costs to deny Taiwan any international support. This approach is best understood as coercive power that the Chinese Communist Party (CCP) can employ as circumstances dictate. The United Front approach refers to forming alliances with friendly constituencies in Taiwan and identifying those who are principal threats to the cause of national unification. In this regard, the United Front Department of the CCP is a critical actor. Persuasion refers to focusing on key constituencies and convincing them that unification is the acceptable and the most desirable outcome for the Taiwanese.

To what extent is force an option for the PRC, and what are the likely costs involved?

In the case that the CCP perceives that its fortunes are ascending or is cornered with possibilities of sanctions and other significant consequences its political leadership may be more risk-acceptant and will be determined to resolve all the major hurdles in national rejuvenation. The PRC is currently struggling, which seems to be the case owing to several factors such as economic slowdown, discontent from various constituencies due to the growing concerns related to unemployment, low consumer sentiment, especially after the collapse of the real estate bubble and PRC's ambitions to achieve tech self-sufficiency. As a result, the political leadership would avoid taking risks because the costs are likely to outweigh the benefits. In this context, risks can be understood as the additional costs that China must pay in the eventuality of an all-out attack on Taiwan. PRC will likely incur a) military, b) political, and c) economic costs.

Given China's focus on achieving tech self-reliance and the 'socialist modernization' plan by 2035, the PRC will likely see two scenarios with varying degrees of impact. If there is a moderate escalation, one will likely witness fresh vigor in the already existing US-China slugfest. This will impact the FDI, affect China's FOREX rate, and negatively affect its domestic financial stability.

In the case of an extreme scenario with a significantly higher escalation of war with Taiwan, the PRC is likely to face broad G-7 restrictions targeting Chinese firms and financial institutions. Further, along with the economic costs, the PRC might have to contend with reputational costs.

In recent times, China has been engaged in developing specific tools to sharpen its economic statecraft in the form of tariffs, boycotts, preferential treatment in favor of domestic firms, sudden and unannounced inspections on foreign businesses operating within the PRC. Exercising the military option to compel Taiwan to return to the mainland fold is likely to impact its ability to settle scores with its adversaries significantly. No wonder there are wide-ranging debates within the PRC leadership regarding using such tools. Some influential sections are needed for China to build a resilient financial system so that these act as shock-absorbing mechanisms to offset the possibility of Western sanctions crippling China's economy. A few others argue that China needs to find ways to deepen its global trade and commercial ties and make the costs of imposing diplomatic and economic costs significantly high for the US and other G7 countries.

Currently, G7 exports to China are worth USD 358 billion, and the cost of the Taiwan war and subsequent sanctions mean that China will be severely affected. But more than one hundred million jobs in China depend on foreign final demand, of which forty million jobs depend on final demand from G-7 countries. More recently, in a study conducted by Scoot Kennedy, an expert on the Chinese economy for the Centre for Strategic and International Studies, more than 53 percent of Taiwanese firms surveyed late last year were either considering moving away from the mainland and, to a lesser extent, exiting from even Taiwan, owing to concerns about a possible cross-strait war. At a time when foreign investors are already looking to mitigate risk by diversifying their businesses under the China plus one strategy, the exit of well-known Taiwanese firms is a significant setback for China as it will most likely hasten the pace of exit of other Western firms, thereby further denting the prospects of China coming out of its slowdown blues.

Finally, a cross-strait war will lead to a very significant demographic cost. One cannot rule out the possibility of large numbers of Taiwanese citizens falling to Western destinations, and if China fails to achieve an outright victory in a brief period, industrial chains and FDI withdrawals will further weaken the Chinese economy. The resultant adversarial geopolitical environment would lead to fewer exports and further unemployment. China is already dealing with growing youth unemployment due to concerns about overcapacity and an increase in the retirement age. Therefore, the costs of waging a cross-strait war were too high for the Chinese leadership before and will continue to remain so.

DR. APILA SANGTAM

(Honorary Adjunct Fellow, National Maritime Foundation, Delhi)

CHAOS IN THE NEIGHBOURHOOD: SECURING ASIA'S SLOC

Recently, global geopolitical tensions have intensified due to the war in Ukraine, the Israel-Gaza conflict, the Red Sea attack by Houthis and concerns over the security of Sea Lines of Communication (SLOCs) and strategic chokepoints, further exacerbated by the potential for conflict in Taiwan. Any disruption to critical maritime routes would severely impact global trade, particularly energy supplies, with long-term consequences for the global economy. For India, the stability of SLOCs and key chokepoints, such as the Strait of Hormuz and the Malacca Strait, is even more vital due to its heavy dependence on oil and energy imports, which constitute approximately 85% of its total oil consumption, primarily sourced from the Middle East, Western Hemisphere and Africa.

The significance of SLOCs varies for each nation depending on geography and reliance on specific routes for essential commodity transport and maritime operations. For India, the most important chokepoints are the Malacca and Singapore Straits, Sunda Strait, Lombok Strait, Strait of Hormuz, Ombai and Wetar Straits, Suez Canal, Bab-el-Mandeb, Mozambique Channel, and the Cape of Good Hope. It is important to understand the significance of SLOCs on India's eastern and western fronts and to highlight the initiatives India has taken to safeguard these routes and critical chokepoints. India's economic engagement with Southeast Asia and East Asia is significant, with total trade reaching to almost \$200 billion. Major partners include ASEAN (\$131 billion), Japan (\$22 billion), South Korea (\$28 billion), and Taiwan (\$8 billion). A considerable share of this trade transits through the South China Sea (SCS), making these SLOCs crucial for India's economic security. Consequently, India's Free Trade Agreements with ASEAN, the UAE could be adversely affected by any disruptions in these maritime routes. India's partnerships with South Korea and Taiwan in the semiconductor sector are crucial for enhancing its position in global electronics manufacturing and reducing reliance on critical microchip imports.

On the Western front, India's trade with West Asia totals around \$240 billion, including key partners like the UAE, Saudi Arabia, Iraq, Oman, and Qatar, which are critical for India's energy imports. Any disruption in the SLOCs, whether in the SCS or West Asia, could significantly impact India's trade flows and energy security, as much of this trade depends on the stability and security of maritime routes across these regions.

The importance of SLOCs security is paramount for India, given its high dependence on these routes for both economic and energy supply chains. If SLOCs are not protected, important initiatives such as the India-Middle East-Europe Economic Corridor (IMEC), unveiled at the 2023 G20 summit in Delhi, are also likely to face significant challenges. IMEC was designed to streamline trade between India and Europe by reducing freight costs and transit time, thereby enhancing connectivity and economic integration. However, growing instability in the region, particularly in the Gulf of Aden and the Red Sea—where warships are actively patrolling to deter potential pirate attacks—threatens to undermine these ambitions. Disruptions in these key waterways can delay shipments, increase insurance premiums, and inflate overall costs.

From a strategic perspective, China's own SLOCs would be at significant risk in the event of its conflict with Taiwan. Over 90% of China's foreign trade depends on sea transportation, and any prolonged conflict in the Taiwan Strait would jeopardize these vital trade routes. There is less likelihood that the PLA Navy will obstruct international traffic in the sea lanes that run through Asia.

To secure its SLOCs and mitigate potential disruptions, India is enhancing both its military and economic capabilities. The country's push for semiconductor self-reliance, launched in 2021, addresses both economic needs and national security imperatives. India has also signed the Security of Supplies Arrangement (SOSA) agreement with the US, ensuring reciprocal priority support for goods and services crucial to national defence and helping manage unexpected supply chain disruptions.

In maritime security, India is a member of the Combined Maritime Forces (CMF) to combat piracy in the Red Sea and Gulf of Aden, while maintaining an independent naval presence. Through Presence and Surveillance Missions (PSM) and Mission-Based Deployment (MBD), India has ramped up patrols and surveillance across key maritime regions. It has deployed guided-missile destroyers at critical chokepoints to ensure navigation security and protect against piracy and other threats. Additionally, India's expanded Coordinated Patrols (CORPATs) with regional partners such as Indonesia, Thailand, Myanmar, Bangladesh and France help to strengthen its presence in strategic areas.

India conducted Malabar naval exercise with US, Australia and Japan in the Bay of Bengal on 8-18 October 2024, reaffirming its commitment to collaborate with like-minded partners to secure vital SLOCs and deter any aggressive maritime actions. The US has also recently recognised the UAE as a Major Defence Partner, along with India to enhance defence cooperation in the Middle East, East Africa, and the Indian Ocean region.

To bolster its naval power, India is acquiring advanced platforms such as P-8I maritime surveillance aircraft and MQ-9B Reaper drones which will enhance its intelligence, surveillance, and reconnaissance (ISR) capabilities. The expansion of its submarine and warship fleets further strengthens its presence in the Indian Ocean. Under the Security and Growth for All in the Region (SAGAR) framework, India aims to position itself as a preferred security partner and first responder in regional crises, reinforcing its role in maintaining maritime security and stability.

BEYOND THE BOOM: DOMESTIC IMPEDIMENTS TO CHINA'S ECONOMIC POWER

PANEL DISCUSSION



Concept of talk by ORCA

Following decades of rapid growth, China's economy is cooling and economic momentum is suffering from challenges that have remained dormant so far. Over the last five years, the implosion of China's real estate sector has prompted the government to adopt various measures to tackle the issue of corporate debt, oversupply of housing, speculation and crashing housing prices. The roadblocks for China's transition from export-driven economy to consumption-led growth have become more evident in the past few years, thus creating a major challenge to resist its economic slowdown in the post-pandemic period.

Moreover, China's demographic challenge of having to care for a large dependent population with the aid of a relatively smaller working age population is a major complication for economic growth prospects. China also faces an uphill battle with respect to the implementation of the digital yuan, from adoption to regulations, which will greatly influence the growth of China's digital economy. This panel will discuss and analyze these emerging impediments to China's economic power, the strategies adopted to counter systemic risks and the new emerging drivers of growth.

DR. VARAPRASAD S. DOLLA - MODERATOR

(Professor, Chinese Studies, Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University)

LESSONS FROM THIRD PLENUM: REMEDIES AND RAMIFICATIONS FOR CHINESE ECONOMY | ECONOMIC IMPACT OF NEW PRODUCTIVE FORCES: CHINA'S TECH SELF-SUFFICIENCY DRIVE

Power in international politics is a significant theme determining the dynamics of various social, political, and economic relations. However, it can be argued that power without principles is dangerous and principles without power are weak. The emphasis on New Sinology seems to suggest the end of Old Sinology. Whether it is old or new, what is needed is a credible and authentic sinology that is truth-centric. This perspective is a foundation for examining the theme of China's economic power.

Before diving into the contours of Beyond Boom and assessing Domestic Constraints, we must recognize the boom and China's economic power. The remarkable economic boom China has accomplished in the last four decades must be factored into our analysis. In 1978, Deng Xiaoping set a goal to quadruple China's economy by 2000, a target that was achieved ahead of schedule.

It is against this backdrop that the recently held third plenum of the 20th Central Committee of the CPC, adopted on July 18, 2024 has to be analysed. The Plenum takes into account two contexts. First, the global context which the Chinese leaders view as grave and complex. They arrived at this understanding, particularly in the wake of the American sanctions. Second, the domestic context where the focus is on ensuring stability given the element of insecurity within the Chinese economy, society, and polity.

The Plenum proposed New Development philosophy as a key remedy for the economic woes that China has been confronting in the last few years. This philosophy encompasses two key elements. The first is the five-sphere integrated plan, which addresses economic, political, cultural, social, and ecological dimensions. This plan aims for a comprehensive standard dealing with a modern socialist country, deepening reform, advancing law-based governance, and strengthening self-governance. It represents a paradigm shift from a traditional socialist to a modern socialist economy where the central focus is on high quality development.

The second element involves thinking in Big Picture terms, both locally and globally. Locally, China has acknowledged the problems it faces, particularly risks associated with real estate. Globally, initiatives such as the Global Development Initiative, Global Security Initiative, Global Cultural Initiative, and the Belt and Road Initiative (BRI) are being incorporated into the new development philosophy.

The ramifications of this new development philosophy are expected to include both positive and negative impacts on the Chinese and global economies. With China's GDP growth at 5.2% in 2023, sustaining the previous high growth rates appears challenging. The Chinese economy is characterised as "sluggish forward," gradually trying to return to a new normal.

In this context, the Austrian Chancellor, Duke Metternich's perceptive observation vis-à-vis France: "When France sneezes, the rest of Europe catches cold" can be rephrased saying, "When China sneezes, the whole world catches cold." This sentiment underscores China's significant influence on the global economy and international politics.

The evolving nature of China's economic power and its new development philosophy suggests a recalibration of both domestic and international strategies. As China navigates these changes, the global community needs to watch closely, recognising the far-reaching implications of China's economic trajectory on international relations and the world economy.

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CHINA'S STRATEGIES FOR THE TROUBLED REAL ESTATE SECTOR

The Chinese real estate sector, a crucial component of the country's economy, has recently faced significant challenges. While examining whether the industry can be salvaged, focusing on current strategies and prospects. The importance of real estate to China's economy cannot be overstated, with estimates suggesting it contributes between 14% to 30% of GDP when considering its upstream and downstream connections.

The sector experienced rapid expansion from 2003 to 2013, during which housing prices outpaced growth in disposable income. While disposable income increased by a factor of about three, housing prices quadrupled, making affordability a significant concern. This rapid price increase was partly driven by speculative activities, as real estate became a popular investment avenue due to limited alternative options. Local governments also played a role in this expansion, benefiting from rising housing prices through increased land revenues. However, this created a high dependency on the real estate sector for local government finances, introducing additional risk to the system.

In response to these developments, policy initiatives were introduced starting in the early 2010s. These policies aimed to constrain demand and control prices through various restrictions. Buyers faced limitations on borrowing, with higher down payment requirements and restrictions on the number of properties they could own. Price controls were also implemented to curb rapid increases.

From 2020 onwards, more stringent policies were implemented, including that imposed constraints on buyers and borrowers in the real estate sector. These measures also affected the banking sector, limiting lending to the real estate industry. As a result of these policies, the housing market began to decline in the early 2020s. Investment in real estate development peaked in 2019 and saw significant drops in 2022 and 2023, with year-on-year declines of about 10%. This policy-induced decline has led to what some consider a crisis in the broader real estate sector. Sales of floor areas have also seen substantial decreases over the past two years, further impacting investment.

The real estate sector's downturn has ripple effects on local government finances. Local governments have heavily relied on land-related revenues, which have declined recently. This dependency poses a

risk as the housing market slows, potentially affecting the local government's ability to facilitate economic growth.

Policy adjustments have been gradually implemented in response to these challenges, pulling back some more substantial constraints. Recent concerns about the lack of economic dynamism have led to expectations of further policy changes. The government's positioning on the real estate sector has shifted over the past decade from viewing it as a crucial economic contributor to seeing it as a sector that needs to be sustained but at a smaller scale.

Short-term goals focus on stabilising the sector and containing financial risks, particularly those related to local government finances. In the longer term, there is a need to cultivate new growth drivers and find alternative sources of income for local governments.

Housing prices across different tiers of cities have shown varying trends. Data from 70 large cities indicates that new and resale housing prices have fluctuated, with some tiers showing more stability than others. This variability in price trends across city tiers reflects the complex nature of China's real estate market and the differing impacts of national policies on local markets.

The real estate sector's challenges have broader implications for China's economic landscape. As a significant contributor to GDP and a primary source of household wealth, the sector's performance has knock-on effects on consumer confidence, spending patterns, and overall economic growth. The government's approach to managing the sector's transition will be crucial in maintaining economic stability while addressing long-standing affordability and financial risk issues.

Moreover, the real estate sector's evolution is intertwined with China's urbanisation process and demographic changes. As the rate of urbanisation slows and the population ages, the nature of housing demand will likely shift, requiring adaptations in the real estate sector's focus and development strategies. The ongoing policy adjustments reflect the government's attempt to balance multiple objectives: maintaining economic growth, ensuring financial stability, improving housing affordability, and managing local government finances. The success of these efforts will depend on the government's ability to implement reforms effectively and the sector's capacity to adapt to a new operating environment.

As China continues to navigate these challenges, the real estate sector is expected to undergo significant structural changes. While it may not return to the rapid growth rates of the past, it will likely remain a crucial component of the Chinese economy, albeit in a more sustainable and balanced form. The sector's future will be shaped by ongoing policy reforms, changing demographic trends, and the broader economic transformation that China is undergoing.

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CHALLENGE OF SHIFTING GEARS: MOVING TO CONSUMPTION-LED GROWTH

China's economic trajectory has significantly transformed, particularly in consumption patterns and housing market developments. Recent observations from academic exchanges highlight China's ongoing struggle with the socio-political and financial aftermath of COVID-19, presenting a complex landscape of postponed decisions and their inevitable consequences. The situation demands careful analysis of various socio-economic pressures and their potential outcomes, acknowledging that while necessary choices are apparent, their implementation carries substantial implications.

The roots of these challenges can be traced back to 2007-08, when Men Shai Kho identified fundamental instabilities in the Chinese economy, characterising it as unstable, unbalanced, and uncoordinated. The global economic slowdown prompted China to pivot towards investment-led growth, though strategic documents and reforms implemented since 2005 proved to be somewhat delayed in their execution. The Xi Jinping administration inherited these challenges, necessitating various course corrections throughout its tenure, particularly in addressing structural economic imbalances.

Several policy initiatives emerged to address these challenges, including supply-side reforms targeting the banking and housing sectors and measures to address internal protectionism. The ambitious "Made in China 2025" and Industry 4.0 initiatives were introduced to modernise industries, while the "dual circulation" strategy encompassed a broad spectrum from agricultural development

to semiconductor production. These rebalancing efforts acknowledged the reality of diminishing external demand, exacerbated by both global economic slowdowns and ongoing trade tensions with the United States, where bipartisan consensus suggests sustained pressure on China-related policies regardless of electoral outcomes.

Urbanisation, prominently featured in the 13th and 14th Five-Year Plans, was positioned as a catalyst for consumption growth. Local governments viewed this as an opportunity to boost land prices, though this cyclical approach eventually proved unsustainable. The implementation of dual circulation policies revealed varying responses across different state actors. Those close to the Politburo demonstrated enthusiasm, particularly regarding indigenous innovation, while middle provinces showed ambivalence due to potential impacts on local business interests. This pattern mirrors similar dynamics observed in other regions, such as India, where local protectionism presents comparable challenges, particularly in states like Karnataka. A third group of provinces remained hesitant, questioning the financial feasibility of new initiatives, particularly given the unclear provisions in 2022 and 2023.

Conservative spending patterns have marked the societal response, further intensified by the pandemic. Concerns about the housing bubble, inflation, career stagnation, and limited job growth have contributed to delayed purchasing decisions and reduced travel. Recent discussions preceding the Third Plenum focused on addressing domestic circulation bottlenecks and persistent regional protectionism, recognising significant blockages within the domestic economy that continue to impede progress.

While Chinese media maintains an optimistic narrative, framing challenges as opportunities for solution-building, the reality requires citizens' active participation in consumption, investment, and market confidence. The approach resembles a professor motivating students rather than criticising them, emphasising the development of efficient logistics systems, fostering innovation, and promoting regional coordination. However, meaningful change depends on public engagement in market activities and addressing systemic issues, including concerns about discrimination.

The government's acceptance of lower growth rates, now closer to 4.8% rather than the traditional 5% target, signals a shift in economic expectations and a recognition of the changing nature of China's economic development. This adjustment reflects a broader understanding of the challenges in maintaining historically high growth rates in an increasingly complex financial environment.

The centralisation under Xi Jinping, particularly through anti-corruption initiatives, has profoundly influenced investment decisions and project approvals. Officials have become increasingly cautious about decision-making, fearing future scrutiny of their choices. These anti-corruption measures have significantly impacted luxury spending and related sectors that previously supported retail, services, and job creation. The state's enhanced control over financial markets, including IPO regulations, has affected investment patterns in ways too complex to address in a single discussion fully. Recent policy discussions emphasise market leverage while promoting fair resource allocation. However, provincial authorities continue to maintain significant market power as leverage within the system of fragmented authoritarianism, creating a delicate balance between central control and local autonomy.

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DECLINING DEMOGRAPHIC DIVIDEND: BETWEEN THE UNEMPLOYED YOUNG AND DEPENDANT OLD

The significance of demographic analysis in contemporary China extends beyond mere population statistics, emerging as a crucial factor in policy-making despite global attention being divided among pressing issues like the Russia-Ukraine war and developments in Israel. Demographics are a fundamental tool for policymakers in making informed decisions across healthcare, economy, and social service sectors. China's case is particularly noteworthy due to its unique, forced population control policies, which have profoundly influenced domestic policy outcomes. Recent National Bureau of Statistics data from 2022 marks a critical juncture in China's demographic trajectory, showing the first negative population growth at -0.6%. This decline is evidenced by falling birth rates from 7.52% in 2021 to 6.77% in 2022, while death rates increased from 7.18% to 7.37%. The population pyramid analysis since 1980 reveals an increasingly inverted structure, with a narrowing base indicating a shrinking younger population. The age composition data shows a remarkable shift: single

and working-age populations are diminishing while the elderly population expands. This trend is reflected in the total dependency ratio, where old-age dependency rises significantly.

The economic implications of these demographic shifts are profound. China's previous rapid development, fueled by demographic dividend, is facing new challenges as it loses its competitive advantage in cheap, skilled labour while confronting mounting financial pressures to care for its ageing population. The shrinking market presents additional challenges through the 'age-structural effect', where an ageing society typically demonstrates decreased consumer behaviour as elderly populations generally spend less than younger generations. Although rising income levels might potentially support a consumption-led economy, this possibility requires careful scrutiny.

Youth unemployment presents another critical challenge. As per National Bureau of Statistics data, while China's overall unemployment rate hovers around 5.2-5.3%, in July 2024, the youth unemployment rate (ages 16-24) has reached an alarming 18% for the same period. This high rate reflects young people's difficulties in securing high-paying jobs over the past three years, particularly as traditional employment sectors like real estate, IT and finance face pressing challenges.

The intersection of youth unemployment and an ageing population creates unique pressures. Elderly parents with extended life expectancy require increased financial, emotional, and social support for extended periods. This situation is exacerbated by the "4-2-1 phenomenon," where single children must support multiple elderly relatives, placing additional strain on an already stressed young workforce.

The retirement age dilemma represents another significant challenge. Recent government decisions to increase the retirement age initially piloted in Jiangsu province and later adopted nationally, demonstrate the government's reluctant acknowledgement of demographic pressures. However, these adjustments are expected to have only marginal effects on addressing the fundamental challenges of an ageing population. They will not significantly improve the ratio between working adults and post-working adults.

The government's response includes shifting away from strict population control policies, though experts suggest these changes came too late to address the current economic challenges. There is an increased focus on research, innovation, and education to develop a higher-quality workforce to compensate for declining numbers. The emphasis on sophisticated technologies like AI reflects this adaptive strategy. These demographic trends reshape China's economic and political landscape, influencing international relations and foreign policy through an intensified quest for markets and resources.

On the positive front, a decline in population size can enhance per capita income, lower unemployment rates, and elevate the level of disposable income, all of which foster a strong domestic market. The transformation from green to silver economy also brings some new opportunities of employment in ageing related sectors such as healthcare, nursing, caregiver services and so on. Questions arise about China's potential future openness to international migration to support domestic and global economic needs.

In conclusion, the shrinking labour force will widen the pension gap along with weakening the social safety net. This could keep savings rates high, hindering the government's rebalancing efforts towards a consumer-driven economy. The fiscal space for responding to future crises is increasingly constrained, with state and local governments already under significant pressure. These current population projections suggest continuing challenges for China's future. The burden of supporting a growing number of dependents, combined with persistent youth unemployment, creates a complex demographic and economic challenge that requires innovative policy solutions and potentially fundamental shifts in social and economic structures.

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CHINA'S UPHILL BATTLE FOR DIGITAL YUAN: FROM REGULATIONS TO RECEPTION

2024 is the 10th year since China's central bank – The People's Bank of China (PBoC) set up a task force to explore the possibility of Digital Yuan and since then, it has gone through several phases of research and experimentation across China. Besides stated objectives mentioned in PBoC's 2021 white paper, other objectives also include - to reduce dominance of mobile payment systems as well

as restrict growing popularity of cryptocurrencies and set global standards in CBDCs. Since 2019, China has covered pilots in over 25 cities with an expanded coverage in Hebei, Sichuan, Jiangsu and Guangdong. These pilots are mostly concentrated in the eastern parts of China where it can target a much larger population. To facilitate cross-border transactions with ASEAN, pilots have also been launched along the China-Vietnam border in Yunnan and Guangxi. Despite such pilots and backed by extensive research, China has not yet announced a nationwide launch of Digital Yuan even after 10 years due to several challenges it is facing at multiple levels.

Broadly, there are four major stakeholders in China's Digital Yuan initiative, namely – PBoC as the regulator, commercial banks, Payment Service Providers (PSPs) and end users.

PBoC is entrusted with the issuance and regulation of Digital Yuan currency which combined with physical cash, forms the monetary base of China. Digital Yuan grants PBoC more control over daily transactions as these transactions are traceable which helps PBoC to avoid money laundering, terrorism financing as well as tax evasion. However, this raises concerns about privacy of individual users as Chinese laws on personal information and data protection are not yet compatible with the Digital Yuan initiative. This may affect its faster adoption by consumers, especially foreign users. To balance elements of anonymity and traceability, PBoC has adopted a four-tier structure which links quantity of data shared and transaction limits, higher the data quantity, higher the transaction facilities. Further, PBoC also needs to push for stronger cybersecurity laws to avoid online frauds associated with Digital Yuan. Lastly, PBoC also faces challenges in expanding Digital Yuan coverage due to huge costs incurred for infrastructure required to conduct transactions as well as for promotional activities to nudge people to adopt Digital Yuan as a preferred payment mode.

Commercial banks, which form the Tier-2 of Digital Yuan architecture, play a crucial role in the dissemination of Digital Yuan to end users. Currently, few selected major commercial banks are responsible for opening Digital Yuan wallets, completing KYC registrations and storing consumer data for future use. These banks have been chosen based on their capital base and the level of technological sophistication. However, this makes other smaller commercial banks subordinate to these selected banks in the Digital Yuan framework as smaller banks will only have a limited role. This may lead to financial disintermediation of small banks as the usage of Digital Yuan expands across China. Moreover, similar to PBoC, even these commercial banks have to invest in additional infrastructure required for Digital Yuan which can reduce their profitability amidst already weakened financial conditions caused by debt concerns.

The third stakeholder that will be highly impacted by Digital Yuan is PSPs in China, particularly Alipay and WeChat Pay. These two PSPs together carry out over 90 percent of mobile payment transactions in China, making them an inseparable part of China's payment infrastructure. Thus, Chinese officials have clarified that Digital Yuan does not aim to replace these PSPs, but rather it is currently being promoted through Alipay and WeChat Pay. However, the approach of Chinese officials towards these FinTech companies has not been very positive in the past few years and the Digital Yuan offers an opportunity for officials to reduce their dominance in the Chinese economy. Moreover, as Digital Yuan gains popularity, it will put pressure on these PSPs to compete with the state-backed payment system which can affect their profitability and consumer base.

Lastly, Digital Yuan has failed to become an attractive payment option for end users as Chinese citizens have become habitual to mobile payment systems. Digital Yuan does not offer substantial benefits over mobile payments for consumers which can bring in behavioural change in them. Although Digital Yuan provides more sense of security than other payment modes since it is directly backed by the PBoC, privacy concerns and lack of incentives have overshadowed its advantages. In fact, even initial promotional activities have failed to attract consumers to adopt its usage in the long run as many people were found to have transferred promotional amounts to their conventional accounts.

Beyond these challenges with regards to different stakeholders, overall macroeconomic uncertainty and weakened consumption scenario have created trust deficit between the government and people which has hindered the progress of Digital Yuan in China. In this scenario, China may reorient its focus to an international audience and look to promote it in cross-border transactions through trade settlements and development loans.

NAVIGATING EXCESS: CHINA'S INDUSTRIAL OVERCAPACITY AND ITS IMPACT ON INDIA AND THE WEST

EXPERTS' DIALOGUE



Concept of talk by ORCA

China's trade relationships have been strained by concerns about overcapacity in China's industrial system, which have profound implications for advanced economies as well as emerging ones like India. The export of goods like electric vehicles, steel, electronics and several others at lower prices and in large volumes by China has not only led to large trade deficits for countries like India, EU and US, but also led to crashes in prices of commodities, stifling of domestic competitors and protectionist measures in the form of anti-dumping duties and tariffs.

On the other hand, it has been argued that China's oversupply of goods has the effect of pushing companies to become more cost efficient and innovative in order to retain their market share. With trade tensions threatening to spiral into a trade war, countries like India have opted to build up domestic industrial capacities to counter China's exports, as well as adopt a variety of measures to offset China's highly cost competitive exports. China's overwhelmingly large presence in the import basket of countries even poses major national security risks, which countries are now beginning to address. These economic and security dynamics are leading to a revival of industrial policy in the US, EU and other parts of the world. This Experts' Dialogue will see speakers discuss the source of China's industrial overcapacity, counter-strategies to Chinese exports adopted by India, US and EU, outline the significance of industrial policy and implications for global economy and security.

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OVERCAPACITY AS THE NEW TRIGGER FOR A TRADE WAR? | STRATEGIES FOR COUNTERING CHINA'S MANUFACTURING DOMINANCE

Chinese overcapacity is much discussed nowadays, even more so in strategic circles than in trade circles. To contextualise this concept, the global trade order anchored by GATT/WTO rules, is rightly viewed as a global public good. The WTO has elaborate rules to deal with violation of fair-trade principles through the so-called trade remedial instruments – anti-dumping, subsidies and countervailing measures, and safeguards.

But the entry of China into the WTO in 2001, with its unique state capitalism model, has changed the calculus of due-process based retaliation. In several countries, especially the US, it has brought home the competitiveness gap between China and others in sectors considered of strategic importance. Separately, recent events like the Covid pandemic and frequent climate shocks have raised questions regarding the adequacy of the existing trade paradigm in ensuring supply resilience.

So, what we are witnessing is the birth of a new paradigm which privileges security and resilience over trade liberalisation. While Chinese overcapacity is certainly a primary contributor to these developments, other factors are also responsible. A key issue is the efforts being made by the US and others to close the technology and capacity gap with China through a range of industrial policy

measures - higher tariffs, export controls, and large subsidies to encourage domestic manufacturing.

IMF research identified 2500 new industrial policy measures in 2023. Around 71% of these were prima-facie trade distorting and most were enacted by Advanced Economies and China. Cumulatively, several of these measures raise fundamental questions about the continued relevance of multilateral trade rules.

Is Chinese overcapacity likely to lead to a trade war?

Here, some counter questions are merited – In so far as the multilateral trade system (MTS) is a global public good, how far down the road of unilateralism can we go to achieve strategic objectives without fatally undermining this system? Can industrial policy measures be designed to ensure WTO compliance? The WTO is already weakened by the near collapse of its Dispute Settlement System (DSS). Unrestrained violations of rules by powerful countries can destroy what remains. Clearly, there are trade-offs to be made.

So, Are Trade Wars Imminent and Inevitable?

Based on presently available information, two considerations are relevant:

- Will the US witness a change in administration in November? A Trump presidency will dramatically change the situation if he converts his recent pronouncements into policy action. For instance, he has threatened to impose 100% tariffs against countries which are moving away from the dollar.
- Second, some recent studies cast doubts about the US-China stand-off leading to a global trade war. Europe's reliance on Chinese imports is increasing, and its recent calibrated action on Chinese EVs reflects its hope that Chinese EV companies will invest in the EU. Another IMF study concluded that a set of non-aligned, connector countries and many MNCs are acting as a bridge between the US and China and are imparting resilience to global trade.

Some broad interim conclusions can be stated:

- A massive decoupling from China is highly unlikely in the near future. The Chinese economy is too important for the world to ignore. However, structural changes will continue to be made across the world to reduce dependence on one or two suppliers.
- While pursuing strategic autonomy, several countries are willing and able to adopt flexible and pragmatic measures to navigate between the blocs.
- There are trade-offs to be made between multilateral rules and unilateral measures aimed at strategic autonomy. For developing countries especially, WTO rules provide a bulwark against arbitrariness of powerful countries.

Countries like India will need to define their own strategic objectives vis-a-vis China with reference to their own risk assessments, resource endowments and industrial and economic capabilities. Indian policy making is too sophisticated to allow simplistic formulations regarding decoupling and reinventing supply chains across the board.

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INDIA'S PERSPECTIVE ON CHINESE GOODS FLOODING THE INDIAN MARKET - HOW IS INDIA GUARDING AGAINST THIS OVERSUPPLY OF CHINESE GOODS - TARIFFS AND TRADE BARRIERS - PLANS TO COMPETE WITH CHINA'S OVERSUPPLY BY BUILDING UP DOMESTIC INDUSTRIES - WHERE OVERSUPPLY IS A SECURITY (ECONOMIC AND NATIONAL SECURITY) RISK AND WHERE IT IS PERMISSIBLE - HOW TO INVIGORATE INDUSTRIAL POLICY IN INDIA TO RESPOND TO CHINESE OVERCAPACITY

The issue of China's 'overcapacity' is being widely debated and discussed. While certain sections contend that it is a calculated move to unsettle global marketplace dynamics, others argue that the 'overcapacity' issue is not something new and that in the 1970s, the US economy also went through a period of 'overcapacity.' However, it is pertinent to note that 'overcapacity' in an economy becomes a critical problem when there is 'structural overcapacity.' In China's case, what has rapidly become a matter of concern is what some analysts have termed as 'problematic overcapacity.' It is argued that China's state-led investment and support will be directed to strategic industries and cause market distortions and trade imbalances.

China's attempt to move up the Global Value Chains (GVCs) has been a grave concern for the Western players perched on the top of the value chain ladder. For instance, according to a Bloomberg analysis of data on the Chinese economy across various sectors, China's planned solar equipment production capacity during 2024-27 will exceed global demands by more than twice. Recent developments in the Chinese economy have further exacerbated the 'overcapacity' concerns. For instance, Chinese lending has witnessed a marked shift from the property sector to the manufacturing sector, leading to fears of 'over-capacity.' China's banks have transitioned from granting annual loans worth more than one trillion USD to the property sector to having a net reduction in outstanding debt for the first time since rewards began in 2005. In the third quarter of 2023, Chinese banks approved loans worth more than seven hundred billion USD. This has caused a considerable surge in manufacturing of products like electric vehicles and batteries. While the question of 'overcapacity' in the Chinese economy has attracted massive attention in Western policy circles and media, not many have done an in-depth study of China's overcapacity and its impact on emerging economies.

China's 'Overcapacity' and Impact on Emerging Economies

As international trade and commerce get politicised under the pretext of 'national security', causing fragmentation of existing value chains, emerging economies have become new regions of contention between advanced economies and China. This development has posed new kinds of 'national security' challenges for these economies, especially in protecting their economic interests. Regarding the impact of China's overcapacity on emerging economies, there have been two significant concerns with respect to exports and imports.

First, China's trade surplus is increasing. For instance, China's manufacturing trade surplus with ASEAN has more than doubled during 2019-23, when it increased from three percent in 2019 to six percent of the region's GDP. To cite another example, China's trade surplus with Mexico increased from 2.7% to 3.3% during 2019-23. The emerging economies have been at the receiving end on the export front. Emerging economies have recently witnessed a rapid rise in exports of intermediate goods to China as a result of spurt in industrial growth of these countries. In the case of ASEAN countries, increasing exports from emerging economies have coincided with a significant rise in imports from China, highlighting the close integration of this region with Chinese supply chains.

The Chinese 'over-capacity' has led to two-fold development. First, it has started impacting imports from emerging economies caused by the lowering of demand from relevant sectors in China. The de-realisation of the Chinese economy, complemented by an overall decline in the domestic market, has further hurt emerging economies' exports. Moreover, the growing automation of the Chinese manufacturing sector, marked by IoT and robotics, provided many opportunities for emerging economies to increase exports of intermediary goods, especially those in the low-value chain. However, the recent slowdown in the Chinese economy and calls by Chinese President Xi Jinping to 'establish the new before breaking the old' have led to the restarting of the manufacturing of goods that are at the lower end of the value chain. This has adversely impacted exports from developing markets to China.

As far as the Chinese exports to emerging economies are concerned, there have been growing concerns owing to increasing Chinese exports. The rapid decline in domestic demand has led to increased exports to emerging economies, with Chinese firms investing abroad. This has become a significant 'national security' concern owing to the possibility of Chinese firms investing and operating in these economies, increasing their market power by engaging in monopolistic practices and forming cartels with the active backing of the Chinese state.

China's 'Overcapacity' and Impact on India

The Chinese 'overcapacity' issue has led to significant concerns in India, with critical constituencies across industries blaming China for exporting its domestic problems to India. For instance, the Indian steel industry has been crying foul by citing that China is dumping low-priced steel in significant quantities in India. Moreover, China's steel exports to the Global South have increased by 29% in the first quarter of 2024 compared to the same period in 2023. This has led Indian steelmakers to demand protection from these cheap imports. India's response to growing cheap imports from China has added a new purpose to its Atma Nirbhar and 'Make in India' plans.

Besides measures to boost Indian manufacturing via Production Linked Incentives (PLIs), Indian policymakers need to develop other novel schemes to curb the influx of Chinese imports. India needs to join forces with like-minded countries on the external front to form formidable coalitions.

The Indo-Pacific Economic Framework (IPEF), a supply chain initiative that seeks to establish a network of 'trusted partners' to reduce reliance on China, and geopolitical initiatives like the Supply Chain Resilient Initiative (SCRI) with Japan and Australia aimed at shifting production away from mainland China are two noteworthy responses from India. Initiatives like these will go a long way in preventing China from weaponizing its trade with other countries.

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IMPACT OF OVERCAPACITY ON INTERNATIONAL ECONOMY AND DOMESTIC MARKETS - SOURCE OF OVERCAPACITY - VULNERABILITY CREATED BY OVERCAPACITY FOR OTHER COUNTRIES: TRADE WEAPONIZATION AND INFLUENCE THAT CHINA HAS AS A RESULT OF OVERSUPPLY - DECIMATION OF COMPETITORS OR IMPETUS FOR INNOVATION? - WTO REGULATIONS AND DISPUTE RESOLUTION IN THE CONTEXT OF CHINA'S OVERSUPPLY - ROLE OF FTA'S, RCEP IN FACILITATING OVERSUPPLY

China's industrial overcapacity has been a prominent concern in its economic policies, especially since former Premier Li Keqiang prioritised it as a major challenge in 2017. Overcapacity occurs when production capacity exceeds market demand, leading to underutilised resources. This issue is most pronounced in traditional industries such as steel and coal but has also extended into high-tech and clean energy sectors like electric vehicles (EVs), lithium batteries, and solar panels.

The gravity of the problem can be seen in China's industry utilisation rate, which often falls below 80%. In August 2024, it stood at 74.9%, lower than in other major economies like India (76.8%), the US (77.96%), and Germany (77.4%). Some sectors, such as non-metallic mineral products and automobile manufacturing, are even worse off, reflecting deeper structural issues.

Sources of Overcapacity

There are several drivers behind China's industrial overcapacity such as:

- **Investment-Driven Growth Model:** China's growth heavily relies on investment, with substantial government subsidies propping up key industries like steel, coal, EVs, and renewable energy sectors.
- **State-Owned Enterprises (SOEs):** SOEs play a significant role in overproduction. Large steel producers such as BAOWU and ANSTEEL, along with major coal companies like Shandong Energy Group and China Energy, are state-owned, exacerbating production even when demand is low.
- **Global Economic Slowdown:** Reduced external demand, combined with internal economic volatility, worsens the overcapacity issue. Time lags between market growth and production further contribute to overproduction, particularly in periods of slow demand growth.

Impact of Overcapacity

China's overcapacity has profound domestic and global consequences:

- **Global Trade Tensions:** The excess production leads to the dumping of goods like steel and solar panels in international markets at below-market prices. This has prompted retaliatory tariffs and anti-dumping measures from the US, EU, and other major economies. Overproduction in sectors such as solar panels, EVs, and batteries disrupts global supply chains, creating instability in high-tech industries in the US and Europe.
- **Environmental Impacts:** Overcapacity in heavy industries like coal and steel carries environmental consequences. While China pushes for green energy, overproduction in renewable energy sectors such as solar panels still worsens environmental degradation due to unsustainable production levels.
- **Domestic Economic Consequences:** Overcapacity contributes to price deflation, reducing profitability and straining SOEs. This financial stress also affects local governments reliant on SOE profits. Additionally, overcapacity creates unemployment and exacerbates regional economic imbalances, particularly in provinces dependent on traditional industries.

Role of the WTO and Free Trade Agreements (FTAs)

The World Trade Organization (WTO) and FTAs are essential in managing the global consequences of China's overcapacity:

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- **Trade Dispute Resolution:** Affected countries have brought cases to the WTO accusing China of dumping products at unfairly low prices. While the WTO offers mechanisms to address these disputes, such as tariffs or countervailing duties, its ability to fully resolve trade conflicts has been hampered by the ongoing Appellate Body Crisis. Since 2019, the Appellate Body has been non-functional due to the US blocking the appointment of new judges, delaying the resolution of trade conflicts related to China's overproduction.
 - **Trade Distortions:** WTO rules on subsidies and trade distortions are critical in curbing the effects of China's state-backed economic model. However, the organisation faces challenges in adapting its frameworks to address the unique nature of China's industrial policy.
 - **Monitoring and Reforms:** Regular Trade Policy Reviews by the WTO provide opportunities for other countries to raise concerns about China's overcapacity. However, there is growing recognition that the WTO's rules need modernization to address challenges posed by China's state-owned enterprises and overcapacity in emerging industries like renewable energy.

Domestic Policy Responses

China has taken steps to tackle overcapacity, such as restructuring, merging companies, and shutting down unviable factories in industries like steel and coal. However, these measures have not fully resolved the root causes of overproduction, as the problem remains deeply embedded in China's economic model, with continued reliance on state-owned enterprises and government subsidies.

Future Outlook

The future of China's industrial overcapacity hinges on several factors:

- **Policy Adjustments:** Balancing domestic economic needs with international trade obligations is crucial for managing overcapacity. While the government has made progress in cutting excess capacity, further adjustments are needed to prevent recurring imbalances, especially in high-tech and green energy sectors.
- **Global Cooperation:** International cooperation through FTAs and reforms within the WTO will be essential in addressing the global impacts of overcapacity. Reforms in trade rules and regulations on state-owned enterprises could help mitigate the negative effects of China's industrial policies on the global market.

Additionally, China's overseas industrial parks are a critical component in managing domestic overcapacity. These parks, established through the Belt and Road Initiative (BRI) and within frameworks like the Regional Comprehensive Economic Partnership (RCEP), help shift production abroad. They benefit host countries by boosting economic activity while simultaneously reducing China's internal supply-demand imbalances. This strategy has strengthened China's diplomatic and economic ties with emerging markets, offering a cooperative approach to tackling global overproduction.

Conclusion

China's industrial overcapacity is a complex issue, deeply rooted in its economic model and government policies. Its effects are felt both domestically and globally, contributing to trade tensions, environmental degradation, and economic imbalances. Addressing the issue will require sustained efforts from China and reforms in global trade institutions like the WTO.

INVIGORATING SOES AND STATE-MARKET RELATIONS IN CHINA

KEYNOTE ADDRESS BY DR. SARAH Y TONG

(Senior Research Fellow, East Asian Institute, National University of Singapore)



Concept of talk by ORCA

This talk will provide an in-depth analysis of how SOEs implement Xi Jinping's economic agenda, their reform trajectory, and the interplay between state control and market competition. It will also explore the strategic prioritisation of SOEs in China's broader economic and political framework. Under Xi's directive, SOEs are pivotal in promoting high-quality development and new productive forces. They spearhead initiatives in the circular economy and dual circulation strategy, aligning closely with supply side reforms to enhance economic efficiency and sustainability. Amidst economic slowdown, SOEs are navigating fiscal constraints and market volatility through adaptive

strategies and state support. The current state of SOE reform, developments from the Third Plenum and attempts at a nuanced approach balancing market efficiency with party control will be delved into. A critical aspect of this landscape is the competitive dynamics between SOEs, Little Giants, and National Champions, all vying for similar markets and resources. This competition will be analysed, and the intricate balance of fostering innovation while maintaining state oversight will be elucidated upon. Focus will also be on how Party control over SOEs, primarily through Party Committees, ensures that leadership aligns with broader political and economic objectives. The talk will also delve into leadership changes within SOEs that are strategically managed to reinforce party directives and organisational coherence.

State Owned Enterprises (SOEs) in China is a key component of China's Party-State structure. It receives policy and funding support from the State and Party and thus, holds a monopoly or oligopoly position in their respective sectors, especially in more traditional sectors. However, SOEs also have considerable negotiating power vis-à-vis local governments, albeit with some political constraints as appointments and promotions of top leadership in SOEs are made by Party organisations. SOEs are also critical in achieving several goals and objectives of the Chinese Party-State which continue to change as per the levels of modernization and sophistication in the economy. These goals include economic growth, structural changes due to technological advancements, sustainability and several social objectives such as social housing, pension, unemployment and more.

Moreover, ways and methods adopted by the Party for monitoring and guiding behaviour and business undertakings of SOEs have also undergone several modifications. For instance, in the early years of reform and opening up, transformation of state-controlled SOE work units into responsive market players has been a major change. Similarly, a significant change also happened with regards to decision making capacity of SOEs by linking these decisions to more market based incentives instead of State directives. Furthermore, SOEs are also utilised by the Party-State to guide market behaviour in a certain direction. For example, SOEs are often asked to invest in particular projects so as to also attract private institutions towards those sectors. Lastly, despite re-orientation of SOEs towards market forces, the Party-State also adopts measures to enhance Party's embeddedness into SOEs to regulate their conduct which has increasingly become relevant in recent times. In the past four decades since 1978 reforms, China has achieved some respectful achievements in In the past four decades since 1978 reforms, China has achieved some respectful achievements in terms of grow-

th, development, structural changes and growing interactions with the outside world. During this period, emphasis over economic growth and development targets has remained a fundamental priority in China's policymaking. SOEs have also become an Important tool for the Party to retain their control over the Chinese economy.

Phases of SOEs reforms

Reforms in SOEs can be categorised into four phases of which the first two phases emphasised on transitioning SOEs to become more adaptive to market behaviour and the next two phases reiterated the state control and role of SOEs in China. In the first phase from early 1980s to mid-1990s, measures were adopted to transition SOEs from mere work units to become more market responsive. It included measures such as Dual-track system, nudging SOEs to respond to market incentives and so on.

In the second phase from the mid-1990s to early 2000s, more standardisation and formalisation of the structure of SOEs was achieved to transform them into more recognizable market players. It resulted in corporatisation of SOEs under the 'socialist market economy'. Entire SOE sector was also downsized with the idea of "grab the large and let go of the small" to reduce financial difficulties of SOEs. The Dual-track system was also largely abandoned and SOEs were gradually relieved of their social responsibilities. It enabled SOEs to remain a key part of the economy, but more as market players and not merely as another branch of the Party-State.

In the third phase between early 2000s to early 2010s, China adopted a two-pronged strategy for SOE reforms. Firstly, it focused on building institutions that can act as regulator/owner of the State sector. The State-owned Assets Supervision and Administration Commissions (SASAC) was established with this aim in 2003 at the central level and later at the provincial level as well to continue corporatization and institutional building for SOEs. Secondly, the significance of SOEs was further highlighted during the 2008 financial crisis as the stimulus package was largely implemented through SOEs. Further, SOEs also became an integral part of the newly proposed initiative for strategic emerging industries around 2010 to achieve technological self-sufficiency.

The last phase of SOEs reforms which began in early 2010s, was characterised by multiple development objectives for SOEs determined by the Party-State. Some of these objectives included technological advancement, building supply chain resilience as well as fulfilling social responsibilities. To achieve these objectives, different measures were adopted such as mixed ownership of SOEs to enhance their corporate governance. Similarly, market-based incentives were also improved and State-owned Capital Investment Company and State-owned Capital management Company were established. Even the Party's control over SOEs through leadership appointment and disciplinary powers is also a part of these reforms.

How Does China's SOEs Fare Today

Restructuring of SOEs over the years has been limited by market forces and they still continue to dominate only traditional industries despite efforts to establish state enterprises in emerging industries. SOEs have become profitable due to monopoly but are not efficient and its close ties with local government has proven to be a double-edged sword.

Data shows that the share of SOEs have decreased in urban employment over the years as against the private sector which has emerged as the largest employer in urban areas. In terms of fixed asset investment, share of SOEs has generally decreased, with a small uptake in recent years. Similarly, the share of SOEs and state-holding firms is also dominant in loss-making firms in the Chinese economy, highlighting profitability and efficiency issues among SOEs. With respect to average annual growth of value-added, SOEs have underperformed with continuous decline in their average annual growth rates. Moreover, industrial SOEs spend the least share of their expenditure on R&D well below private and foreign firms, thus limiting their growth in emerging industries. Lastly, central government-controlled SOEs have declined and local government-owned enterprises have grown over the years.

Assessment of State Efforts for Strengthening SOEs

China's economy has largely decentralised at the local level with provincial governments playing a major role in facilitating economic growth. However, due to centralised Party-State structure, policymaking is largely top-down which creates gaps in coordination across regions and ministries. More often, responsiveness of local governments may lead to wasteful/costly expenses, also causing overcapacity concerns. Furthermore, campaign-style implementation of policies can also lead to a strong backlash. Lastly, inconsistencies between strict Party discipline and market principles often leads to inefficiency among SOEs.

SESSION 4: SHAPING CHINA'S DIPLOMACY: THE WHO, WHAT AND HOW?

DRAGON IN PANDA'S CLOTHING: A STORY OF CHINESE SOFT POWER

ROUNDTABLE



Concept of talk by ORCA

Soft power has become one of the important tools in China's diplomatic playbook in the past few years. Besides rapid growth in China's conventional power in terms of economic, military and technological domains, its soft power strategy has also evolved to include different facets of its culture, language, party-to-party ties, media management, claims for global Buddhist leadership and so on. Particularly, China's climate diplomacy with an attempt to claim global environmental leadership as well as China's assistance in the health domain with regards to vaccines, health infrastructure and promotion of Traditional Chinese Medicine have gained prom-

inence in Global South countries. Beijing's trans-Himalayan Soft Power strategies too have revitalised its regional approach, especially with its emerging role in the sensitive water-politics of the Himalayan states. As China aims to shape opinions and influence decision making in different countries through its soft power tactics, some of its tools have also faced backlash and strong counter-narratives from other countries. Each speaker in this Roundtable will offer critical insights into China's multifaceted soft power strategies, addressing both opportunities and controversies surrounding its cultural outreach, political manoeuvring, media strategies, climate change mitigation assistance and healthcare initiatives on the international stage.

CMDE. SESHADRI VASAN (RETD) - MODERATOR

(Director General, Chennai Centre for China Studies (C3S), and Regional Director, National Maritime Foundation)

GAUGING EFFICACY OF CHINA'S SOFT POWER STRATEGY: TOOLS AND TACTICS | INDIA'S SOFT POWER STRATEGY IN THE FACE OF A CHINA CHALLENGE IN THE NEIGHBOURHOOD

Whether it is the Dragon in Panda's clothing or Wolf in Sheep's clothing, it is clear that China has strived hard to hide its intentions by making efforts to convey that it is a benign partner of nations in their journey to prosperity and progress. However, the examples of BRI and debt trap diplomacy has not enthused developing countries about the true intent of the Chinese establishment, which has tried to use all manifestations of soft power to achieve its long term goals. China doubtlessly has adopted the definition and prescriptions for a soft power as enunciated by Joseph Nye.

The world today appears comfortable with terms such as soft power, hard power, smart power or any other term that explains the initiatives of countries including China in their global efforts to serve their dreams. It is important to note the present soft power rankings of countries, in which the USA still is number one in the survey conducted by Brand Finance Global Soft Power Index (BFGSPI). In

another survey conducted by Indian Strategic Studies Forum (ISSF) in 2023, China was at 10th position and India was at 11th. China which was placed at Number 3 by Brand Finance Global Soft Power Index can be assessed to have succeeded largely in shaping a favourable perception.

This Roundtable covered the dimensions of the stronghold of the party leadership and dedicated efforts of the leadership in laying down the blueprint for managing the country. The discussions and presentations unraveled the dimensions of Buddhism in the CPC's statecraft in South Asia by looking at various case studies, which revealed that the CPC is willing to embrace any religious option to shape the narrative in South Asia which is dominated by Buddhism. The CPC has had no qualms in funding institutions and initiatives to study Buddhism and invest in assets to serve the long term objectives of reaching out through religion. However, the practice of trying to tamper with age-old religious practices has not been received well by those who respect traditions and religious practices.

Discussions also revealed insights on telling Chinese stories well by influencing media operations. It was clear that the top direction from Xi Jinping to the diplomatic staff, who are the largest in the world, was to ensure that they bring out the good points of Chinese initiatives to shape a positive narrative. The use of Confucius Centres which have also been accused of espionage in target countries has added to the complexities of regulating the actions of such centres in host countries. The efforts of the CPC to project and protect the green image of China's climate diplomacy makes it clear was that while China appeared to be serious in complying with the regulations for green energy, it had no qualms in exporting outdated technology to third world countries along the BRI to recover the cost of its investments and make profit through the BRI energy initiatives. Similarly, China's development diplomacy is a tool for soft power in South Asia which China continues to use to invest in countries along the BRI map to shape a favourable narrative about China as a benign power that helps developing countries. However, more and more developing countries are now cautious in accepting the BRI proposals due to the opaqueness of the contracts.

Overall, China projects itself as a benign power through various soft power options that are available more so with unlimited access to its deep pockets. India for its part has been able to convince its neighbours that its helping hand is part of its values, nurtured through generations which believed that the world is one family and there is a need for measures to promote Security and Growth for all in the Region (SAGAR) in the backdrop of One Earth, One Family and One Future.

DR. JOSEPH TORIGIAN*

(Research Fellow at Stanford University's Hoover History Lab)

BUILDING CPC AS A SUPER-PARTY: INTER-PARTY LINKAGES BEYOND BORDERS

**The speaker wishes to highlight that the summary below has been written by Team ORCA post transcription and edited by the speaker.*

The International Liaison Department (ILD) - one of the six departments under the Central Committee of the Communist Party of China (CPC), is responsible for building and maintaining ties with political parties in other countries. They have been quite active in conducting deliberations with foreign parties. The current head of the ILD Liu Jianchao has recently been described as the 'shadow foreign minister' and considered very close to Xi Jinping.

China has a long tradition of maintaining party-to-party ties with leftist revolutionary parties from other countries. In the early years of the CPC, it was guided by the communist party in Russia. In the post-revolution period of the 1950s, China was virtually cut off from the Western world which resulted in CPC's ties with other foreign parties becoming more relevant to stay connected to the external world. This also helped China to learn from other socialist countries regarding building a socialist country.

Under Mao, Deng Xiaoping played a role in the Sino-Soviet split, and he himself was later purged by the Party under the accusation of being revisionist. In the reform era, many communist countries were involved in experimenting and reforming several policies and provided opportunities for China to learn from their experiences. Similarly, it was also important for China to remain engaged with the communist bloc to alleviate accusations of China itself becoming a revisionist power owing to modernization reforms initiated in late 1970s. Xi Zhongxun was entrusted with the task of re-establishing connections with the communist parties across the world. His son Xi Jinping worked with Geng Biao, who had a vast experience as the head of the ILD.

In 1982, China had ties with 14 communist parties, three socialist parties and 45 nationalist parties. By

1985, numbers increased significantly to 85 communist parties, 28 socialist parties and 78 nationalist parties across the world. Even the Soviet Union was fearful of China taking away their communist friends during this period which put a substantial burden on the Soviet budget in terms of funding communist parties.

These ties allowed China to assess their friends, enemies and neutral countries as well as get as much information as possible about the outside world. It also offered China access to experiences of other countries regarding their political systems and development paths. Secondly, party-to-party ties were less formal than inter-governmental ties which allowed China to win friends in ways that were not feasible otherwise. Through this informal set up, China could deal with people behind the scenes in other countries along with rising stars and young people who had potential to rise up in their respective countries in future. Moreover, more connections with the outside world through ties between political parties offered opportunities for China to propagate their interests and its vision for a future global order.

These trends in party-to-party ties have grown under Xi Jinping as ideology remains a key instrument of power. Thus, Xi aims to bolster his ideological commitment by strengthening ties with like-minded parties from other countries. Similarly, China is able to win as many friends as possible through these ties, especially when its ties with the west are deteriorating. Moreover, it bolsters China's cultural and civilisational confidence at home through exchanges between different communist parties. Finally, it also reconfirms the Party's increasing role in the foreign policy of China.

However, party-to-party ties are far from being a magic weapon for China for several reasons. Firstly, sometimes it can damage the credibility of communist parties in other countries as these parties could be perceived among the host community as being oriented towards Beijing. Secondly, China does not have a formal model that it can export to other countries. At best, Chinese solutions to various issues are still ambiguous, as aggressive promotion of the Chinese model can be seen as too arrogant and dominating by other countries. Furthermore, the overt role of the ILD can make other countries suspicious about the intentions and ideological agenda of China at the global level. It can also attract criticism for exporting authoritarianism. And lastly, when the domestic economy is facing a slowdown, it is difficult for China to promote its own model abroad.

DR. JABIN JACOB

(Director, Centre of Excellence for Himalayan Studies, Shiv Nadar University)

BUDDHISM IN THE CPC'S STATECRAFT: THE CASE OF SOUTH ASIA

Since Xi Jinping has come to power, the pace of China's engagements with other countries on cultural issues has increased through people-to-people contacts using Buddhism as a medium. One of the critical reasons for such engagements is to claim China's historical presence in the South Asian region, particularly as a part of its competition with India.

In order to understand China's Buddhist diplomacy in South Asia, it is important to analyse several aspects of these endeavours such as – individuals and organisations involved, specific activities conducted by Chinese entities, locations where China has been involved and objectives behind these efforts.

With regards to individuals, China has sent several members from the United Front Work Department (UFD) as ambassadors in South Asian countries, particularly in Bangladesh, Sri Lanka and Pakistan. In the case of Bangladesh, former Chinese ambassador Zhang Zuo had also headed the division of religious affairs administration in Yunnan. This experience in managing religious affairs, no doubt supported his efforts to reach out to the Buddhist community in Chittagong hill tracts.

In terms of organisations, besides the Buddhist Association of China, different Party and State organisations, including those at the provincial level are also involved in the outreach activities under the theme of Buddhism. For instance, the Palace Museum in Beijing is engaged in several projects in many countries as is, for instance, the Hunan Provincial Institute of Culture, Relics and Archaeology. Chinese institutions collaborate with archaeology departments and sundry research organisations and think-tanks such as, for example, with Pakistani institutions like the Taxila Institute of Asian Civilisations at the Quaid-E-Azam University (QAU), Islamabad or the Pakhtunkhwa Directorate of Archaeology and Museums and Silk Road Centre.

China has significant foreign policy objectives through its Buddhist diplomacy. Naturally, a key objective is gaining support for China's anti-Dalai Lama stance and it has convinced several countries,

including Sri Lanka to abstain from matters related to the Dalai Lama. China has significant foreign policy objectives through its Buddhist diplomacy. Naturally, a key objective is gaining support for China's anti-Dalai Lama stance and it has convinced several countries, including Sri Lanka to abstain from matters related to the Dalai Lama. Another is the global leadership of Buddhism. In Bangladesh and Sri Lanka, China has used the opportunity to get associated with Theravada Buddhism as part of its leadership claims over Buddhism.

To this end, China also funds exchange of Buddhist monks and scholars across different countries in South and Southeast Asia. China has organised several conferences in Pakistan to attract an international audience which comprises Buddhist scholars and monks from different countries including South Asian nations. The first International Conference on Buddhism was organised in Pakistan in 2020 and such efforts have increased in the last few years under the leadership of Chinese organisations. Exchange of Buddhist delegations also take place between China and Bangladesh, including students from Tsinghua University who have been involved in archaeological work at sites in Bangladesh. Besides these, Chinese Buddhist organisations undertake charity work in times of floods and even during financial crises as has been the case in Sri Lanka.

While China's Buddhist activities are inconsequential in Pakistan and Bangladesh owing to a non-existent or miniscule Buddhist population as the case may be in Sri Lanka, Chinese activities vis-à-vis Buddhism are more critical as it allows China to target a larger audience than in Pakistan and Bangladesh. The role of the Buddhist Sangha in the country's domestic politics offers a significant mode of influence for China.

At a macro level, China's Buddhist statecraft complements its other religious activities in South Asian countries such as organising Iftar parties and Eid charities in Pakistan, supporting poor Muslims in Eastern Sri Lanka or even funding mosques and religious schools in Bangladesh. However, these assertive religious and cultural activities can also draw too much attention to China and lead to critical questions such as about China's treatment of the Uyghur and other Muslims as well as of other Buddhists in its own territory.

Other issues like nationalism and economic concerns have also limited the effectiveness of China's Buddhist diplomacy. Factors such as Xi Jinping's emphasis on the "Chinese Dream" or on "Chinese wisdom" certainly generate some kind of pushback in smaller countries that have no wish to exchange one kind of dominance or hegemony for another. For instance, Buddhist monks have resisted China's takeover of Hambantota port despite China's investments in Sri Lankan Buddhism. Lastly, the India factor also plays a crucial role in Sri Lanka and Nepal in countering China's Buddhist diplomacy. Thus, it has not been a smooth road for China despite its deep pockets and heavy involvement in South Asia through Buddhism.

DR. GUNJAN SINGH

(Associate Professor, Jindal Global Law School, O.P. Jindal Global University)

TELLING CHINESE STORIES WELL: INFLUENCING MEDIA OPERATIONS ABROAD

The Chinese government's media control and narrative shaping approach represents a sophisticated strategy that operates through multiple channels, with an annual investment of approximately \$6.6 billion dedicated to telling the "China story." However, a critical distinction emerges between the China story and the Chinese Communist Party (CCP) story, particularly evident in the handling of historical events like the Cultural Revolution and the Tiananmen Square incident, which face significant censorship within China's borders.

The government's media control strategy operates through three primary mechanisms: propaganda, censorship, and digital transformation. Notably, China's institutional structure doesn't include a media department but rather a propaganda department, reflecting the state's fundamental approach to information control. This system has evolved in recent years through a strategy of acquiring stakes in international media outlets, exemplified by China's 20% stake acquisition in South Africa's Cape Times through state-owned entities like the China International Television Corporation and the China-Africa Development Fund.

This acquisition strategy has been particularly effective in the post-COVID-19 media landscape, where traditional print media globally faces financial challenges. As established democracies reduce fund-

ing for print media amid the digital transition, Chinese government funding has increased, allowing it to gain influence through ownership stakes in struggling media outlets. This approach extends beyond direct ownership to include significant advertising revenue provision, giving China considerable leverage over content and editorial decisions.

While these efforts might appear as exercises in soft power, they more accurately represent "sharp power" - a form of influence that seeks to monopolise narratives and exploit institutions rather than attract through cultural appeal. This distinction is crucial as China's soft power initiatives continue to struggle, constrained by the government's reluctance to relinquish sharp power tools due to underlying insecurities. The Belt and Road Initiative (BRI) exemplifies this approach, where China provides training and resources to young journalists from participating countries, building influence among emerging media professionals.

Censorship represents the second pillar of China's media strategy, operating directly and through self-censorship mechanisms. Media outlets with Chinese investment often demonstrate a reluctance to report critically on Chinese interests, as evidenced in coverage of protests in Sri Lanka and developments around the Hambantota port. This influence extends to global entertainment, with Hollywood productions self-censoring to maintain access to the Chinese market, as illustrated by the controversy surrounding "Top Gun: Maverick" and its initial removal of Taiwanese and Japanese flags to appease Chinese censors.

The digital domain forms the third component of China's media strategy, mainly through applications like TikTok and WeChat. While these platforms maintain claims of independence from government control, persistent trust issues stem from their perceived alignment with CCP narratives and their potential use for surveillance and monitoring, as demonstrated during the COVID-19 pandemic.

This comprehensive approach to media control faces significant challenges when implemented globally. The Chinese media ecosystem's closed nature conflicts with international transparency and editorial independence expectations. This tension has led to increased scrutiny of Chinese media investments in democratic countries, with some nations classifying such investments as national security concerns due to their potential to influence public opinion and narrative framing.

Xi Jinping's 2014 vision for China's global image encapsulates these efforts, calling for China to be portrayed as a civilised country with a rich history, good governance, a developed economy, cultural prosperity, national unity, and environmental beauty. However, this narrative faces challenges from realities on the ground, including ethnic tensions, environmental protests, and territorial disputes in regions like the South China Sea and along the Indian border.

The government's effort to weaponize media for countering global challenges to CCP authority reveals the limitations of this approach. While traditional news media remains under tight control, cultural products like fictional entertainment may prove more effective vehicles for soft power projection, as they can bypass immediate political scrutiny while still conveying cultural influence.

The distinction between state-controlled narrative and reality becomes particularly apparent in reporting on BRI projects, where local media coverage is often restricted from presenting ground realities that contradict official narratives. This control extends to partner countries, where media outlets face limitations in discussing project implementations and outcomes.

The success of this comprehensive media strategy remains contested. While China has established significant control over narrative within its borders and increased influence in international media through investment and economic leverage, questions persist about the strategy's long-term effectiveness in building genuine soft power and international credibility. The fundamental tension between control and credibility continues challenging China's efforts to shape global narratives while maintaining strict domestic information control.

DR. CHEN GANG

(Deputy Director (Policy Research) and Senior Research Fellow, East Asian Institute, National University of Singapore)

PROJECTING THE GREEN IMAGE AND SOFT POWER: CHINA'S CLIMATE DIPLOMACY

A country's soft power arises from the attractiveness of its culture, political ideas and policies. If one's foreign policy follows commonly-recognized international norms, its soft power originated from attraction and amity will be fortified. China is the world's largest carbon emitter, accounting for 28% of the total. China's energy mix has a structural problem: about 56% of the country's primary energy consumption still comes from coal, which is inherently more polluting and more carbon-intensive than oil and gas. China's carbon emissions are still growing with new coal power plants added every year. Moreover, the efficiency of using renewable energy is still not high due to intermittency, grid bottleneck and location factors.

China and India jointly led the bloc of G-77 in the early stage of global climate change politics, with two countries sharing similar climate positions, opposing compulsory emissions cutting for developing countries and insisting on western nations' fund and technology aid to developing countries. India and China should be the torchbearers for global climate actions, especially in the Global South. China and India have been the largest beneficiaries from the Kyoto Protocol's Clean Development Mechanism (CDM). The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO₂.

These CERs can be traded and sold, and used by industrialised countries to meet a part of their emission reduction targets under the Kyoto Protocol. Importantly, climate dialogues mitigate tensions between China and the US. Former US climate envoy John Kerry's three China tours in 2021 and 2023 demonstrate that climate change could be a rare collaboration area in a strained relationship. The urgency of the climate crisis pushed the two largest carbon emitters (more than 40% of global total) to communicate and cooperate before the COP28. For example, China accounts for 50% of US Tesla's vehicle sales and 20% of its production capacity. China-US climate cooperation may result in trade increase and technology transfer in new energy, traditional energy transformation, environmental protection and emission reduction.

MR. SHANTANU-ROY CHAUDHURY
(Independent Geopolitical Analyst)

BRIDGES AND BONDS: CHINA'S DEVELOPMENT DIPLOMACY AS A TOOL FOR SOFT POWER IN SOUTH ASIA

Viewing China's development diplomacy as a tool for soft power is relevant for South Asia because of the infrastructural deficits that prevail. It is one of the least connected regions in the world. The prevalence of poverty, need for healthcare, skill development, prevailing unemployment rates, make this region ideal for the dominance of not only an economic powerhouse, but one that is ready to invest its resources into uplifting standards of living and achieving socio-economic goals.

Many South Asian countries have struggled with inadequate infrastructure for decades. China's projects, under the umbrella of the BRI, are strategically positioned to fill these critical needs. This approach goes beyond mere construction; it's about creating tangible improvements in people's lives, which in turn fosters positive perceptions of China. There are three aspects of how China's development diplomacy bolsters its soft power in South Asia from the perspective of the recipient countries.

First, the BRI addresses the infrastructure gaps that exist in the region. With many South Asian countries struggling with inadequate infrastructure, China's projects fill critical domestic and local needs, potentially improving the daily life for millions. Examples can be seen from the Maldives where the Sinamalé bridge built by China was the first inter-island bridge in the country. Completion of the bridge made it possible for locals to travel between the capital Male and the neighbouring Hulhumalé island within ten minutes. Earlier the two islands were only connected by ferries that were subject to weather disruptions. In Sri Lanka, China has built a sprawling highway connecting the Colombo airport to the city apart from other highways in the country. In Bangladesh, too, China has built bridges and railways directly increasing domestic mobility and promoting economic integration.

Second, these projects stimulate economic growth, boosting local economies, creating jobs and business opportunities. This can lead to increased prosperity, which populations may associate positively with China. Going back to the example of the Sinamalé bridge, testimonies have shown that since Hulhumalé has become easily accessible to residents in Male, restaurants and other businesses have seen an increase in footfall. Additionally, in March 2024 an agreement was signed between Maldives and China to carry out maintenance of the bridge with a grant from China. This included training local technicians and building up their skills to take charge of further maintenance

without Chinese assistance. From this perspective, China's project has resulted in increasing economic activity across the two islands by bringing them closer, job creation during and after the construction of the bridge, and ultimately improving daily life for the local population.

Third, prestigious large-scale projects like modern airports or highways become sources of national pride and local populations may view China favourably for enabling such developments. They also become symbols of national progress and modernity for the host countries.

Ultimately, by providing visible improvements to daily life, China creates a positive narrative around its presence in the region. Local populations may view China favourably as the enabler of this economic growth without understanding or knowing about pitfalls such as debt concerns or environmental considerations.

It has always been difficult to measure and quantify soft power. While there is no doubt China promotes its ongoing and upcoming projects in recipient countries, it is difficult to measure whether those currently using the transport infrastructure in the Maldives, Sri Lanka, and Bangladesh, or those businesses and individuals who have seen their quality of life improve as a result of these projects, directly attribute these changes to China.

Nevertheless, as China continues its development diplomacy in South Asia, the economic ripple effects of these projects will likely play a significant role in shaping both local economies and regional geopolitics. However, it's important to note that this goodwill isn't universal or unchallenged. Issues like debt concerns, environmental impacts, and geopolitical implications have generated scepticism or criticism towards China's development diplomacy and have been detrimental to its image.

CONSULTANTS OF ZHONGNANHAI: THE ROLE OF ACADEMIC INSTITUTIONS IN CHINESE FOREIGN POLICYMAKING

KEYNOTE ADDRESS BY DR. GUOGUANG WU

(Senior Research Scholar, Stanford Center on China's Economy and Institutions, Stanford University and Senior Fellow on Chinese Politics, Center for China Analysis, Asia Society Policy Institute)



Concept of talk by ORCA

Foreign policy in China is typically understood to be the preserve of the Party and more specifically, Xi Jinping. Outside of the few Party organs and government departments that have a say in policy ideation and implementation, the private sector in the form of academics, think tanks, influential opinion leaders, universities and other academic institutions have a large but understudied role in shaping the thinking of China's top leaders and the ideation and implementation of policies. The Party-think tank nexus in China has considerable consultative and ideational influence which is not adequately addressed in most analyses of China's foreign

policy making. The research and recommendations of university professors, academics in think tanks and popular opinion leaders are part of a transmission belt of policy consultation and analysis that shapes the way China engages with the world. This Keynote will explore the ways in which think tanks and academics operate as consultants for the Ministry of Foreign Affairs, Foreign Affairs Leading Small Group and other Party and government bodies in charge of foreign policy. The speaker will decode the level of autonomy and flexibility available to think tanks and academia in foreign policy decision making, the nature of support extended by academic institutions and the extent of participation in decision making processes. Additionally, the Keynote will evaluate the degree to which inputs offered by academic consultants are implemented by decision makers.

There is a long tradition of the Chinese Communist Party being in command of diplomacy and foreign policy. Since Xi Jinping came to power, the Party's focus has shifted to advocating for 'Great Power Diplomacy', initially proposed by Jiang Zemin. To achieve this goal, Xi Jinping initiated reforms, restructuring the leadership system of foreign affairs. He also emphasised on the role of the leading small group on foreign affairs which was later elevated to the Central Office of Foreign Affairs (COFA) with Xi at its helm. COFA also became the organisational lynchpin of Chinese foreign policy in all aspects, including policymaking and its implementation. As a result, the post of director of COFA has emerged as the senior most position in China's foreign policy apparatus even above the foreign minister.

In 2016, Xi proposed a program of "greater foreign affairs" (not to be confused with great power diplomacy), extending China's diplomatic conduct to every possible field beyond the state and professional domains. The current situation is quite unusual due to the purge of Qin Gang which Xi Jinping would not have anticipated before. As a result, both top positions in China's foreign policy structure are occupied by Wang Yi. However, in due course, China is likely to appoint a new foreign minister which would then highlight COFA's higher position than the Ministry of Foreign Affairs (MOFA).

Organisational Framework of Chinese Foreign Policymaking

In Xi's "greater foreign affairs" approach, the role of academia, particularly that of think tanks, is very crucial. The academia-Party nexus not only helps in policy implementation but also in policymaking as it has a wider scope in consultative functions. Within the Party structure, COFA provides the organisational leadership for other organisations as well as a platform for top leadership for consultative decision making on foreign affairs. This is a prominent feature of Chinese foreign policymaking in which COFA integrates foreign policymaking, policy consultation and policy implementation under one structure by collaborating across different sectors. It allows for wider collaboration between the Party-state system of diplomacy and non-Party organisations particularly in policy consultation. Under COFA, various institutions like the Central Office of State Security and its office also play an important role, evident from the fact that executive deputy director of this office Liu Haixing is a professional diplomat. Some of the other Party institutions involved in foreign policy include the Central Institute of Policy Research, the Department of International Liaison, the Department of Publicity, the Department of the United Front, the Taiwan Affairs Office, the Hong Kong and Macao Affairs Office.

Under the state structure, the ministry of foreign affairs has its own Institute of Policy Research; a similar model which is also followed by the Ministry of Commerce, Ministry of State Security, Ministry of Public Security, the Overseas Chinese Affairs Office and so on. There are several executive branches of NPC CPPCC as well as of the PLA such as research organisations, policy units which also assist in China's foreign policymaking.

Moreover, there are also some academic institutions in China's foreign policy framework which are not directly affiliated with Party organisations and the government. It includes institutions such as the Chinese Academy of Social Sciences (CASS), prominent Party-controlled universities in China, and mass media organisations such as People's Daily, Xinhua and more. Even several NGOs in China are engaged in foreign policy research as they have become more prominent since the 1990s due to China's opening up reforms and its accession to the WTO. However, all such foreign policy related NGOs in China are "white-glove" organisations of the Party and PLA which are instrumental for China's "public diplomacy" and "track II dialogues". The Party uses its organisational and personal control to penetrate and control these organisations. Although these NGOs, for instance the Charhar institute, may appear non-governmental or sponsored by overseas Chinese people, but they are intricately linked with ministry of state security to conduct their work. Traditionally, several organisations such as Chinese People's Institute of Foreign Affairs and China Council for the Promotion of International Trade have played an important role in Chinese foreign policy since 1950s. Recently, new organisations like China Public Diplomacy Association undertakes China's public diplomacy and track dialogues. Moreover, China Institute of Contemporary International Relations, which is a think tank directly under the ministry of state security, is ranked as the number three think tank globally.

Influence of Academic Institutions on Policy Making

For these organisations from different sectors to influence China's foreign policy, their affiliations play an important role. Similar to the American political system, there is a phenomenon called 'revolving door for personnel' which allows researchers to become diplomats or join decision making organisations like COFA. Similarly, even COFA officials can later become leaders in various research institutions. Moreover, several channels of communication have been created between decision making bodies and other stakeholders for information collection and preliminary analysis. For instance, academicians are mandated to submit reports to foreign policy decision making institutes after every foreign visit. Furthermore, communication channels for top leadership include "internal reference" publications published by major media and research organisations. Other such channels include various other internal publications, special reports, assigned research tasks, policy symposia (座谈会). Even think-tank members are often directly involved in foreign policy document drafting process.

With regards to public awareness about foreign policy in China, public opinion pieces, public forums, professional and academic publications are important which also helps to maintain communications between decision makers and other stakeholders. Occasionally, lectures of foreign policy experts and training programs are also organised for cadres and high-ranking officials. Moreover, Interpersonal networks and informal connections between academicians and decision makers also play an important role in maintaining channels of communication.

Autonomy for Academicians

The level of autonomy of thought and expression, if it goes against Party Guidelines, is virtually non-existent in the current period. However, “guided autonomy” exists within the extant policy framework in which academics might enjoy a kind of autonomy in providing specific, concrete policy suggestions for enhancing and implementing a general policy idea that has been already adopted by policy decision makers. It includes a country-specific, event-specific, region-specific analysis. This is very crucial in China’s foreign policy apparatus as top leaders usually lack in terms of foreign experience and knowledge.

Researchers also enjoy some autonomy while working on completing a policy research task assigned by leadership by ideating innovative policy solutions. Researchers are also allowed to propose the practical, feasible, and tactic measures to implement an official policy and they can elaborate official policy with some creative expressions, albeit subject to some amount of political risk. These creative ways adopted by researchers decide their promotions and appointments to Party positions with foreign policy framework.

BRI SCALES UP: THE DECADE AHEAD

PANEL DISCUSSION



Concept of talk by ORCA

As China's Belt and Road Initiative (BRI) completed 10 years in 2023, its successes and failures have become quite evident across the world. Concerns revolving around growing debt burden amongst recipient countries and environmental degradation have compelled China to reorient some aspects of BRI. The next decade of China's flagship global initiative will look to incorporate new avenues that would assist its global ambitions in diplomatic, economic, military and technological domains. In this regard, China launched three global initiatives, each focusing on different aspects where China aims to gain prominence and emerge as a

leader. It is being perceived as an extension of the BRI as these initiatives align with China's vision to reform international order in its favour. Another major component of China's foreign policy is to achieve global standardisation in emerging technologies based on Chinese innovations. As a result, 'China Standards 2035' Vision is a critical goal for China's Digital Silk Road initiative which it will assertively promote in the next decade. Furthermore, despite significant growth in China's trade with BRI partner countries in the last decade, domestic economic conditions and discontent against China's trade practices has compelled China to make re-adjustments in its trade policies. Lastly, as Xi strengthens its control over the Party, it is important to analyse how the CPC views the future of BRI, especially in an uncertain post-Xi period. This panel will look into the future dynamics of BRI and assess how these changes will influence China's foreign policy as well as its impact on the global order.

PROF. S.D. MUNI - MODERATOR

(Professor Emeritus, School of International Studies, Jawaharlal Nehru University)

INDIA'S APPROACH AND PERCEPTION OF BRI IN SOUTH ASIA | BETWEEN COUNTERS AND ALTERNATIVES: RESPONDING TO THE NEXT DECADE OF BRI

China's Belt and Road Initiative (BRI) for infrastructure development and connectivity with the world was launched in 2013 by President Xi Jinping. It has had implications beyond infrastructure and connectivity, aimed at establishing China's economic and strategic presence and nursing its security and defence access to the targeted countries. A port, a road and rail connectivity and/or an airport, when it becomes operational, may also serve as a strategic asset for present needs and future contingencies. Under BRI, China has invested billions of US Dollars and deployed its diplomatic acumen to reap long term benefits. The BRI has been an evolving process, being reviewed and redefined in its details regularly for the past decade. Its future thrust and contours will be guided by the lessons learnt through the past experience.

The BRI has produced mixed results both for China and the targeted countries. Internal debate in China on the BRI has found that many of the BRI projects have proved to be very expensive and economically unviable, generating less revenues than projected, after their completion. At times these projects are unplanned, spontaneously announced. Some of the projects have invoked negative responses from the recipient countries. These projects are also seen as President Xi's political tools to project his leadership both domestically and internationally. Thus, they are also issues in China's dom-

estic power struggle.

For the targeted countries, there are a number of question marks hanging around the BRI projects. They have added the dimension of economic coercion to China's already aggressive "Wolf warrior" diplomacy. There is a feeling that these projects are planned and proposed unilaterally by China and thrust upon the recipient country without much deliberation. Their economic wisdom is questioned because without generating expected revenues to the local economies, they have added to their debt burden and alerted them about the possible debt-trap. Even in the course of their implementation, these projects have generated very little local employment because the Chinese have brought in their own engineers and skilled labour. This has deprived the local people from accessing the technology and management involved in infrastructure construction. In some countries, the cultural spillover of the projects and the related Chinese presence, such as gambling dens, and massage and sex parlours have offended local sentiments and precipitated protests and violence against them. Despite these negative responses, attraction for the BRI projects continues to remain as they create economic assets and add political weightage to the local leaders.

President Xi and his BRI decision makers have closely monitored both the positive and the negative feedback from the BRI countries. A BRI review forum has also been meeting in China periodically to enable the Chinese leadership to have direct interaction with the BRI beneficiaries and advance China's diplomatic push into these countries. There is no question of the BRI projects being withdrawn under Xi's leadership but they will surely be recast and redefined to make them more effective and acceptable. In the process, sensitivities of the recipient countries will be addressed, by dropping or revising some of these projects, but not at the cost of China's perceived goals. The broad direction of the BRI will continue in the coming decade, though details of some of the projects may be thought afresh.

DR. JAGANNATH PANDA

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CHINA'S THREE NEW GLOBAL INITIATIVES IN THE 'NEW ERA'

The evolution of China's global initiatives under Xi Jinping's leadership presents a complex picture of continuity and change, particularly regarding the Belt and Road Initiative's (BRI) role in China's foreign policy framework. Recent developments suggest not a replacement but rather an expansion of the BRI's scope through three new initiatives, reflecting China's adaptive response to changing global circumstances, especially in the post-pandemic environment.

The Chinese leadership's reassessment indicates a recognition that various factors have constrained their ability to leverage the BRI as initially conceived. This realisation has prompted a strategic shift in their approach to foreign policy objectives, leading to the promotion of parallel initiatives alongside the BRI rather than altogether abandoning their flagship project of the past decade. This strategic adjustment focuses on three key areas: trade, connectivity, and cultural aspects.

The cultural dimension, notably through institutions like the Confucius Institute, has achieved limited success and faced significant setbacks in various regions. Connectivity initiatives have shown moderate success, particularly in centralisation efforts and trade enhancement. However, the Chinese leadership has struggled to create a cohesive branding exercise comparable to their previous decade's efforts, leading to a strategic pivot in their approach.

Two critical shortcomings have emerged in the BRI campaign. First, China has failed to communicate the differential aspects of the BRI effectively, facing scepticism from India, European nations, and other global partners. Despite attempts by Chinese scholars and experts to frame the BRI as an innovative approach to political and cultural engagement, these efforts have largely fallen short of convincing the international community.

Second, a persistent discrepancy exists between proposed and actual expenditure in BRI projects, whether within the Silk Road Economic Belt (SREB) or Maritime Silk Road (MSR). This gap has become increasingly problematic as China seeks to engage with regional and sub-regional banks, particularly in Europe, where the relationship between two European banks concerning BRI implementation has faced scrutiny.

The tension between qualitative expansion and quantitative growth remains unresolved, with Chinese leadership failing to articulate a clear position on whether the BRI should prioritise qualitative expansion of China's global outreach or focus on quantitative achievements. China has introduced global development and security initiatives to address these challenges, though these new proposals largely repackaged existing Chinese political rhetoric.

These three initiatives form part of a comprehensive strategy that supplements China's previous campaign efforts, which had not achieved their intended impact. This approach enables China to maintain a more assertive presence in remote regions such as Africa and Latin America, as well as among Central and Eastern European countries. However, these security initiatives' relationship with the BRI remains ambiguous, raising questions about their integration into China's broader foreign policy framework.

China faces significant competition in connectivity initiatives from India and various partner countries that challenge China's BRI efforts. Notably, Japan has emerged as a formidable competitor within Asia, particularly in Southeast Asia, where it maintains a substantial investment presence and promotes collective research efforts. This competition highlights the complex regional dynamics surrounding infrastructure development and economic cooperation initiatives.

The strategic evolution of China's initiatives reflects a broader recognition of the limitations and challenges faced by the BRI in its original form. Rather than abandoning the project, Chinese leadership has opted for a more nuanced approach that maintains the BRI's core elements while expanding its scope through complementary initiatives. This adaptation suggests a pragmatic response to changing global circumstances and regional dynamics.

The success of this strategic pivot remains to be seen as China continues to face substantial challenges in convincing international partners of the BRI's benefits while addressing concerns about transparency, financial sustainability, and project implementation. The introduction of parallel initiatives may provide China with additional tools for international engagement but also risks diluting the focused approach that characterised the BRI's early years.

From an Indian perspective, these developments necessitate a practical approach to addressing regional connectivity and development initiatives. The competition between various infrastructure development models, particularly the rivalry between China and Japan in Southeast Asia, offers important lessons for India's own strategic engagement with neighbouring countries and broader regional initiatives. The emphasis should remain on effectively executing strategies rather than merely responding to Chinese initiatives.

This evolution in China's approach to international development and connectivity initiatives reflects both the successes and limitations of the BRI model while highlighting the ongoing challenges in translating ambitious infrastructure plans into sustainable, mutually beneficial international cooperation frameworks. The interplay between these various initiatives will likely continue to shape regional dynamics and international development patterns in the coming years.

DR. RAJIV RANJAN

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BRI: THE CERTAINTY OF UNCERTAINTY IN THE FUTURE

The analysis of China's political trajectory and foreign policy initiatives reveals complex layers of transformation, particularly concerning the Belt and Road Initiative (一带一路 BRI) and its evolution. Drawing from historical patterns and present observations, understanding China's strategic direction requires careful consideration of concrete developments and theoretical constructs.

Incorporating foreign policy thought into the Chinese Communist Party (CPC) constitution (中国共产党章程) under Xi Jinping's leadership represents a significant development, following the pattern where each leader brings their theoretical contributions to the party's foundational document. This integration has notable domestic and international implications, demonstrating the dynamic nature of Chinese political evolution.

The Belt and Road Initiative, launched in 2013, has undergone substantial transformation, especially in response to global challenges such as the China-U.S. trade war (中美贸易战) and COVID-19. China's

strategic initiative, BRI's transformation from a materialistic infrastructure focus towards more ideational initiatives is evident in the introduction of the three global initiatives, namely, Global Development Initiative (GDI 全球发展倡议), Global Security Initiative (GSI 全球安全倡议), and Global Civilizational Initiative (GCI 全球文明倡议). These initiatives collectively form pillars of the community of shared destiny (人类命运共同体), which has been incorporated into the CPC constitution with BRI.

This transition from hard (硬联通) to soft connectivity (软联通) presents four potential scenarios, including the possibility of BRI becoming irrelevant or evolving into a bilateral Asian framework. The movement toward a community of shared destiny suggests an attempt to shape and standardise international norms, reflecting China's broader diplomatic ambitions.

Zeng Jinghan's analysis of slogan politics, emphasising its orchestrated nature, may help us to understand Chinese politics. Once slogans are publicly introduced, they undergo extensive interpretation by Chinese scholars and researchers, contributing to the broader narrative of China's international engagement.

In 2024, scholarly discourse has focused on BRI's potential transformation into more ideational mooring, though this can be viewed as part of the larger community of shared destiny framework. The connection between GDI and GSI reflects Chinese Marxist ideology, emphasising the interdependence of security and development. This ideological foundation suggests that security creates conditions for growth, while development reinforces security, incorporating Chinese concepts into global development governance (全球发展治理).

Wan Wang (王文), director of Chongyang Institute for Financial Studies at Renmin University of China notably commented that the BRI was not designed as a permanent project and had an "expiration date". The onset of the China-U.S. trade war and the introduction of three global initiatives in 2021 suggest ongoing evolution in China's international engagement strategy. The trajectory beyond 2029 remains uncertain, but the pattern indicates that while BRI may eventually fade, it will likely be replaced by new initiatives aligned with China's grand narrative to influence international normative discourse.

This transformation reflects China's broader strategy to shape global governance (全球治理), moving beyond infrastructure development to establish normative frameworks that align with Chinese perspectives and interests.

MR. CHARLES PARTON OBE

(Senior Associate Fellow, The Royal United Services Institute (RUSI) and Distinguished Fellow, Council on Geostrategy)

SETTING CHINA STANDARDS 2035: PROLIFERATION OF CHINESE CIMS VIA THE DSR

It is an exaggeration – but not much – to say that the Belt and Road Initiative (BRI) and the three "Global Initiatives" (Global Development, Security and Civilisation Initiatives) are just slogans. These are the pillars of China's foreign policy, but they risk being meaningless when everything is classified as BRI, GDI, GSI, or GCI. The important point is to look at the specific projects, actions, intentions and policies, and not succumb to propaganda. Jiang Zemin's "Going out" (走出去) is a better framing, even if it is less effective propaganda.

The BRI (the shorthand has become unavoidable, the essence of good propaganda) is much more than investment, trade, and infrastructure as commonly assumed. The "One Belt One Road" (OBOR) plan of March 2015 contained 5 parts. One, policy coordination, which concerned macro-level cooperation and development, Two, facilities connectivity, which includes infrastructure, not just transport, but energy and the 'Information Silk Road'. Three, unimpeded trade for cooperation in industries, investment, development of new science and technology areas and R&D. Four, financial integration, concerning the Asian Infrastructure Investment Bank (AIIB), BRICS New Development Bank and internalisation of the Renminbi. Five, people-to-people bonds, which in essence is the Global Civilization Initiative (GCI).

OBOR/BRI is part of the CCP strategy for the 2nd Centennial Goal, in essence, by 2049 to become the top superpower and so alter global governance to suit CCP interests and values. A large part of that is setting the standards, not just of trade and investment, but of telecoms, new industries, new sciences and more. The CCP is using the S&T component of BRI to advance its global goals. We shall possibly

see a GTI: a Global Technology Initiative. In fact, it pretty much already exists in the Global Data Security Initiative and the Global Artificial Intelligence Governance Initiative.

Of course, the BRI and the three global initiatives are not exclusively geopolitical and geoeconomic tools or weapons. China's "Going Out" (走出去) has brought benefits to other countries, particularly to poorer ones. Nevertheless, technology comes with embedded standards, values and security elements. For example, a "smart city" is an efficient city, but it is also a security controlled city. In considering the benefits of BRI, not least cheap technology, we need to look at the geopolitical consequences, the powers or levers it has put in the hands of the CCP. This can be illustrated by the CCP's intentions to dominate the supply of cellular (Internet of Things) modules (CIMs).

A CIM is a small component with processors, e-sim, antenna etc, which connects to the internet without latency, without human agency, forming a network, to communicate, to control systems. CIMs are the gateways to computers and these days most devices contain computers. For example, an electric vehicle is a computer on wheels. By 2025 there will be around 31 billion worldwide, rising exponentially. They are present throughout the home, office, industry, logistics, in such things as smart meters, payment terminals, vehicles, alarm control systems, traffic control, and industrial processes. The CCP strongly supports its CIM companies with subsidies, cheap finance, access to R & D, as it aims to gain a monopoly of supply. Chinese companies now have over 30% of the North American market, 35% in Europe, and around 90% in India. CIM companies such as Quectel, Fibocom and China Mobile are instruments of CCP policy.

If Chinese companies gain a monopoly of supply of CIMs, as the CCP intends, three threats emerge. First, dependency, like any other such as on rare earths like lithium and gallium. Second, disruption or destruction through firmware over the air updates and systems with Chinese CIMs could be disrupted or turned off. Third, data capture from vehicles, not just geolocation details but downloading of data from phones plugged into audio systems pose data security risks. These threats explain why the US is so worried about ZPMC cranes and EVs. Through the CIMs they could be turned off remotely, hampering for example the sending of weapons to Guam or Hawaii, or disrupting infrastructure. Or they could prevent India from sending troops and defence supplies to its borders.

Countering this is quite possible. A "rip and replace" strategy is too extensive and expensive, except in certain sensitive defence, intelligence and the most critical of critical national infrastructure. But governments can send a strong message to industry by banning Chinese CIMs from government procurement. They can encourage the use of CIMs manufactured by non-Chinese companies. They can set up a CIM industry (CIMs are not especially hi-tech), perhaps starting with joint ventures with non-Chinese companies. The aim would be to establish a raft of "trusted suppliers". This would be an easy political win for politicians eager to show that they are concerned about the security of their countries. It is far easier and quicker than setting up a semi-conductor industry, but just as important. It is important to look beneath the propaganda of the BRI bonnet at the actual motor. Free and open countries need to decide where the security cost of cooperation with the CCP outweighs the economic benefits and vice versa.

DR. LI YAO

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RE-ADJUSTMENTS AND PROSPECTS FOR CHINA'S BRI DRIVEN TRADE

Launched in 2013, the BRI has significantly reshaped global trade and infrastructure development. By 2023, the initiative had mobilised over US\$1 trillion in investments, with US\$634 billion funnelled into construction projects and US\$419 billion allocated to non-financial sectors. Signature projects, such as the China-Laos Railway, the Gwadar Port in Pakistan, and Kenya's Mombasa-Nairobi Railway, exemplify its reach. Alongside traditional infrastructure, the BRI has expanded into telecommunications under the Digital Silk Road. Projects like the PEACE Submarine Cable now link countries across Africa, Europe, and Asia, underscoring China's technological influence.

Several economic corridors have been developed under the BRI to boost cross-border trade and regional connectivity. Among the most strategic is the China-Pakistan Economic Corridor (CPEC), which grants China direct access to the Arabian Sea. The New Eurasian Land Bridge and the China-Myanmar Economic Corridor have further enhanced China's trade ties with Europe, Central Asia, and Southeast Asia. Additionally, the 21st Century Maritime Silk Road has accelerated port developments in countries such as Sri Lanka, Greece, and Djibouti, extending China's trade reach.

Partnerships, Multilateral Collaboration and Strategic Reorientation

China's BRI has seen participation from over 140 countries and 30 international organisations, featuring bilateral and multilateral partnerships. Collaborations through the Asian Infrastructure Investment Bank (AIIB) and agreements with multinational firms like Siemens have bolstered the BRI's credibility. China's strategic focus also includes third-party market cooperation, drawing in nations like Japan and Singapore for joint projects, addressing criticisms of unilateralism and broadening the BRI's global network. As the BRI moves into its second decade, China's strategy is shifting toward sustainability and economic feasibility. Notable efforts include debt restructuring in countries like Sri Lanka and Zambia, where China has joined multilateral efforts like the G20's Debt Service Suspension Initiative (DSSI). Furthermore, there's a rising focus on smaller, more sustainable projects. Balancing these debt relief efforts with continued involvement in global frameworks marks a crucial shift in China's BRI strategy, aiming to alleviate concerns about debt traps while ensuring long-term engagement.

New Dimensions and Initiatives

China is adding new diplomatic layers to the BRI, emphasising development, security, and civilization. The "Green BRI" highlights China's shift toward environmentally sustainable infrastructure, with an emphasis on renewable energy and digital infrastructure via the Digital Silk Road. Moreover, the "China Standards 2035" vision aims to make China a leader in emerging technologies such as artificial intelligence (AI), 5G, and electric vehicles (EVs), setting global standards in these fields and positioning China at the forefront of technological innovation.

ASEAN's Economic Adjustments and Responses

China's close relationship with ASEAN nations has allowed for dynamic cooperation under the BRI framework, particularly through initiatives like the China-Indochina Peninsula Economic Corridor. This corridor has strengthened trade, investment, and regional connectivity between China and Southeast Asian nations, facilitating the growth of industries and creating new economic opportunities. ASEAN's strategic location has made it a vital partner for China, as both regions seek to deepen their integration through infrastructure projects that enhance regional trade routes.

Future Outlook: BRI Regional and Global Trade

Looking ahead, the BRI will continue shaping global trade with a growing focus on green and digital projects. China's development of Special Economic Zones (SEZs) and industrial parks in BRI countries has proven crucial for fostering economic growth and attracting foreign investment. Notable examples include the Suez Canal Economic Zone in Egypt and the China-Belarus Industrial Park. These zones have been instrumental in spurring industrial production, creating jobs, and facilitating technology transfers in host countries. However, the future of the BRI is also fraught with several critical concerns that merit attention. Despite China's push for a "Green BRI," many projects continue to have significant environmental consequences. Large infrastructure developments, often in ecologically sensitive regions, are linked to deforestation, water pollution, and habitat disruption. For instance, energy investments in coal-fired power plants across Southeast Asia and Africa contradict China's global green energy commitments. While investments in renewable energy are increasing, the long-term environmental damage caused by past projects casts doubt on China's green ambitions. The BRI's environmental footprint could remain a point of contention, challenging China's role in global climate initiatives.

Standard Monopoly and Technological Control

The Digital Silk Road, part of the BRI's expansion into technology, has raised concerns about the monopolisation of global standards. Under the "China Standards 2035" vision, China seeks to dominate the setting of standards in emerging fields like AI and 5G. Critics fear this could lead to a technological dependency on Chinese systems and limit competition. Furthermore, the proliferation of Chinese tech infrastructure has sparked data security concerns, particularly in countries adopting Chinese 5G networks. By setting global standards, China could shape the digital economy to its advantage, limiting other nations' technological sovereignty and influence.

Weaponization of Economic Ties and Debt Dependency

The most pressing concern surrounding the BRI is the growing fear of economic coercion through debt. By financing infrastructure in developing countries, China has created dependencies, often accused of practising "debt-trap diplomacy." Sri Lanka and Zambia, both of which are heavily indebted to Chinese entities, have faced severe repayment issues, resulting in China gaining strategic assets like ports. This practice highlights concerns that Beijing is leveraging economic dependencies to further its geopolitical goals. Countries caught in the BRI's debt web may find themselves under increasing pressure to align their foreign policies with China's strategic interests, raising questions about economic sovereignty and regional stability.

DISSECTING THE XI JINPING THOUGHT ON DIPLOMACY: SPEARHEADING A 'NEW TYPE OF INTERNATIONAL RELATIONS'

EXPERTS' DIALOGUE



Concept of talk by ORCA

China's foreign policy in the last decade is majorly guided by what is collectively called the 'Xi Jinping Thought on Diplomacy'. It comprises several key concepts/phenomena like community with a shared future of mankind, true multilateralism, win-win cooperation and more which are often highlighted by China's diplomatic corps. Moreover, China's major country diplomacy with Chinese characteristics and 'new type of international relations' are other features of Chinese foreign policy outlook that regularly occur in China's diplomatic narratives and discourse. It is pertinent to discuss and decode terms that

go beyond mere symbolism and guide China's foreign policy maneuvering. Furthermore, it is also important to analyse how these rhetorics are implemented amidst contemporary geopolitical changes which will also highlight China's motivations behind its wolf warrior diplomacy as well as its newly acquired role as a peace mediator. This Experts' Scholars Dialogue will delve into these facets of Chinese foreign policy and focus on the similarities and differences between its diplomatic narratives and actions.

AMB. NALIN SURIE - MODERATOR
(Former Ambassador of India to China)

XI'S PERSONAL DIPLOMACY: IMPACT ON CHINESE FOREIGN POLICY | DECODING PAX-SINICA: CHINA'S VISION FOR A NEW WORLD ORDER

Under Xi Jinping's leadership, the conduct of Chinese foreign policy has changed in a major way since the time of Deng Xiaoping and Jiang Zemin. In the second part of Hu Jintao's tenure though, some changes became visible. The significant move away though came after the global financial and economic crisis and China's relatively successful management of that crisis. The significant shift in foreign policy direction was formally articulated at the 18th Party Congress in November 2012 by Hu Jintao in his report to the Congress.

Hu Jintao's Congress report outlined six crucial points that would shape China's future foreign policy direction under Xi. He emphasised the global trend toward multipolarity and globalisation while noting increasing imbalances in global development and the rise of hegemonic tendencies, power politics and issues of food, energy and resource security. As a permanent UN Security Council member, China's response as a major responsible country would involve more active participation in international affairs and global economic governance. China would also consolidate the social foundation for enhancing its relations with other countries and promote and facilitate free trade and investment.

A significant development was the integration of development interests into China's core foreign policy interests, alongside the commitment to strengthen national defence and armed forces to match China's international standing and meet the needs of its security and development interests.

Guaranteeing China's security and development interests was identified as a strategic task of its modernisation drive. This was a critical addition. The fifth focus was on seeking the "great renewal of the Chinese nation." And finally, China would develop itself into a maritime power; and address issues of cyber security and continue to develop as a space power.

Post the 18th Party Congress, Xi Jinping made it clear that China shall not compromise on its "core" interests, explicitly defined as defence of state sovereignty, national security, territorial integrity, national integration, China's political system, overall social stability, and development interests. These remain embedded in Chinese foreign policy. The concentration of power in Xi's hands over the past decade has made him both accountable for failures and being credited for successes in China's foreign and security policies.

Assessing Chinese foreign policy under Xi requires responses to several critical questions viz., whether China's new norms are consistent with its actions? Are the norms and values it professes gaining traction in international relations? Are they able to replace the Western-defined liberal geopolitical order that has governed international relations since World War II? Furthermore, there's the question of whether China, as a rule maker and institution builder in international relations, is credible and just, without relying on hard power?

The current evaluation of Xi's foreign policy reveals contradictions and instances of double standards despite some notable successes. The emergence of counter-narratives suggests the need for serious reflection in Beijing with regard to the redefinition of foreign policy contours under the present regime. Meta AI's assessment of Xi's foreign policy emphasises that its fundamental aim is "to establish China as a global leader, challenging the existing international order while promoting Chinese interests and values".

This transformation in Chinese foreign policy formalised at the 18th Party Congress, continues to evolve under Xi Jinping's leadership, with implications for both regional dynamics and the broader international order.

DR. BALI DEEPAK

(Professor, Chinese Studies at the Centre for Chinese and Southeast Asian Studies, Jawaharlal Nehru University, New Delhi)

FOCUS ON IDEOLOGICAL INTERPRETATION OF XI JINPING THOUGHT ON DIPLOMACY: HOW TO UNDERSTAND CHINA'S DIPLO-SPEAK ON ITS FOREIGN POLICY ENDEAVOURS? - WHAT DOES MAJOR-COUNTRY DIPLOMACY WITH CHINESE CHARACTERISTICS DENOTE? - WHAT DOES 'NEW TYPE OF INTERNATIONAL RELATIONS' MEAN? - DECODE PHRASES LIKE: CSFH, INDEPENDENT FOREIGN POLICY OF PEACE, TWO GUIDANCES, TRUE MULTILATERALISM, WIN-WIN COOPERATION, HISTORICAL RESPONSIBILITY/RIGHT DIRECTION OF HISTORY

The analysis of China's internal dynamics, party mechanisms, and foreign policy, derived from extensive interactions with Chinese scholarship and think tanks in Beijing, reveals significant insights into Xi Jinping's strategic vision. The analogy between Xi Jinping loyalists and their connections to the core parallels the concept of building a community of shared future for humankind, encompassing numerous elements that converge toward this central objective.

Three fundamental assumptions frame this analysis. First, China's strategic positioning serves as a countermeasure to the U.S. pivot to Asia and Indo-Pacific strategy. Second, the community of shared future for mankind and the new type of international relations have emerged as twin pillars of Xi Jinping's foreign policy in the New Era. Third, Chinese scholarship remains divided on the ultimate objectives of these public goods initiatives, with influential voices suggesting China's desire to decouple from the U.S. bubble and establish its own alliance system.

The historical context is significant, particularly regarding the U.S. deployment of naval assets in the Asia-Pacific region, which China initially criticised as "circle culture" and now refers to as "small circle." The U.S. had initially welcomed China's participation in multilateral efforts to craft regional rules in the Asia-Pacific, with the rebalance not explicitly positioned as an anti-China tool. However, this dynamic shifted dramatically under the Trump administration in 2017, introducing various connotations in academic discourse about China's strategic capabilities and ultimately leading to the rebranding of Asia-Pacific as Indo-Pacific.

China's initial response to U.S. challenges was notably non-confrontational, attempting to establish a G2 understanding. When this approach proved unsuccessful, China began offering an array of public goods under the umbrella of building a community of shared futures for mankind, including initiatives like AIIB and MDB. This concept has since become the central pillar of China's foreign policy, supported by two additional pillars: a new type of international relationship comprising major power relationships and China's engagement with developing countries, particularly BRI nations.

Professor Zha Lei of the Central Party School's Institute of Strategic Studies outlines several key goals for the community of shared future for humankind. These include striving for lasting peace, universal security, common prosperity, openness, inclusiveness, and ecological beauty. The initiative promotes global governance based on consultation, contribution, and shared benefits, emphasising common values for all mankind while incorporating Xi Jinping's thought, socialist core values, and elements from Mao Zedong's thought. The BRI, GDI, GSI, and GCI function as strategic guiding initiatives, with BRI serving as a platform for practising these concepts rather than standing as an independent entity. This framework is explained through the iceberg model, where Chinese culture, 5000 years of civilisation, technological innovation, politics, and geopolitics form the substantial unseen foundation beneath the visible initiatives.

Internally, the framework is supported by four matters of confidence - path, theory, system, and culture - which are crucial guarantees for the party's legitimacy. Externally, the new type of international relations encompasses Xi Jinping's three points for stabilising relationships with the United States and other major powers, with India gradually being elevated to this status by some scholars. An interesting dichotomy exists in China's approach to international relations. While it advocates mutual respect and equality in broader contexts, its engagement with developing countries through BRI emphasises solidarity and cooperation based on sincerity, amity, and shared benefits, notably omitting explicit references to mutual respect and equality.

The community of shared future represents China's long-term vision for transforming global governance to align with its governance model, positioning itself as an antidote to hegemonism, unilateralism, protectionism, and bloc politics. Chinese scholars identify three major challenges to this strategy: U.S.-China relations, ongoing global geopolitical conflicts, and the need to establish alternative governance frameworks.

From the Chinese perspective, American exceptionalism and the U.S.-centric order of the 20th century served primarily U.S. and allied interests. The philosophy of Tongshiqichan, as articulated by leading Chinese experts on international relations, suggests that the community of shared future aims to create a China-centric order by decoupling from U.S. power. However, this raises questions about whether the West is actually driving the decoupling process through its own de-risking strategies. These initiatives ultimately serve to challenge U.S. and Western dominance in global discourse, offering Chinese wisdom and solutions to the world, particularly through BRI engagement. The community of shared future for humankind fundamentally represents China's bid for global development and security leadership, warranting serious study and consideration rather than dismissive analysis.

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FOCUS ON THE ACTUAL IMPLEMENTATION: WHAT ASPECTS OF 'NEW TYPE OF INTERNATIONAL RELATIONS' IS THE PARTY FOCUSING ON MOST? - WHAT ROLE DOES WOLF WARRIOR DIPLOMACY PLAY IN THIS? - CHINA'S ROLE AS A MEDIATOR AND ENGAGEMENT IN CONFLICT AREAS - HOW HAVE WOLF WARRIOR DIPLOMATS FARED AND WHERE ARE THEY PLACED? - DECODE THE IMPLICATIONS OF 'NETWORK OF GLOBAL PARTNERSHIPS' (EG. BRI)

At the 20th National Congress, Xi Jinping reiterated China's dedication to building a community with a shared future for mankind, which is central to his thought on diplomacy. This concept emphasises respect for the sovereignty and territorial integrity of all nations, mutual respect, and shared prosperity. The Congress reinforced China's resolve to pursue peaceful development and its aspiration to play a constructive role in global governance, contributing to world peace, stability, and development.

China's foreign policy is deeply rooted in both its ancient and modern history, reflecting a unique blend of cultural heritage, historical experiences, and contemporary aspirations. I argue that there are

at least three sources of Xi Jinping's foreign policy:

The first source is Confucianism. As the central state in the traditional East Asian tribute system, China has historically played a role of benign leadership, fostering stability and order in the region. This institutional memory of being a 'benign empire' continues to influence China's vision of responsible leadership on the global stage today. Xi Jinping's thought emphasises this legacy, advocating for China to take on greater responsibility in promoting international cooperation, development, and peace, with the goal of building a "community with a shared future for mankind."

The second is the "century of humiliation". The painful experiences of imperialism have left China with a profound sense of historical victimhood. This experience has fostered a deep mistrust of Western powers and a strong identification with other nations that have similarly suffered from colonialism and imperialism. Xi Jinping's thought on diplomacy underscores solidarity with these nations, now collectively termed the Global South, emphasising principles of equality, mutual respect, and sovereignty. It is through this shared historical experience that China seeks to champion the rights and interests of developing countries, advocating for a more balanced and inclusive international system.

The third source is Mao Zedong's revolutionary internationalism. The Chinese regime, born from a national liberation movement against foreign domination, remains steadfastly opposed to hegemonic power or wars of conquest. This anti-imperial stance forms the foundation of China's approach to international relations. Xi Jinping's Thought strongly advocates for peaceful development, mutual benefit, and win-win cooperation, rejecting hegemonic dominance and power politics. It highlights China's commitment to a path of peaceful development, emphasising that China's rise will be marked by cooperation, not conflict or confrontation.

Under Xi Jinping's Thought on Diplomacy, a few key patterns of China's Foreign Policy have emerged. The first is hypersensitivity on sovereignty and territorial integrity. Given China's historical experiences with foreign encroachments, sovereignty has become a core concern in its foreign policy. This is reflected in China's unwavering stance on protecting its territorial integrity, as well as its insistence on non-interference in the internal affairs of other countries.

The second key pattern is emphasis on national autonomy and independence. China advocates for the principles of autonomy and self-reliance, rooted in China's experience of resisting foreign domination. China's foreign policy emphasises the importance of national independence, pursuing partnerships based on equality, mutual respect, and non-interference, especially with countries in the Global South. This approach fosters an inclusive international community where every nation's sovereignty and independence are respected.

Third, a pattern of peaceful development and defensive posture. Drawing from China's Confucian heritage, Xi Jinping's thought on diplomacy promotes peace, harmony, and the resolution of disputes through dialogue. China's foreign policy is characterised by a defensive stance, favouring negotiation, consultation, and diplomatic engagement over the use of force. This principle is evident in China's consistent advocacy for peaceful resolution of conflicts and its opposition to the use of military force as a means of settling international disputes.

The fourth pattern is conflict avoidance and non-alignment. China's historical role as a stabilising force in the region and its anti-imperialist stance inform Xi Jinping's preference for conflict avoidance and non-alignment. In a rapidly changing global landscape, China supports the idea of a multipolar world order, advocating for cooperation and rejecting alliances that could lead to confrontational blocs or hegemonic competition. This non-alignment policy allows China to maintain independence in its foreign policy decisions, fostering diverse partnerships without being bound to any particular alliance structure.

The fifth pattern is of reforming the liberal international order. Xi Jinping's thought acknowledges the benefits China has gained from the liberal international order but also emphasises the need for reforms that reflect the interests and aspirations of developing nations. China's foreign policy supports multilateralism, fairer global governance structures, and opposes unilateralism that undermines collective security and development. By advocating for reform, China seeks to contribute to a more just and equitable international system that accommodates diverse political and economic models.





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