



**GLOBAL CONFERENCE  
on NEW SINOLOGY**  
INTERCONNECTED EQUILIBRIUM



# GCNS CONFERENCE REPORT 2023

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**Design, Copyedit & Ideation by:** Eerishika Pankaj

This report of ORCA's inaugural GCNS 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 25-26 September 2023.

**GCNS 2023 THEME:** Beijing's Superpower Ambitions in the 'New Era'

 The Grand, New Delhi

# A DEEPER DIVE INTO ORCA-GCNS'23

To go through the GCNS 2023 schedule, please scan



For longer bios of the speakers, please scan



To access our website to see our research and subscribe to our publications, please scan



## 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.



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**ORGANISATION FOR RESEARCH ON**  
**CHINA AND ASIA**

# ABOUT ORCA & GCNS

Organisation for Research on China and Asia (ORCA) is a New Delhi-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, 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), which will hereon be ORCA's annual conference, aimed to assemble the finest global minds in Sinology from diverse academic backgrounds to analyze and understand Chinese dreams and actions. The theme of the 2023 GCNS conference was 'Beijing's Superpower Ambitions in the 'New Era'. The conference deliberations focused on strategies and policies deployed to advance Beijing's economic and international interests, project military power and enhance the Communist Party of China's (CPC) authority.

ORCA successfully made this conference one of the largest gatherings in India of national and foreign new sinologists and practitioners dealing with China in various capacities with representation from over a dozen countries both on stage and in the audience. The conference hosted five sessions, each focusing on a specific question that the deliberations within the same answered. The format of dialogue was divided across Panel Discussions, Roundtables, Keynote Addresses and Experts' Dialogues.

**55+**  
**SPEAKERS**

**2ND**  
**ANNIVERSARY**  
**OF ORCA**

**5**  
**SESSIONS**

**4 KEYNOTE**  
**ADDRESSES**

**4**  
**FORMATS**

**400+**  
**DELEGATES**

**TEAM OF 5**  
**< 30S**

**66**  
**TALKS**

**3 SPECIAL**  
**PANELS**

**800+**  
**REGISTRANTS**

# REMARKS FROM DIRECTOR

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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 - barely two years old and a 5-member team of under 30s - managed to organise such an esteemed gathering in Delhi via the inaugural GCNS, and will continue to do so every year.

The theme of the inaugural GCNS focused on China's rising superpower ambitions in the New Era; something a country like India fully recognizes the dangers and nuances of. I designed the logo of the conference thinking of the push and pull between India and China in a world that both shies away from but cannot escape 'interconnected equilibrium'. Every session of the GCNS aimed to answer a question in connection to the theme: How China sees the world?; How China keeps itself - and its interests - safe?; China in the global economy; deepening or decoupling?; and How does the Prince govern China - between policy and politics? Furthermore, special sessions on Tibet and Buddhism in India-China Complexities, the Future of India in Quad and the Future of China Studies in India brought newer tangents of study.

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, the role of critical technology in Chinese economy; the role of military industrial complex in achieving the 2027 centennial of the Chinese PLA; provincial policymaking in China ranging from social to ideological domains; envisioning the Party post Xi; and assessing the Chinese Intelligence Services. All of these topics were ideated over a period of two months 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 second 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 2023 has shown that India has no dearth of China experts and sinologists; we hosted over 40 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 2023, and emerges as a vital resource to shape policy, research and public perceptions when it comes to China.

**Eerishika Pankaj**  
*Director, ORCA*

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# TEAM ORCA



## **EERISHIKA PANKAJ (DIRECTOR & HEAD OF RESEARCH)**

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)**

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 currently co-editing a Special Issue publication on hydro-politics in South Asia, and developing a multimedia encyclopedia on the history of India & China from 49 BC to 1949. He was previously a Research Officer at the Chennai Centre for China Studies (C3S).



## **AHANA ROY (RESEARCH ASSOCIATE AND CHIEF OPERATIONS OFFICER)**

A postgraduate in Political Science with a specialisation in International Relations from Jadavpur University, Ahana's areas of interest include non-traditional security studies with a focus on gender and sexuality studies, society, and culture in China specifically and East Asia broadly. She is interested in unraveling the intricate tapestry that weaves together political structures, societal norms, and cultural nuances in the East Asian context and the significance of cultural and societal factors in shaping international relations. She has researched women's representation and participation in Chinese elite politics and the marginalisation of the LGBTQ+ community in China. Her upcoming projects at ORCA focus on 'State Feminist Rhetoric in China', 'South Korea's 4B Movement' and 'China's Digital Space and LGBTQ+ Inclusivity'.



## **OMKAR BHOLE (SENIOR RESEARCH ASSOCIATE)**

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 and has presented a paper at the 1st All India Conference of East Asian Studies of ICS. His upcoming projects at ORCA include a co-edited special issue on 'India's Soft Power Diplomacy in South Asia', 'Economic Profiles of China's Provinces' and 'China's Role and Dominance in Global Minerals Supply Chains.'



## **RATISH MEHTA (RESEARCH ASSOCIATE)**

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 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 a co-edited Special Issue on India's Soft Power Diplomacy in South Asia, Tracing India's role as the Voice of the Global South and Deconstructing Beijing's 'Global' Narratives.



# THEME OF GCNS'23

## BEIJING'S SUPERPOWER AMBITIONS IN THE 'NEW ERA'

At the 19th National Party Congress, Party Secretary Xi Jinping announced the beginning of a “new era” which was to be driven by “socialism with Chinese characteristics.” The 20th National Party Congress has seen that mandate renewed amidst Xi’s international, regional, and domestic ambitions to build China into a global superpower – and the CPC into a global ‘super-party’. Countries across the world see this ambition with alarm, especially as China inches closer to creating an alternative global order: pax-Sinica to replace pax-Americana.

With China attempting to facilitate a transition from great power to superpower in an increasingly multipolar world, signs of this ambitious transition are visible in China’s domestic and international posturing. To glean how China is preparing for the “new era”, this conference brought together the finest minds in Sinology to analyse the trajectory of China’s rise and its path to superpower status.

The conference covered how Beijing’s assertive foreign policy is evolving to secure its numerous interests around the world while projecting a benign image of itself. It explored how inner workings of the party that influence provincial governance and elite politics will guide China's engagement with the international system.

As China’s economy rediscovers the road to recovery, the conference explored the ways in which economies can manage the complexities of trade and investment with China while looking for alternatives to Chinese manufacturing. China’s military - one of the most critical variables in China’s superpower ambitions - was discussed at length to examine the potential for conflict and confrontation.

The Global Conference on New Sinology brought experts of all ages, from diverse academic backgrounds and from around the world, to New Delhi for an objective and comprehensive assessment of China’s superpower ambitions and responses to Beijing’s hegemonic rise.

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# 25th September 2023

OPENING ADDRESS, SESSION 1,  
SESSION 2 & SPECIAL SESSION



DAY 1

## BEIJING'S GLOBAL AMBITIONS



## Navigating India's Way Amidst Beijing's Global Ambitions

### OPENING ADDRESS

by **AMB. SHYAM SARAN**

Former Foreign Secretary of India; former Chairman of National Security Advisory Board and current President of India International Centre

One of the most important components of Chinese view of the world and its own place in it is that for China, power is hierarchical. This draws from the Confucian philosophy which believes that China has been a civilised centre over long periods of history with less civilised states ranged on its periphery. This sense of centrality permeates Chinese thinking and behaviour. In managing inter-state relations, it is this idea of a “pecking order” which characterises Chinese behaviour. Its adherence to the concept of multipolarity is rhetorical.

Chinese foreign policy is deeply influenced by its perception of the balance of power, not only with individual countries that it interacts with but also in the context of geopolitical equations in general. From 2003 to 2007, India was behind China but it was narrowing the gap between them. India was being courted by the U.S. and the West as a countervailing power vis-à-vis China. It is against this background that China conveyed a more accommodating stance towards India. For example, when former Chinese premier Wen Jiabao came to New Delhi in 2005, the consensus projected was that first, an Asian century requires both the rise of India and China; that China is not a threat to India and vice versa; that China represents a significant economic opportunity for India and similarly, so is India for China. Thus, there is enough space in Asia and the world for both India and China simultaneously.

The other aspect was that even though both countries have bilateral issues, particularly the border issue, there are several global issues, such as climate change and the international trading system, on which India and China have a similar perspective. If India and China were able to work together in adjusting existing global regimes and shaping global regimes in the making, then greater results would be obtained.

As a result, there was a sense that India and China have convergent interests (at least in some respects) and the legacy of the past, such as the border issue, should be resolved quickly so as to focus on these issues. Fast forward to 2010, when Wen Jiabao comes to India, the narrative is very different. For instance, the narrative on the border issue was that it is a legacy of history and will take a long time to resolve.

This change in perception, on the Chinese side, about India and the world, was largely because China recovered much more quickly from the 2008 global financial crisis than the US and Europe. This made the balance of power between the US and China – a very consequential relationship – change in favour of China, or at least that is what the Chinese perception was. Thus, the famous remark made by former Vice Premier Wang Qishan to former US Secretary of the Treasury Hank Paulson, “You were my teacher, but look at your system, Hank, we aren’t sure we should be learning from you anymore”, showcased this change in Chinese perception. Post-2008, the power gap between the US and China shrunk and the gap between India and China expanded with India’s growth slowing down post the crisis.





Many China watchers focus attention on analysing foreign policy, security behaviour and military capabilities, but do not relate them to what is happening domestically in China. Domestic politics in China has a very important impact on its foreign policy behaviour. For example, before 1962, the instructions to the People's Liberation Army (PLA) were to not provoke Indians unless provoked first. However, this was also the time when the Great Leap Forward and the Great Chinese Famine took place and there was a blowback on Mao's leadership. Veteran cadres like Liu Shaoqi, Deng Xiaoping and some others took the administration into their own hands and it was said that Mao had moved to the second line of leadership. This was certainly not acceptable to Mao, but he had a phalanx of powerful Party leaders that he had to deal with. Thus, the PLA essentially became the instrument for regaining the personal leadership of Mao. The decision to wage war against India became one of the instruments of reinforcing Mao's leadership position using the PLA.

What was earlier seen as mere skirmishes were now presented as a threat to China's position in Tibet in particular. In consequence, a series of instructions was given to the PLA to assess the strength of Indian deployments and if they would be able to confront a Chinese attack. It was later revealed from a Politburo report that there were some Party leaders who were in favour of Mao's decision to deliver a lesson to the Indians, but there were several others who had their reservations. The latter did not deem it fit to antagonize India while already facing an adversarial United States and a hostile Soviet Union. But Mao was of the opinion that as far as the international situation is concerned, this may even be an opportunity for China, rather than a constraint, considering that the Chinese had gotten an assurance from the United States that there was no intention to activate the Taiwan crisis.

At present, there is some incipient turmoil brewing within the Party. Each Chinese leader has a patronage network around him. The influence that a leader has, is linked to his ability to have that kind of a patronage network, but that also means that when that leader falls, his patronage network also has to be uprooted. For example, it took years to uproot the network of Bo Yibo and Zhou Yongkang.

Something similar is taking place at this point of time, therefore, in judging what Chinese behaviour is, we need to look at what's happening inside which also determines how it will impact China's relationship with the United States and its behaviour in the South China Sea and along the LAC. China watchers need to place their analysis of Chinese politics, economics and security in the larger understanding of Chinese culture and history. In India, there is very little attention given to Chinese society, even by the think tanks focusing on China — how are the attitudes of the young Chinese changing? What is the impact of technology on society? In which way does China today see its cultural underpinnings? What role does history play in contemporary Chinese behaviour with respect to its neighbours and others? Deeper understanding of these aspects along with analysis of strategic issues will only help in better understanding of China.

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## SESSION 1: HOW CHINA SEES THE WORLD?

### WHAT ROLE DOES THE PARTY APPARATUS PLAY IN FOREIGN POLICY-MAKING IN CHINA?

#### KEYNOTE ADDRESS BY DR. LANCE LIANGPING GORE

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



#### Concept of talk by ORCA

*Foreign policy in China is formulated and implemented to reflect the objectives set by the Party. Even as foreign policy is implemented by the State, what principles and ideas guide the Party's creation of foreign policy? How does the Party think about foreign policy from a global and regional perspective? What stakeholders participate in this process of creating policy; how is foreign policy related to core interests formulated and how do domestic factors influence foreign policy? This talk focused on China's foreign policy creation -- beyond the limits of the Foreign Ministry and into the realm of the CPC apparatus itself.*

The Party's role in the formulation of China's Foreign Policy making has always been instrumental. The party's leadership has always held strong control over the state structure beginning right from Mao Zedong. This however created a chaotic situation during the Cultural Revolution. When Mao passed away and Deng Xiaoping came to power, he drew some valuable lessons from the Cultural Revolution including differentiating the Party from the State apparatus. In order for the state to develop efficiency and expertise, the party had to be taken out of daily operations taking place in the state structure and policy making.

By the time the 13th Party Congress came about, the Communist Party of China reduced its intervention in state affairs. However, the collapse of the Soviet Union changed how the party viewed their involvement in the State, pushing many to believe that an alternative power structure may grow within the state if the party was not entirely involved.

The institutional reforms in the 1980s led both the Party and the State to work in parallel; yet they were also differentiated one from another. This parallel functioning of the Party and the State remained in function until the arrival of Xi Jinping as China's leader.

China, under Xi Jinping, has implemented the second round of major institutional reforms in 2018 and 2023, next only to the ones implemented in the 1980s. What we are witnessing as part of the current reforms is the transfer of state power right into the Party control. The Party has created a range of new organs and a significant amount of Party departments have undertaken state administrative duties. This has also ensured that there remain very few ways of ridding the Party of power and there exists practically no alternative parties to challenge the CPC in the current setup. In a way Xi Jinping has returned back to Mao Zedong's method of governance.

A more famously known governance model of Xi Jinping called governing by 'Leading Groups' has

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asserted Xi Jinping's power over the state system. By designating a leading group headed by Xi himself on top of state apparatus, Xi has asserted his control of the State bureaucratic structure. Previously these leading groups were considered to be taskforces that would get disbanded once the task was completed, however, Xi Jinping has made these groups permanent. For example, the long-established CPC Foreign Affairs Leading Group is upgraded into a permanent committee chaired by general secretary Xi Jinping. The head of its stand-alone executive office is in fact the top diplomat of China, presiding over both the Ministry of Foreign Affairs and the Party's International Liaison Department, which deals with the CPC's relationships with political parties around the world. The ranking of the latter is in fact a half step above the former.

Furthermore, both the Central Foreign Affairs Committee and the Central National Security Committee, both headed by Xi, share the same office and are closely intertwined in their affairs. These departments also have sub-divisions as well as Bureaus. Some of these bureaus used to exist as part of the state structure, but have been integrated into the Party to maintain stronger hold in decision making. As far as the duties of these bureau's are concerned, they are entrusted with making recommendations, conducting investigations and studies on the international situation, assessing major issues in the implementation of foreign policy, foreign affairs management, and organising meetings of the foreign affairs committee. On behalf of the Party Central Committee, the Bureau formulates and revises certain national regulations on foreign affairs work, and reviews important foreign affairs regulations formulated by the central government, various departments of state agencies, provinces, autonomous regions, and municipalities directly under the Central Government. It also handles requests for instructions and reports on important foreign affairs issues submitted to the Central Committee for Foreign Affairs and the State Council by various departments of the state agencies, provinces, autonomous regions, and municipalities. They also undertake other matters assigned by the Central Foreign Affairs Committee and the State Council.

Furthermore, the Party's International Liaison Department also plays an important role in China's foreign policy. The department has various bureaus including the West Asia and North Africa Bureau, African Bureau, Latin American Bureau, America and Canada Bureau, Asian Bureau, Information and Communication Bureau and the Cadre Bureau amongst many more. The departments duties include implementing the guidelines and policies of the CPC Central Committee's external work; follow up and study of the development and changes of the international situation and major international issues, brief the Party Central Committee and recommend countermeasures and policy recommendations. The International Liaison Department is also entrusted by the Party's Central Committee to be responsible for handling the exchanges and liaison work between the CPC and foreign political parties and other political organizations. It also coordinates and manages the external exchanges of agencies directly under the central committee and party committees of provinces, autonomous regions and the municipalities directly under the Central Government.

To conclude, as evident in the roles and responsibilities of the Central Foreign Affairs Committee, the Central National Security Committee and the International Liaison Department of the party, the CPC totally dominates over the state structure. Even previously, the Foreign Ministry reported to the Party instead of the Premier. However, this form of centralisation by Xi Jinping has been relatively recent. Thus, the Chinese foreign policy is by and large a Party enterprise reflecting the CPC's perspective, interest, and broad guidelines on Party affairs. In the end, a question that stands out is would this setup survive after Xi Jinping's departure? Only time will tell.

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# CHINA'S EVOLVING FOREIGN POLICY APPROACHES ACROSS REGIONS: THE NEXT FIVE YEARS

## ROUNDTABLE



### Concept of talk by ORCA

*During the Xi Jinping era, China's foreign policy has been generally characterised under the broad umbrella of Wolf Warrior diplomacy. Although 'wolf warrior' diplomats assertively push Beijing's policy line in their countries of deployment, China's foreign policy agenda remains varied across regions in the service of diverse objectives which continue to evolve in an uncertain international environment. For the next five years under Xi Jinping, China's foreign policy will reflect his superpower ambitions to cultivate influence, project power and ensure China's primacy in the international system. This roundtable brought together scholars that*

*specialise in Central Asia, Africa, Europe, North America, West Asia, South-East Asia, North and East Asia and China itself to decode Beijing's foreign policy strategies in their respective sub-regions.*

### **PROF. S.D. MUNI - MODERATOR**

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

### **SOUTH ASIA AND XI'S WOLF WARRIOR DIPLOMACY | COMMON THREADS GUIDING CHINESE FOREIGN POLICY ACROSS REGIONS**

There is a radical shift in China's approach towards South Asia since the beginning of this century. Earlier China was ready to offer itself as a counter weight to India or any other power on demand from a smaller South Asian country. But now China has its own agenda in South Asia and its engagement stems not just from broader competition with the US and India, but also from an increase in its own capabilities and ambitions. China has deployed a variety of diplomatic and coercive strategies in the interest of its objectives and interests, like economic coercion, political interference, regime change, territorial encroachments and military displays, which have been deployed in a very significant way over the last 4 to 5 years. Lately, there have been signs of backlash against this kind of behaviour. And in the face of this backlash, the Chinese are toning down the rhetoric. Statements made by Chinese leaders and spokespersons are indicative of this, where they say China should befriend its neighbours, cultivate good relations and patiently listen to demands of China's neighbours and so on. This rhetorical toning down however, has in no way moderated its wolf-warrior diplomacy of assertion and aggression. A recent example could be seen in Nepal, where the Chinese ambassador was advising his counterparts on how to deal with India.

China has created great economic incentives for the states in South Asia, which is an instrument in the foreign policy framework that China has applied to the region. Lately, there are three main initiatives taken by Xi Jinping that encompass China's outreach to the region; the Global Development Initiative which takes off from the Belt and Road Initiative (BRI), Global Security Initiative (GSI) and Global Civilizational Initiative (GCI). Every policy component and outreach is brought within the framework of these initiatives. China's foreign policy in South Asia is ultimately a mix of wolf warrior rhetoric, economic coercion and other dimensions of engagement.

There are a few key insights that emerge from a study of China's foreign policy across the regions. For

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instance, firstly, China has not adopted the wolf warrior posture in Europe but has liberally applied it to South Asia. It has resulted in a polarisation of its relations with states in South East Asia, West Asia and Africa. Second, China's economic engagement with states is strong in terms of infrastructure financing. Although countries are reluctant to endorse China's strategic presence in the region, they welcome China's economic presence. Third, China's regional push into regions around the world is driven by geostrategic concerns, most significantly China-US strategic competition. China has also started positioning itself as a peacemakers, to replace or undermine US influence in regions around the world. The case of China mediating between Bangladesh and Myanmar over the Rohingya refugees issue is illustrative of this new posturing. Fourth, there is a strong emphasis on defence diplomacy, both in terms of selling defence equipment and projecting military power through exercises and port calls. Chinese diplomacy has also indulged in interfering in domestic politics of its countries of engagements.

In this respect, while strengthening communist parties, China has also attempted regime changes and regime protection. This is largely to protect Chinese investments by supporting pliant and friendly regimes. Although there is a focus on communist parties, China's political engagement is not limited to that. China is also employing soft power in terms of culture, language and civilisational ties to influence and cultivate perceptions in regions around the world. All these features of the Chinese foreign policy and diplomacy are distinctly visible in South and Southeast Asia.

**DR. SWASTI RAO**

(Associate Fellow at the Europe and Eurasia Center, MP-IDSA)

**CHINA'S BALANCING ACT ON EUROPE: BETWEEN COOPERATION OR COMPETITION?**

China's Europe strategy has been evolving. First, it can be analysed by assessing the major pathways through which China entered Europe in the aftermath of the Greek financial Crisis. Second, Europe's response to China's economic dominance and trade practices is also evolving that can be best understood through its new found emphasis on economic security and specially by increasing focus on de-risking from China.

China's pathways into Europe: It was around the Greek financial crisis when the ensuing financial vacuum made room for China to make inroads into Europe via investments. It was the Greek port of Piraeus that became the gateway for Beijing to enter Europe but also for it to expand its financial lending all across the continent. Piraeus was also the first BRI project into Europe and a site of massive investment by China. From Beijing's perspective, it was interested in establishing a foothold in Greece because the country is connected to the Near East, South Europe and North Africa. Therefore, expanding its presence in Greece could help China in furthering its trade interests. Chinese state-owned shipping giant China Overseas Shipping Group Co. (COSCO) obtained a 30-year concession to manage two terminals of the Piraeus port in 2008 for about \$570 million. In 2013, COSCO won another five-year contract and the right to build a third terminal. Meanwhile, COSCO pumped in another \$263 million to renovate the existing terminals, effectively making Piraeus the point of China's entry into Europe. A strong Chinese foothold into Greece enabled other pathways into Europe mainly via massive investment in Europe's ports.

Ever since, China has strategically invested in key ports across Europe through its three main Chinese companies - COSCO, China Merchant Ports Holdings and Hutchison Port Holdings. After Pireaus, China's strategic investments in Europe's maritime ports included Antwerp in Belgium and Hamburg in Germany. China made inroads into Italian port of Vado Ligure in 2016 when COSCO bought 40 percent of the port.

The second pathway that Beijing embarked upon was its 2012 "16 plus one" mechanism which was Beijing's plan to make massive infrastructure investments in Central and Eastern parts of Europe. This plan eventually became 17 plus one with the addition of Greece, a region already having heavy investments with Chinese financing. However, what started out as promising new era of trade and investment ties turned to disillusionment soon as the BRI promises started to fall short of commitments. Almost all the 17+1 countries have signed memoranda of understanding with the United States targeting Huawei's access to their 5G networks or joined Washington's Clean Network initiative. China's spat with Lithuania regarding Taiwan has triggered the exit of the three Baltic states, reducing the mechanism to "14+1". More exits could follow.

The third pathway that enabled China's economic dominance into Europe was through Italy. Italy was the first country from the G7 countries to join the Belt and Road Initiative in 2019. However, in the yea-

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-rs that followed, even though trade between the two countries grew from USD 50 billion to USD 80 billion, most of it went to China's advantage and Italy landed a huge trade deficit. The debates in Italy currently are focused around substituting the BRI with a safer and more equitable trade deal with China which can be operated on an equal footing. Therefore, the presumption that Italy is seeking to completely detach from Chinese trade and investments is far-fetched.

Europe's evolving response to China: As a result of the above and China's treatment of its Uyghur minorities exacerbated by China's tacit support to Russia's war in Ukraine and escalating tensions over Taiwan, the long negotiated Comprehensive Investment Agreement between EU and China has run into problems. The EU has been lately developing a set of instruments and strategies to make their trade safer in a complex 'post-pandemic-post-Ukraine' world. These set of strategies are collectively referred to as "de-risking" announced formally by the EU commission in June 2023. Economic security has gained popularity because economy has security and national security implications. However, DE-risking is not a magic wand and extreme interpretations can lead to inaccurate conclusions.

The basic ideas behind EU's evolving de-risking as discussed in its 2023 strategy can be summarised as below:

1. There are risks to supply chains that can be disrupted (in the case of energy as seen in the Russia-Ukraine war),
2. Cyber security of critical infrastructure like the electrical grid or mobile networks is vulnerable as shown by attacks on the Nord Stream- 2 and the Baltic Connector pipeline.
3. Risks around technology leakage are real and the EU has to put in place mechanisms to safeguard it.
4. There is a widespread realisation that economic interdependencies can be weaponised as seen in the case of Lithuania when China blockaded Lithuanian exports and imports.

The instruments developed in the EU economic security toolbox are committed to screen inbound and outbound investments for strategic and sensitive technology. China's response to EU's de-risking strategy has been to rev-up internal divisions in Europe and focussing on the losses likely to be incurred by Europe in the process. The Russia- Ukraine war has also polarised political debate within the EU and China has been quick to capitalise on such differences of opinions.

However, it needs to be remembered China does have an innovative edge over its counterparts. Europe needs to be aware of this and the de-risking needs to focus not only on strongest rules on safe investments and strategic tech but also on a revamped innovative eco- system where Europe is clearly lagging behind China. Europe is likely to continue having a complicated relationship with China where elements of competition, rivalry and cooperation will co-exist.

**DR. ANURADHA CHENOY**

(Former Dean, School of International Studies, JNU)

### **A NEW FORAY INTO AN OLD BACKYARD: CREATING EURASIA WITH CHINESE CHARACTERISTICS**

China's evolving foreign policy approaches towards Eurasia are based on the following factors: a continuity of their core interests outlined, managed and controlled in their Party Congresses which brings prosperity for the Chinese people with economic growth; and peaceful protection of Chinese sovereignty identified with territorial integrity based on their own maps and interpretation of history. The Reunification of Taiwan with the mainland through peaceful way is priority for China over the coming decades.

Hence, what is the Chinese perspective of the current international environment? Beijing sees it as an increasingly hostile environment for China. While this shift to hostility to China started taking place in 2009, it increased in 2015 and by 2017, the trend has increased. There is now an open call for a New Cold War and the world is seen as a bipolar choice. In this context, the Sino-Russian relationship is a critical aspect of Chinese international strategy. China's relations with Russia are uneven, inconsistent and characterisations of the bilateral oscillate from dependency to combative to strategic – relations are currently at a high point. The Sino-Russian entente is an entente of Eurasia. Furthermore, both recognized US-led unipolarity and sought closer ties in the face of US-led globalization. Both Russia and China compromised with the US over its wars on terror that began in 2001. From the US perspective, US national security doctrines after 2014 perceived both China and Russia as a threat that could weaken the US-led international order, in operation since World War II. This perception grew in the Russia-Ukraine conflict, and led to a simultaneous hybrid war in the Indo-Pacific theatre.

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China and Russia are led by a convergence of interest that has a global vision; a bilateral strategy and a regional aspect. Both perceive US influence as malign and intended to constrain them. Their common vision is of 'multipolarity' and a connected Eurasia, where Central Asian States are a part of this vision. Both proposed this perspective since the early 1990s claiming that it is integral to promote an alternative narrative of norms, different than 'Western rules-based order', based on 'acceptance of socio-cultural differences, non-liberal order, protection and assertion of sovereignty and the existence of non-military alliances. The fear of a possible Sino-Russian confrontation or competition were dispelled by official Russian narratives in early 2000 itself. In fact, in 1996, Moscow (Yeltsin) proposed a strategic partnership between Russia and China.

The Putin-Jiang Zemin meeting in 2000 has reaffirmed this view of the bilateral. This multipolarity and anti-hegemony position of Russia and China was not an anti-western bloc, as envisaged by scholars and analysts.

From a bilateral perspective, China and Russia undertake strategic coordination on regional and international affairs in regional and multilateral bodies. Russia's economic interests are also matched with China as its biggest trading partner. The relationship has taken on a strategic dimension at the highest level as well, with Xi defining Sino-Russia partnership as the best mechanism for cooperation. From a regional perspective, the Eurasia wide economic concept of "Greater Eurasia" has been presented as the way forward. This is at the core of Russia-China entente that serves as a common space for economic linkages, logistics and other interests. Furthermore, linking initiatives like the BRI, EAEU, SCO, ASEAN and BRICS plus to existing partnerships is being undertaken.

There are concerns that are associated with China's relations in Eurasia. The first concerns revolve around resolving latent border issues, and the second is China's push into the less developed Russian Far East. In this context, several scholars and analysts saw China C5 summit as China's attempt to supplement Russia in Central Asia. In conclusion, China and Russia are putting up a United Front in Central Asia, promoting a vision of multipolarity, have converging and diverging interests and ultimately, Central Asia benefits from this relationship. Russia is providing security, resources and labour opportunity, and China is supplying economic growth.

**DR. RENU MODI**

(Former Director, Centre for African Studies, University of Mumbai)

### **CHINESE AND INDIAN CHARM OFFENSIVE IN AFRICA**

To assess the impact of Indian and Chinese soft power in Africa, it is important to address five fundamental questions. First, what drives China and India's interest in Africa, and what constitutes the core principles of soft power? Second, how do India and China perform their soft power initiatives in Africa? Third, do Joseph Nye's principles of soft power apply universally in the African context? Fourth, what are the key vectors of soft power employed by India within the African subcontinent? Finally, how should we understand Africa in 2023 and beyond?

Africa has emerged as a new frontier of growth, particularly since the global financial crisis of 2008. The continent has a young population, ensuring a sustained demographic dividend for years to come. Africa is endowed with approximately 10% of the world's natural resources, including oil, natural gas, and minerals.

In 1990, Professor Joseph Nye authored his seminal work, "Bound to Lead: The Changing Nature of American Power," in which he highlighted the shift from military force to factors such as technology, education, and economic growth, as vectors of soft power that enabled countries to influence favorably and "get them other countries to do what it wants". He wrote that nations that embrace liberalism, democracy, and autonomy garner greater reserves of soft power. Further, Nye stated that 'the soft power outreach of authoritarian countries like China may appeal to dictatorships around the world but would not appear attractive to democratic countries'. But this has not been the case in Africa. In most African nations, irrespective of their political systems, China's presence is significant, facilitated through trade, loans, scholarships, and technical exchanges.

The point to underscore here is that both democratic and authoritarian countries in Africa engage actively with China. However, these relations come with their own challenges, including the debt burden on borrowing countries, import-oriented trade that hinders local manufacturing, and the use of Chinese labor in Chinese-funded projects. So, how have India and China harnessed their soft power in Africa?

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India-Africa relations go back to antiquity and trade between the two has been mentioned in the Greco-Roman manual of the first century A.D. Centuries of people-to-people engagements have spawned a significant presence of Indian diaspora in Africa. Historically, China did not have a presence like India in Africa, and the presence of Chinese people- laborers, traders, technical staff, and skilled professionals- on the continent is a post-1990s phenomenon. The only oft-cited historical reference made by the Chinese is to Admiral Zheng He, who visited Port of Lamu (present-day Kenya) in the 15th century. On the other hand, the Indian diaspora has had a long and enduring presence on the continent. The Indian merchants' migration to the Swahili Coast and to a lesser extent to West Africa intensified in the colonial period and thereafter. The export of Indian culture through Bollywood films, cuisine, ideologies, and trade in quotidian commodities including textiles provided a basis for people-to-people- interactions and familiarization with facets of India. In West Africa, calendars adorned with images of Hindu deities- Brahma, Vishnu, goddesses Saraswati, Kali, and Laxmi amongst others, printed in Mumbai have been part of the region's rich visual culture since the late 19th century.

Both China and India have forged solidarities with the global South such as with African countries that participated in the Bandung Conference of 1955. African nations supported the Non-Aligned Movement to steer clear of Cold War politics. In the 1970s, China funded and helped construct the Tanzania-Zambia Railways (TAZARA) to facilitate Zambian copper exports through Tanzanian ports. India actively supported the anti-colonial liberation movements in Africa, opposed the Apartheid regime, and internationalized the Apartheid issue at the United Nations. Thus India and China accumulated soft power through their support of African countries in their journey towards political and economic independence.

Today, diplomatic and strategic engagement with African countries is increasingly linked to economic considerations. As we frame Africa in 2023, it is evident that the continent is capable of setting its own agenda. To sustain economic and people-to-people interactions and to appear 'attractive' to Africans - partner countries need to adhere to global governance norms on international trade and investments. In the altered politico-economic context, countries in Africa are capable of resisting investors and traders who flout global governance rules with regard to; labor laws on recruitment and wages, environmental regulations, local taxation rules, FDI in land inhabited by indigenous peoples, and the supply of counterfeit medicines.

The old patterns of colonial exploitation no longer underpin the relationship between Africa and its external partners. This highlights that soft power is but one tool- though a powerful one amongst several others, for building a positive narrative about any country. For continued economic and people-to-people engagements and to appear as 'attractive' to Africans, the partner countries need to be respectful of the rules of the destination countries. Thus we see that the concept of soft power is dynamic. Africa's upward growth trajectory and evolving internal dynamics can in turn influence the need for additional soft power strategies (in addition to the conventional ones) that could potentially be employed by India, China, and other players in the years ahead.

**MR. KABIR TANEJA**

(Fellow with the Strategic Studies program, ORF)

### **CHINA'S EVOLVING PEACE DIPLOMACY IN WEST ASIA: ADVANCING INTERESTS AND CULTIVATING IMAGE**

As the second largest economy in the world, the presence of China's economic and political interests in different geographies of the world is not surprising. China's presence in West Asia, a resource rich region led by geo-economic heavyweights, has garnered much attention. However, most accounts have approached the equation between West Asian countries and China from the perspective of Beijing and how it benefits China. Our understanding of China's engagement in West Asia could benefit from reversing this question to analyze how West Asian nations such as Saudi Arabia, UAE and Iran stand to gain from their interactions with the Chinese and how these dynamics are shifting perceptions and preferences on bipolarity and multipolarity in the global order. Countries in the region -not just Iran which has been close to China- are thinking about how to use the shift to a bipolar world to construct their own visions of regional order. In the past couple of decades there has been a fundamental change in how countries like Saudi Arabia and the UAE view the US and a more realistic approach to engaging with China on increasingly critical issues such as technologies and natural resources.

As a result, for West Asian countries, China emerges as a strategic partner to parallel American influe-

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-nce and to secure a position of increased importance in the shifting geopolitical landscape. There are a few important considerations that shape changing regional dynamics and perceptions. First, the Biden administration has allowed for a certain degree of tension to define US ties with the Saudis through various public statements and condemnations. While the West has been cautious of providing military technology to even its close Arab partners for varying reasons, Beijing has capitalized on this discomfort to enhance its own footprint. By sharing sensitive military technologies to enhance the defensive capabilities of these countries, the Chinese have been able to build their position in West Asia as not just an economic player but also a strategically significant partner. This is also a form of hedging that West Asian countries have adopted to enhance their credibility with the West.

This does not just apply to defence sectors, but also other aspects of the economy like manufacturing, construction and services sectors. In the face of a global shift away from petroleum resources, China and many other Asian countries are preparing for an energy future driven by renewables amongst other drivers of growth. This is also determined by a realisation that the geopolitics of the region in 10 years will be very different. Additionally, as these economies prepare themselves for a future that is not determined by just petroleum, the move towards inducting manufacturing and services industries for future growth is one that China has been able to help with. Since many of the West Asian countries are in the middle of a transition away from oil revenue-driven growth, the emergence of geoeconomic initiatives like IMEC are seen as pushbacks to the BRI and other Chinese initiatives.

These reasons signal the beginning of a new ambition for the West Asian nations that moves them beyond the confines of the region to become important players in foreign relations around the world. However, this does not mean that American presence in the region will come to an abrupt end, rather, there will be a parallel effort to use the Chinese presence in order to achieve concessions from America. For these reasons, it is important to consider not just what is in it for Beijing but also for the nations of West Asia.

**DR. TEMJENMEREN AO**

(Associate Fellow, Southeast Asia & Oceania Centre, MP-IDSA)

### **CHINA'S SMART POWER STRATEGY IN SOUTHEAST ASIA**

China's rise over the past few decades – manifested in its economic performance, on-going military modernization, and the extension of its diplomatic influence – has had a crucial impact on its policies with regards to its engagements across different regions. China in a post-Cold War period has also sought a more multipolar world by engaging as well as building various cooperative multilateral institutions and bilateral partnerships with its neighboring countries. In this regard, China's geographical proximity to Southeast Asia, which in concert with the fact that every Southeast Asian nation has a sizable ethnic Chinese population, aids in deepening China's influence in the region.

The widespread perception in Southeast Asia in the post-Cold war era and in the aftermath of the 1997 Asian financial crisis was that China's influence in the region had increased, surpassing that of Japan and traditional partners like the US. These gains can be attributed to Beijing's skillful economic and political diplomacy based on long-term strategic thinking and systematic execution. It has been widely noted that the 1997 economic crisis was a turning point in relations between China and Southeast Asia, wherein the former came forward with timely assistance that included bilateral loans to help Southeast Asian countries avoid devaluing their currency. Such a policy enabled China to reap tremendous goodwill with ASEAN countries. Since then China's economic reach in the region has grown enormously to become the biggest trading partner of all ten ASEAN countries with total trade of \$ 975.3 billion USD in 2022 and the largest provider of developmental aid to the region, dispersing an annual \$5.5 billion USD since 2015. China is emerging as the region's largest development partner and this is significant because being a development partner represents a higher level of commitment to the region.

China's more aggressive push in Southeast Asia by joining and initiating massive regional trade pacts and engaging in programs that including infrastructure investments under the Belt and Road Initiative have paid dividends. Beyond the economic inter-linkages existing between China and Southeast Asia today, Beijing is attempting to also deepen its growing political influence by embedding an indisputable cultural narrative into its regional relationships. However, by enhancing its already enormous economic clout as well as further deepening its political influence in Southeast Asia, China's immediate neighborhood would become more contested in the context of the emerging geo-political and geo-economic environment.

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While the US is playing catch up to China's economic and growing political influence in Southeast Asia, other regional powers such as Japan, Australia, South Korean and India are also stepping up their engagement in the region.

Herein, there are two key factors which will challenge China's domination in the region:

First, Southeast Asia is the cockpit of a geopolitical rivalry between China and the United States. While Beijing considers Southeast Asia to be its backyard and natural sphere of influence, Washington, along with other regional powers, is determined to contest. The sharper focus or re-focus on the region from the U.S., will ensure competition for regional cooperation and partnerships. For instance, IPEF, which is a US-lead initiative was announced at the Quad Summit in Tokyo on May 24, 2022, and has been welcomed by most ASEAN countries, as they see it as a sign of Washington's renewed economic engagement in the region. While IPEF could be perceived as an economic initiative it has strong strategic undertone that will allow the US to better compete with China in the region.

Second, Beijing is embroiled in multiple, seemingly intractable sovereignty disputes with surrounding countries, mainly over land and maritime boundaries. The ongoing tension in the South China Sea has been ongoing for decades, but it has escalated with China's illicit activities in disputed territory and its aggressive posturing which makes China appear like an aggressor to most of the countries in Southeast Asia. There are also charges that implicate China in political meddling through its ethnic Chinese communities in the internal politics of states, as well as assertions of Beijing's mistreatment of its Uyghur Muslim minority in Xinjiang that have raised serious concerns in Indonesia and Malaysia.

Southeast Asia today seems to be struggling to manage its relations with China wherein it finds itself in a goldilocks zone – bound by its economic partnership and strong interlinkages while at the same time forced to manage Beijing's bullying tactics at times, especially in disputed waters. Therefore, Southeast Asia will in the near future have to manage the jostling for power and influence in the region by major regional and extra-regional powers. This would help re-impose as well as strengthen the region's resolve of its long-standing position of an independent policy based on friend-to-all and enemy-to-none approach.

**PROF. HIDESHI TOKUCHI**

(President, Research Institute for Peace and Security)

### **CAUTION AND CONTENTION: CHINA'S NORTHEAST AND EAST ASIAN FOREIGN POLICY AMBITIONS**

Northeast Asia is at the frontline of the US-China rivalry. Both Japan and South Korea are staunch allies of the US, hosting a large number of US troops. Northeast Asia is also close to the Arctic's Northern Sea route which can significantly reduce sailing time between Europe and Asia, but for the time being the South and East China Seas are focal points as arteries of global economy. Taiwan is located between these two seas. Once it falls into Chinese hands, maritime security of the entire Pacific will be threatened. There is a report that Paul Wolfowitz had said that Taiwan is "Asia's Berlin." However, the situation surrounding Taiwan is more serious than Berlin in the Cold War days. There are a number of reasons for this:

First, the former Soviet Union did not regard Berlin as its territory, but China claims Taiwan as its own. Second, China never denies the possibility of use of force to annex it. And third, US commitment for the defense of Taiwan remains ambiguous.

A Ukraine analogy of Taiwan became popular among Asians. Japan's Prime Minister Kishida often says that Ukraine today may be East Asia tomorrow. In addition, because of the geographical proximity (only 110km) between Taiwan and Japan and due to the Chinese military activities in the vicinity of Taiwan, the notion that Taiwan contingencies will be Japan contingencies has become more popular in Japan. As reaffirmed in G7 Hiroshima Leaders' Communique, peace and security across the Taiwan Strait is indispensable to security and prosperity in the international community. It is a global issue.

In this context, what is China's foreign policy and goal? China pursues socialism with Chinese characteristics, but it does not carry any banners for "universal" ideologies, different from the former Soviet Union. The goal of China's diplomacy is the development of "a human community with a shared future." It is their guideline for the reform of the international order based on the Chinese dissatisfaction with the existing order led by the western bloc. China believes that external attempts

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suppress and contain China may escalate at any time, but China does not want an all-out war with the US. Careful management of their relations will continue, but there is no denying of the breakout of mishaps and escalation. Xi Jinping's regime has to keep tough on the US in order to maintain its domestic power basis. Economic growth is the source of legitimacy of CCP's legitimacy today, but Chinese economy is sluggish now. Therefore, China cannot easily compromise on sovereignty issues and matters of their core interests to foreign countries.

What tools has China employed to execute its foreign policy? China has a number of tools to implement its strategy in its international relations. China's military buildup, both conventional and nuclear, is very rapid. In 2017, Xi Jinping declared his intention to transform the Chinese military forces fully into world-class forces by the mid-21st century. China is trying to be a peer competitor of the US in conventional force although it has not yet caught up with the US. China is also trying to establish the state of MAD with the US. According to one expert, they hasten to build a much larger nuclear arsenal in order to gain Westerners' respect of China and their restraint in dealing with China. We cannot respect such a Chinese mind, but they may think differently.

China's military expansion is not limited to these facets. China Coast Guard has military missions, too. It is rapidly increasing its capabilities and size, and menacing navies of Southeast Asian countries. China's maritime militia is also part of China's armed forces. Integration of the CCG and maritime militia into the military chain of command is in progress. By doing so, the Chinese leadership seeks to create gray zone situations and to constantly pressure the adversaries while avoiding direct military clashes.

Today, China has more tools at its disposal. Two PLA officers wrote in 1999 that all the boundaries lying between the two worlds of war and non-war, of military and non-military, will be totally destroyed, and there is nothing in the world today that cannot become a weapon to compel the enemy to accept one's interest. They call it "Unrestricted Warfare." From their perspective, use of information technology and economic means are particularly important. This is a total war in the contemporary world. It employs all instruments of national power. Therefore, a whole-of-government approach, intelligence capability including early warning in particular, and international partnership of like-minded countries are increasingly important.

**DR. JOHAN LAGERKVIST**

(Director, Stockholm Center for Global Asia and Professor of Chinese Language and Culture, Stockholm University)

**DOMESTIC DRIVERS OF CHINESE FOREIGN POLICY**

The landscape of foreign policy-making in China has changed significantly since Xi Jinping in 2012 succeeded Hu Jintao as leader of the Chinese Communist Party (CCP). During the reign of Hu Jintao between 2002 and 2012, input to the process of foreign policy-making increased as new foreign policy actors appeared. This period also witnessed a proliferation of foreign policy debate in different web forums and on Chinese social media platforms such as Sina Weibo. Among old and new domestic drivers of foreign policy-making the scholarly literature noted the importance of state-owned enterprises and private companies with significant overseas operations in their portfolios. Subnational state actors such as provinces also expanded their international agendas. In addition to the more clandestine lobbying of state actors and private enterprises, the aggregated force of visible and nationalistic social media commentary by individuals and civil society actors also entered the fray. During Hu's time in office, various actors and interests competed both formally and informally to influence elite foreign policy-making in China's polity. His successor Xi Jinping has significantly transformed Party-state governance and processes of policy-making overall. Most important is the centralization of policy-formulation and implementation around the General Secretary himself through "top-level design", a key term employed by Xi's aides.

Essentially, foreign policy-making has moved from previous factional balancing of interests in the politburo, i.e. a process where many different views came into play, to a dominance of Xi Jinping as the fundamental policy-maker. The variegated interests of different actors are certainly still present in the process of foreign policy-making, but at the top of the Party's hierarchy there is now no negotiations between different factions. However, if one zoomed out from the top echelon of the CCP for a moment, what kinds of domestic drivers and actors of foreign policy loom large or significant, at least from the surface of things?

First, there is the state administration at different levels, which does not formulate policy, but merely

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executes Party policy. At the national level there is the State Council (i.e. China's cabinet and the Prime Minister) and various ministries (such as MFA and Taiwan Affairs Office, state commissions, SOEs, Foreign aid agencies; the department for educational exchange) and the National People's Congress. There is also the State at other administrative levels, such as provinces, regions, major cities, counties that may have international partners.

Second, there is the People's Liberation Army (PLA). Parts of the PLA have had some autonomy regarding operational activities in the past, and some officers are known to be ultra-nationalists on territorial issues. There have been a few incidents in the recent past that showcases this autonomy. In 2008, the army demonstrated its anti-satellite weapon capabilities when it shot down a Chinese satellite, without prior consultation with the CCP leadership around Hu Jintao. In February 2023, a supersized Chinese balloon flew over the United States. As the US suspected the balloon collected sensitive intelligence, it was shot down by the US military. This incident too seemed to come as surprise to China's civilian leadership. Thus, there might have remained some pockets of relative autonomy in the PLA, which balloon-gate indicated – but since this incident the defense minister Li Shangfu and leaders of China's important nuclear strategic command have been sacked by Xi Jinping.

Third and most importantly in the landscape of foreign policy-making is the Chinese Communist Party and its general secretary. According to organization charts: the Central Committee, the politburo and its standing committee, and the General Secretary are the key formulators of Foreign Policy. Other important units in the Party organization are the Party's international department (oversees CCP relations with parties in other countries), the Party's propaganda department which employs Tiktok/YouTube videos to spread Beijing's worldview. The United Front Department's activities are sometimes called the Party's "magic weapon" (recent activities include reports on overseas Chinese police stations and co-optation of Chinese citizens and foreign nationals abroad).

The most important organizational change under Xi Jinping concerns the centralization around him personally. At the core of this transformation is the creation of new "leading small groups" (LSGs), which are coordinating units that specialize on certain issue-areas in the party bureaucracy. In the past, these groups coordinated issues that cut across different units of the bureaucracy, to enable and ensure implementation of policy. However, since 2018, these important groups are no longer merely a coordinating mechanism; as they have become pure decision-making institutions. The LSGs testify to organizational changes in line with what Xi's advisors have called top-level design, which in essence means that they are hierarchical, centralized, and personalized. These decision-making leading groups are personalized, since the most important LSGs on deepening reforms, on cybersecurity, on national security, and financial and economic affairs are led by Xi Jinping personally. To other cross-sectoral LSGs, Xi has appointed his most staunch loyalists. These changes are part of Xi's whole-of-society organizational and ideological project of "organized loyalty".

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# CHINA'S APPROACH TO REGIONAL AND INTERNATIONAL MULTILATERALISM

## PANEL DISCUSSION



### Concept of talk by ORCA

*China's engagement with the international order is increasingly characterised by attempts to revise the rules and norms of existing regional and multilateral institutions, while also creating new ones. This panel sought to explore the ways in which Beijing engages with international platforms to secure its interests and its creation of China-led institutionalism. Beijing's vision for global leadership has manifested in the form of nascent initiatives such as the Global Security Initiative, Global Development initiative and the Global Civilis-*

*-ation Initiative. Beijing's promotion of such initiatives is an attempt to create a China-led global order. These institutions aim to promote norms that regulate security, development, and global governance in the same way that US-led institutions have shaped the international system. China's initiatives are designed to appeal to countries of the global south, gain a large membership and ultimately institute a new global order to replace the current rules-based order. Scholars on this panel detailed Beijing's participation in financial, non-financial regional and global Bretton Woods Institutions. They covered China's motive for its engagements in these institutions, its practices that indicate revisionist tendencies, and the effectiveness of these strategies to further its superpower ambitions.*

### **AMB. MANJEEV PURI - MODERATOR**

(Former Ambassador/Deputy Permanent Representative of India to the UN)

### **CHINA'S REVISION OF EXISTING INSTITUTIONAL RULES AND MULTILATERAL NORMS | CREATION OF CHINA-LED INSTITUTIONALISM**

India has always looked at itself as an integral part of the developing South. It was a founding member of the Group of 77 which as of today consists of 132 countries, which form the basis of how negotiations take place including for climate change. India was also the champion of the Non-aligned movement, which was also in various ways about the developing world and their aspirations, perhaps even on the political side. India has always taken upon itself to champion the needs, thoughts, ideas and requirements of the Global South. It is also particularly important to discuss these facets in the context of China, a country that has on its own end attempted to champion the Global South. Do remember though, that when China joined the G77, they insisted to change the name to G77 Plus China.

Attention must also be drawn to the External Affairs Minister's recent statement directing focus on the double standards of the West. For many of those who have spend their professional lives at the United Nations, this fact is a no-brainer. From India's point of view, it finds itself in this contradictory situation as far as its leadership in the Global South is concerned. As an aspiring nation, India will have to convince the West for integration of the Global South, while at the same time has to also mitigate against China's inroads. Secondly, in dealing with China a for a country like India with its huge civilizational ethos, is a question of acting, behaving and internalising actions as a Nation-state.

One of the strengths of the democratic world is to assimilate and include, on the other hand, let us also understand that those that the democratic world reaches out to need to inculcate the idea of incentivising. International institutions reflect international power; without assimilating the Global South into the prevailing global governance institutional structures, the Global North will have far more to lose. As far as China's ascendancy is concerned, there are going to be shifts in these instituti-

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-ons and power symmetries across platforms, simply due to Beijing's nature of rise. The question however remains, is Beijing looking for a new world order or attempting to be at the helm of the prevailing world order. These are some aspects that need to be assessed by policy makers and analysts alike; the jury in this case is still out.

**DR. JAGANNATH PANDA**

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

**BETWEEN ORDER AND WORLD ORDER: CHINA'S DRIVE FOR THE POST-BRETTON WOODS INSTITUTIONS**

China's approach to multilateral institutions has evoked significant discussions in global strategic circles. There are five dominant debates today regarding China's intentional behaviour in both regional and global multilateral institutions. Firstly is the debate which has intensified since President Biden's arrival to the White House, between democracies and autocracies. China in this debate continues to play a strong factor for various reasons and is positioning the debate in terms of the authoritarian world against the democratic world.

The second trend that has gained momentum in the post pandemic world is the trend where strategic calculations and alliances are emerging in the world order led by the USA against alliances such as between China and Russia. India in this case has an interest on both sides; it is a part of the Shanghai Cooperation Organisation (SCO), Asian Infrastructure Investment Bank (AIIB), New Development Bank of the BRICS where both China and Russia are significant players. On the other hand, it shares deep regional interests with the QUAD given the emerging challenges in the Indo-Pacific. In the post pandemic period the second trend which has been the most dominant one is the Eurasia versus the Indo-Pacific order.

Thirdly, what we have interestingly seen is the rise of minilateral politics of different configurations; major powers, middle powers and emerging powers coming together. Major economies are coming together and making significant inroads in the Indo-pacific and Eurasian region and are giving rise to minilaterals in the multilateral framework of institutions.

The fourth trend that we are also seeing is the drive towards Multipolarity; different power structures with different combinations functioning with a multipolar world vision.

The fifth trend, which is the most significant one and has been gaining momentum since India's G20 presidency, is the re-emergence of the Global South. As a consequence, many leading editorials have already begun questioning whether China has lost the Global South or whether this is a significant set-back to China's rise in the global south and if India remains to be the next leader of the developing world.

All these debates have brought both India and China to the forefront of global trends. Policy makers in India need to be very careful in how they view such debates as they will go on to explain China's next steps in terms of foreign policy behaviour and influence the post-Bretton woods institutions China has been building upon.

One thing which is very clear in all these discussions is regarding the Sino-centric world order that has emerged as a consequence. Discussions about whether China is building that Sino-centric world order through the establishment of AIIB, NDB, expanding the SCO along with mediating in many countries and portraying itself as a leader have taken prominence in recent times. The debate however should remain central to whether China is really making that leap in establishing that Sino-centric world. In a similar context, observers should refrain from assessing three initiatives introduced by China under Xi Jinping's leadership in isolation, but rather view it as a continuation to the initiatives established by Xi's predecessors.

China is under a lot of pressure; there has been huge setback to China's gameplan. However, at the same time writing off China's outreach in global affairs are misplaced. At the same time, suggestions of India's withdrawal from China led institutions as well as indications of China having lost the global south are premature and require a deeper understanding.

As far as the three global initiatives of Xi Jinping are concerned, particularly from India's perspective, the common element that stands out is the term 'global'. In the past two decades, Beijing has attempted to introduce various grand initiatives, yet never pitched themselves as a global power. In

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contrast, today not only is it trying to dominate all forums through these frameworks and post-Bretton woods institutions, but is also pressurising American stakeholders in these institutions.

From India's strategic point of view, there needs to be a deeper analysis of China's strategy in terms of where Beijing has made significant inroads and where it is still yet to make progress. This would also require a greater understanding of what kind of power China is emerging into becoming. There are particularly three distinctions that need to be understood carefully in India's policy assessments when assessing China as a power.

Firstly, one of the most significant initiatives that China has introduced in world politics today is its emergence as a 'revisionist' power, something that India has been unable to do. In this context, China presently exists both as a revolutionary revisionist power as well as evolving as an evolutionary revisionist power. Second, the introduction of the post-Bretton woods institutions such as the AIIB, NDB and other such forums have helped China as a more evolutionary revisionist power while at the same time initiatives such as the BRI has significantly allowed it to emerge as a revolutionary revisionist power.

Third, in India, what we fail to understand is the transition that China has been through from being a Mercantilist power under Hu Jintao to being a Neo-Mercantilist power under Xi Jinping. Under Hu Jintao's mercantilism, China respected both export and import oriented trade throughout the world including with India. However, under Xi Jinping, China has emerged as a neo-mercantilist power by only emphasising on exports. As far as India is concerned, it needs to counter China in all of the post-Bretton woods institutions that China is leading. India's greater role lies in bringing to notice the need for a greater world order by remaining in such institutions rather than withdrawing from such forums.

**DR. SWARAN SINGH**

(Professor for Diplomacy and Disarmament, CIPOD, SIS, JNU)

### **DESIGNED TO APPEAL: THE GLOBAL SOUTH AS AUDIENCE AND BUYER**

Most of us would remember the debates as to how India under Prime Minister Nehru chose to support Mainland China for the permanent seat of the UN Security Council and how India today is repeatedly seen as an aspiring candidate to also become one of the permanent members of the UN Security Council. Ironically, among the Permanent Five, China is the most reluctant to allow that to happen.

Until about mid 1970s when the original membership of the United Nations had gone up from fifty to one hundred and twenty-five onwards, China was still recognised by no more than thirty-five countries. Moreover, before the United States and its friends came about to engage with China in the late 1970s, there was a whole period in which China started engaging with the countries of the Global South and the beginning again was made by Prime Minister Jawaharlal Nehru. However, today it appears that India and China are competing to become the voice of the Global South, especially after the *Voice of the Global South Summit* held in January this year. The summit also managed to bring both the priorities and perspectives of the Global South to the centre stage of the G20.

Furthermore, efforts on both India and China's part to engage and lead the Global South go on to outline the dyadic competitiveness that is emerging for leadership of the developing world. In China's case, when it began engaging with the Afro-Asian nations to begin with, it frontloaded very clearly its anti-imperialist and anti-colonialist credentials, it tried to build a rhetoric of friendship and solidarity while allowing these countries to come out on their own and take their future into their own hands. But, along with China's rise and China becoming a very different country in the late 1970s; the 70s and 80s were also decades that saw the transformation of the Global South itself.

Academically, Carl Oglesby, an American new-left activist and academic writer coined the term Global South in 1969. According to him, this was a very clearly hierarchical relationship between the countries of the North, which largely included imperial powers versus countries of the South. But in the 1970s we saw a movement emerging; détente between the East and West was becoming a reality. As Global South was becoming empowered, so was China now beginning to take off and we saw a new rising China, an economically powerful China.

In that sense, it is a new China that has begun engaging with the Global South, but now with the economic leverages that it has including the BRI, GSI, GCI and so on; fundamentally engaging the Global South in a very different perspective of creating incentives. However, beneath these incentives,

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the narratives are more or less similar. In the current trends, the rhetoric is not in the form of anti-imperialism but of democratization in international relations, redefining of the great power relationship and so on.

India's approach to the Global South in contemporary debates remains very clearly focused towards being a locomotive of bridging the gap between the North and South and also being a catalyst in coordinating the East and West. This is the kind of format where India wants to create a positive impulse on how the Global South can become part of the big tables of the United Nations Security Council, G20, G7 and so on.

China, on the other hand, also tries to talk about the open, inclusive and cooperative international institutions and the democratization of international relations but it still locates its narrative within that sense of imperialism which is no longer used now in US-China contestations. This has very often indicated how western institutions are largely hegemony-centric.

With respect to the topic assigned Designed to Appeal: The Global South as Audience and Buyers, if you notice the glue that connects Global South to China, it is the visible through mega-projects that China has delivered for the common masses to see as well as benefit from them. Secondly, it would be the everyday use products ranging from gadgets to e-commerce. Thirdly and perhaps the most important for the elite class, would be the selling of aspirations and possibilities in the Global South. Therefore, this makes the audience in the global south loyal to the narratives that emerge out of China in terms of its attempt to reorganize the world order. Thus, the Global South as a buyer has no better seller than China at the moment. As far as India's role is concerned, there is a niche area of ideational linkages where India can focus on by connecting with the visions and ideas of the Global South. In the last eight months, New Delhi has indeed shown greater inroads in terms of voicing the Global South and the Chinese seem to have taken a note to that. Having said so, India must prepare for a Chinese response to such developments and must ensure that it is prepared to protect the developments it has made in the recent past.

**MR. LUCAS MYERS**

(Senior Associate for Southeast Asia, Asia Program, Wilson Center)

**BEIJING'S SYSTEMIC CONFRONTATION WITH NORTH AMERICA: PAX SINICA VS PAX AMERICANA**

China's competition with the United States and the emerging clash between Pax Sinica and Pax Americana are increasingly apparent. These two terms refer to competition between two visions of international order, or more accurately, orders, referring to a collection of sub-orders: economic, security, multilateral, normative, and others. Pax Sinica and Pax Americana are at odds to different degrees depending upon the issue and order.

At its most basic, Pax Americana, or the existing international rules-based order describes a mix of liberal post-war institutions, norms, and rules led by the United States. As such, the US strategy is predominantly status quo against revisionism. It aims not to contain China but to manage a long-term competition with it and deter coercive efforts to undermine this system. In defending, and in some cases, updating, the rules-based international order, the United States is joined by its longtime allies, such as Japan, Australia, and South Korea in the Indo-Pacific and NATO in Europe. Most importantly, the United States has worked to repair neglected relationships in the Indo-Pacific and foster new partnerships with India, Vietnam, and others.

Beijing views the current rules-based order and US leadership within it as inimical and an unfair constraint to its rise. Fundamentally, the Communist Party of China (CPC) is deeply insecure, increasingly viewing the world through the lens of threat from foreign sources, most importantly the United States. This insecurity is reflected in Xi Jinping's "Comprehensive National Security" concept. China's Global Security Initiative (GSI), Global Civilization Initiative (GCI), and Global Development Initiative (GDI) effectively translate that insecurity into a view that the state should have predominance over liberal norms and outside interference.

The Chinese leadership is convinced that the United States presents an existential threat to CPC rule, and that Beijing must alter international order and disrupt the US alliance system to secure its regime, what it views as lost territory, and a predominant position in the region.

What would Chinese-dominated order, or Pax Sinica, look like? At its most basic level, China wants to advance norms of state sovereignty above international law and privilege state-guided economic

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development above liberal notions of human rights and democracy. The GDI, GCI, and GSI mean a state-centric international order. On its face, a state-centric order would appeal to many in the Global South. But, importantly, China's vision in practice is not a system that privileges state sovereignty for all states, but rather one that allows a select few powerful states to dominate smaller ones. As we see in Ukraine, smaller states would be in the firing line. In the Indo-Pacific, Beijing's rejection of the International Court of Arbitration's ruling on the South China Sea in 2016 encapsulates this rule-by-law dynamic.

Without Washington and its system of military alliances, Beijing is confident it can employ economic carrots and sticks, as well as the threat of military action, to pursue its interests within a sphere of influence in the Indo-Pacific. Yet, for all its faults, Pax Americana still appeals to many for this reason. As described in the 2022 US National Security Strategy, US-aligned democracies are joined by many autocratic ones that forswear revisionism. However, this "New Cold War" framing should be nuanced with six further takeaways.

One, China is not alone, it is merely the most powerful of a group of aggrieved, revisionist actors. It is joined by other powers like Russia, North Korea, and Iran, along with a few smaller countries dependent upon them. Two, the two powers are and will be interdependent economically, even amidst "derisking". They are also seeking guardrails, as seen in the recent high-level US-China bilateral meetings. Three, the world is increasingly multipolar and defined by a rising and hedging Global South. The US and China will compete for influence and the attractiveness of their orders amongst a growing number of unaligned states who in turn balance ties for their own interests. For the revisionists, alignment is even less locked in. Four, while ideology matters and contributes to competition, it is not totalizing — one only has to look at the new US-Vietnam Comprehensive Strategic Partnership to see that. Five, Pax Sinica is not the absence of order but a reworking in China's favor and a removal of constraints on certain larger states. As the order is complex, some elements are up for more revision than others. Beijing desires the stability and prosperity of economic order in particular. Sixth, we are witnessing a growing chorus of voices in the Global South dissatisfied with Pax Americana and elements of American hypocrisy. Washington will need to incorporate new voices, such as India, into existing institutions to meet growing demands for reform. If it makes competition solely about the status quo, the United States may find itself struggling to attract non-aligned countries in the Global South.

In sum, this is a much more complex and sustained competition than the first cold war, but walking it back is not an option. Beijing and Washington's respective visions for "Pax Sinica" and an updated "Pax Americana" are simply incompatible.

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## SESSION 2: HOW CHINA KEEPS ITSELF - AND ITS INTERESTS - SAFE?

### CHINA'S MILITARY INDUSTRIAL COMPLEX: SHAPING THE 2027 CENTENNIAL

#### ROUNDTABLE



#### Concept of talk by ORCA

The development of indigenous industrial capabilities for arms and wartime equipment is a key aspect of China's modernisation program. The role of State-Owned Enterprises (SOEs) in this regard is a critical element for the success of military and strategic objectives set out by Xi Jinping. This roundtable examined the role and operation of these SOEs in the modernisation of China's military. The scholars in this roundtable covered military-civil fusion (MCF), the modernisation process in all three branches of China's armed forces, particularly the Chinese Navy, as well as its support services like the Rocket Forces and Strategic Support Force.

#### **MR. NITIN GOKHALE - MODERATOR**

(Founder of StratNewsGlobal and BharatShakti)

#### **XI'S EMPHASIS ON DEVELOPING INDIGENOUS INDUSTRIAL CAPABILITIES FOR THE DEFENCE SECTOR**

Over the past decade, China has increasingly pursued the strategy of military-civil fusion under policies framed by the Communist Party of China (CPC). Within this rubric, China has seen great results in setting out very clear objectives to utilize both civil and defence expertise. It has employed various strategies and methods, including theft, to ensure the acquisition of cutting-edge technologies, leading to six inter-military efforts. The main points highlighted in this strategy was first to involve the defence and civil industrial bases for the integration and leveraging of science and technology innovations across both sectors. Second, the utilization of civilian services and logistics capabilities was aimed to expand its national defence mobilization system, to be used in both competition and wartime scenarios. Third, these strategic objectives gave China a comprehensive approach to enhance its military capabilities and national security.

China, in highlighting a plan for implementing a defence-civil fusion has systematically gone about creating a rich military industrial complex. The bigger question is how would this national industrial complex shape China for the 2027 Centennial and aid its future? While some have viewed the complex as a new modernization goal, others have viewed it as a tactic to match up with the United States. However, by 2027, it would be evident what shape China's defence takes as the year marks a pivotal moment for China with the 100th year of the People's Liberation Army (PLA) and the target year to make it the world-class military. Hence, 2027 serves as a strategic milestone, symbolizing the progress of China's rise as a global military force. To achieve this long-term goal, Xi Jinping has outlin-

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-ed several key aspects. Firstly, there is a clear emphasis on acceleration, particularly in the next three years leading up to 2027. Acceleration is defined in terms of modernization, integrating development, mechanization, informatization, and intelligentization. Secondly, reforms have been a central focus, both in terms of restructuring the PLA and refining its post-structure operations. Third is the crucial aspect of military-civil fusion that focuses on gaining technological advantage by integrating military and civilian spheres, not only in terms of dual-use military technology but also critical infrastructure. Under this approach, economy and defence would go hand-in-hand.

However, challenges may persist in the perusal of this strategy in the coming years. One major concern is the loyalty of the party to Xi Jinping and his evolving dynamics within the PLA. Since Xi Jinping's rise to power, there has been a noticeable shift in emphasis, with loyalty to him taking precedence over traditional party loyalty. This transition raises questions about the PLA's allegiance to the longstanding CPC or its supreme leader. In a previous commentary on the 96th anniversary of the PLA, it was noted that, "the military person needs to be loyal to support, safeguard, and defend Xi and the party", with Xi prevailing over the party. This not only impacts internal dynamics but also shapes the PLA's role in the broader context of China's military and political landscape. For China, this question is one to ponder upon whether the loyalty to a nation-state, the party, or Xi Jinping is more important? The resolution of this question will undoubtedly influence the PLA's trajectory and its alignment with the overarching goals of the party and the nation.

**DR. AMRITA JASH**

(Assistant Professor, Department of Geopolitics and IR, MAHE)

**THE PARTY'S ARMY: CMC AND ITS ASPIRATIONS FOR THE PLA**

While the People's Liberation Army (PLA) is mainly attributed to be the Chinese Communist Party's Army, but with Xi Jinping's consolidation of power, it can be called Xi's Army. Hence, the Central Military Commission (CMC) and the aspirations for the PLA under the centennial goal of 2027 needs to keep the Xi factor at the core.

While most argue the 2027 centennial as a new modernization goal and many see it as a tactic to fasten China's military progress to match the US; rather it can be argued that it is neither a new modernization goal or tactic but a new timeline- a point to have a stock check on the progress made in China's modernization process, for China aims to achieve modernization by 2035 and become a World Class Military by mid-of the century. Hence, 2027 centennial becomes very crucial to the attainment of these key goals. For instance, according to Chinese military experts, the 2027 goal spreads out a "blueprint" for the development of a strong army in the new era.

In this regard, the next three years to 2027 will be crucial to China's military planning and build-up. In this regard, the 2027 centennial goal can be argued under three key objectives that the PLA seeks to achieve: First, the aim is to accelerate the integrated development of mechanization, informatization and intelligentization. Here, intelligentization is the new addition to the benchmarks. Second, to achieve the reforms in the overall structuring and functioning of the PLA. Third, the aim for military civil fusion to match the pace and scope of technological advancement. This is mainly in terms of building capabilities in dual use technology and infrastructure to ensure China's overall economic and military capability. Keeping these components to the 2027 goal in context, it can be said that the PLA is preparing for a multi domain warfare. What is also important to note is that these goals are not absolute. Hence, one cannot dismiss the possibility of a change in the timeline of the goals which then delays the modernization plan of 2035 as well as the World Class Military by mid-century. However, it is important to ask: Can Xi Jinping afford to delay the goals or experience any setback in the completion of the goals?

What comes along in this process are the challenges. The changes in the PLA hierarchy especially the disappearance of the defense minister Li Shangfu, or removal of the Commander of the PLA Rocket Force, Li Yuchao and being replaced by Wang Houbin, a PLA Navy personnel indicate that it is not all that good in the PLA. These trends in the Chinese PLA's commanding structure raise an alarm bell. In some way, most of these shuffles are mainly attributed to corruption charges; however, another explanation can be that of the 'loyalty' aspect. Specifically, loyalty to Xi over operational and technological experience and know-how can be argued to be taking precedence. To say so, as on the occasion of the 96th anniversary of the PLA on August 1, 2023, a PLA newspaper article categorically stated that the military needs to be "loyal to support, safeguard and defend Xi at the core". This thereby brings into perspective a core challenge that the PLA seems to be facing, which is being cau-

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-ght in the quandary of struggling with its loyalty to Xi Jinping and that to the Party.

**DR. MANPREET SETHI**

(Distinguished Fellow at CAPS and Senior Research Advisor, APLN)

**STRATEGIC SUPPORT AND ROCKET FORCE IN CHINA'S SECURITY CALCULUS**

China, approaching 60 years since becoming a nuclear power in October 1964, has made significant strides in its nuclear capabilities, particularly in the last 4-5 years. China's nuclear capability has often been called the black box due to its opacity. However today, China's evolving nuclear landscape holds a global stature and it has moved from opacity to ambiguity. There has been a particular shift in China's nuclear strategy which earlier focused on the delivery capabilities of missiles such as missile ranges, their reliability, survivability, penetrability with regards to countering the US ballistic missile defence and ensuring that it would still be able to cause unacceptable damage.

Thus, the number as well as capability of missiles has grown significantly since the 1960s. Meanwhile, at the organisational level, the People's Liberation Army PLA Rocket Force (PLARF) and the Strategic Support Force (SSF) have emerged as important components in steering this development. As a result, both forces have become extremely important components of China's strategic calculus than ever before.

In the last few years, the focus on warhead numbers has grown particularly as claimed by the Western literature available on this issue. In fact, China is the country with the fastest growing nuclear arsenal today, replacing Pakistan. It has been adding 60 nuclear warheads every year, taking the total number to 420 warheads, according to guesstimates made by several publications that constantly monitor these developments. Much of the activity in China's nuclear sphere is to counter the American ballistic missile defence and their conventional global prompt strike strategy. The latter is a capability that the US advertises would be able to use its strategic missiles with conventional warheads to target nuclear assets in China.

China's recent focus on building large numbers is one of the ways by which it has been signaling credibility of its deterrence. The second method has been the restructuring of its organizational architecture. For instance, Xi Jinping announced the elevation of PLARF at par with three other services in 2015. He also set up the SSF which brought in elements like electronic warfare, cyber and space to support to make PLARF more lethal. Known as the second artillery force between 1966 to 2016, PLARF added 10 new missile brigades, marking a substantial 33 percent increase in missile capabilities between 2017 to 2019. Placing emphasis on nuclear deterrence as part of Xi's national security strategy, has become a crucial element of Xi Jinping's thought.

Moreover, China's new nuclear developments are important for two reasons - first, they are creating ambiguity in order to enhance deterrence; second, China is employing 'entanglement' which means amalgamating conventional and nuclear together making most missiles capable of dual use. PLARF is tasked with managing all missiles, some of which are equipped with nuclear warheads as well. Because of these growing capabilities, China is increasingly showing an appetite for risk taking and exhibiting its power to other countries. For instance, Chinese jets flying too close to American fighters or Chinese submarines manoeuvring close to American ships, risking collisions. At the same time, China's unwillingness to initiate crisis management mechanisms, because China perceives them as providing a safety net, leads to difficulties in communication during potential crises, as was evident in the spy balloon incident with the US. China wishes to keep risks on the table which can make its deterrence capability more effective.

These developments raise some important questions for India. Though China may be building its capability with a reference point in the US, it leads to downstream effects for India. However, it is important for India to not panic. Nuclear India serves as a deterrent against a nuclear China. While skirmishes might occur with China at the LAC, these must be handled at the conventional level, avoiding overspending on nuclear capabilities. Thus, besides continuing to increase credibility of its nuclear deterrence through operationalization of Agni V, extending the ranges of its submarine-launched ballistic missiles, improving C4ISR technology and addressing redundancy of India's command and control systems, India should also prioritize conventional modernization. India needs to focus on strategic resolve rather than fixating on numerical aspects like China to emphasize the quality and effectiveness of the weapon systems rather than sheer quantity.

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**DR. LI NAN**

(Visiting Senior Research Fellow, East Asian Institute, NUS)

**BACKBONE OF WARFIGHTING: THE INDUSTRIES MODERNISING CHINA'S ARMED FORCES**

From the middle to late 1980s, Deng Xiaoping required the People's Liberation Army (PLA) to make the "strategic transition" from preparing for "early, total and nuclear war" against a possible Soviet invasion of China to "peacetime army building" with an eye towards preparing to fight and win "local wars" on the peripheries of China. Deng also replaced Mao's notion of "war and revolution" with "peace and development" and wanted to shift economic resources away from the military to civilian development. As a result, he downsized the PLA by a million billets and substantially reduced the defence budget.

To make up for the shortfalls in military expenditure, Deng asked the PLA to "be patient." He allowed the PLA to go into civilian businesses, leading to critical ramifications including rampant military corruption, which can still be felt today.

Major new weapons programs had also been cancelled. For lack of funding, China's military-industrial complex had to engage in defence conversation, or converting productive capacities from making military products to civilian ones. Such dire situations had not fundamentally been reversed until after the 1996 Taiwan Strait crisis and the 1999 US bombing of the Chinese embassy in Belgrade.

Another major flaw of China's military-industrial complex is the influence of the legacy of the Soviet development model, including the traditional separation and isolation of the defence and economic sectors and lack of collateral interactions between the two. Such a structure implies that the state must allocate resources separately to develop the two sectors – one military and one civilian - leading to redundancy and high cost.

Xi's civil-military fusion policy is intended to correct this flaw by enabling the "rational inter-flow and optimal use" of factors of production such as information, technologies, human resources, financial capital, facilities, management, standards and services across major industrial, science, technology and infrastructure sectors where there is traditionally a separation of civilian and military developments.

Such fusion helps to avoid redundant development of functionally similar and dually usable resources, leading to an optimal condition where "a single input can produce two outputs and multiple benefits." This fusion also enables the PLA to leverage comparative advantages of the civilian sector such as in science and technologies and in higher education to "spin on" to serve military needs. It also helps to avoid the "crowding-out effects" on the civilian sector stemming from the increased allocation of resources to defence by imbedding the military needs in the civilian sector and optimising the use of defence expenditures by sharing risks and cutting costs. Finally, the high and new technologies of the PLA can be utilised to generate "spin-off" benefits to improve civilian industries and technologies, contributing to enhanced rate and quality of civilian economic and technological growth.

Major progress has been made in "niche" technologies related to small satellites, surveillance, and drones because of the fusion policy, but there are major challenges. China's state sector dominance, for instance, may not allow more space for a more flexible fusion policy. Comparing China's approaches to those of the U.S. therefore may inflate expectations that may cause future frustration. With the influx of private contractors into the defence sector, "moral hazard" has become a major issue. There is also the concern about the increasing reliance of the PLA on outsourcing critical military demands to the private sector, which may contribute to the vulnerabilities of the PLA stemming from its overdependence on private suppliers of "core" military technologies.

**AIR MARSHAL M. MATHESWARAN**

(Chairman and President of The Peninsula Foundation)

**MODERNISING THE DRAGON'S FLIGHT: PLAAF IN THE 2027 CENTENNIAL**

China has set its goal of becoming a global power second to none by 2049, the centenary year of the PRC, which necessitates that China surpasses the US, not just in terms of economic power but, more

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importantly, technological and military power.

The PLA's transformation is driven by profound observation of recent wars from 1991, analysis, technology strategy, and organisational restructuring. In the aftermath of the 1991 war, Deng emphasised the critical importance of air, space, and cyber capabilities for China. Since the early 2000s, China has regularly released its defence white papers that have emphasised the importance of technology and aerospace power. In 2015, CPC initiated a doctrinal change where the PLA tasked with territorial defence was now entrusted with protecting China's strategic interests beyond its territories under an active defence strategy, largely driven by PLAAF and PLAN. PLAAF today is a significantly modern force with accelerated induction of indigenous 4.5 and 5th-generation fighter aircraft, helicopters, transport aircraft, and weapon systems. The dominance of indigenous systems and China's control over critical technologies is even more significant.

China's military-industrial complex developed through a complex web of strategies involving license production, technology diffusion, its vast research institutional infrastructure, consistent research process, joint ventures, industrial espionage, and reverse engineering. China's technology capability was almost like India's until the mid-1980s. However, China had a more substantial technology base. As the USSR's communist ally in the 1950s, PRC gained significantly from technology transfers, training, and replicating the Soviet model of education, research, and defence research institutions. After a phase of stagnation in the 1960s, it gained immensely from Western industrial investments from the late 1980s after the China-US détente. China's technology leapfrogging materialised in three phases: in the first phase, it simply attracted foreign investments for manufacturing in a Build-to-Print (BTP) model and license production; in the second phase, China leveraged its low-cost production advantage by attracting leading technology and aerospace majors to establish state-of-the-art production facilities, trained large number of highly-skilled workforce, and graduated to Build-to-Specs (BTS) model; in the third phase high-level value addition was achieved by its own research and academic institutions.

From the late 1980s, every primary aerospace industry established production and research facilities in China. More importantly, China leveraged its enormous procurements for technology access, research projects, workforce development and moved fast to access scientific talent from the former USSR and Ukraine to plug gaps in its aerospace technology domains.

Similarly, it leveraged collaborations with countries like Israel to accelerate its research programs. China's Airborne Warning and Control System (AWACS) capabilities, sensors like AESA radar and missile seeker head technologies, EW and its first 4th generation fighter J-10, have benefitted immensely from Israel and European collaborations before they were terminated by American intervention. The J-10 is reportedly a massive beneficiary from Israel's scuttled Lavi fighter design. China has leveraged Ukraine industries like Antonov to master advanced materials and aircraft designs successfully.

China's military-civil fusion is designed to integrate civil and military aerospace technologies development interwoven with ICT. With its own R&D and reverse engineering, China contracted with Russia in 1996 to license and produce Su-27 aircraft – the same year as India's Su-30 contract, built within the first decade the J-11, a reverse-engineered Su-27. China signed a deal with Airbus to set up its first and only production unit outside of Europe in China. China's development of its military transport aircraft Y-20, an equivalent of the American C-17, and its civil airliner aircraft, such as the ARJ 921 and 919, to rival Boeing and Airbus are the successful outcomes of these strategies. China has also progressed considerably in the aero-engine domain by operationalising its WS-10 and WS-15 aero-engines.

PLAAF's strength of 4th and 4.5 generation fighter aircraft is rising steadily, and currently, these number nearly 1100 aircraft, including J-10, J-11, J-16, Su30MKK, and Su-35 aircraft, more than 50 per cent of its fighter strength. The manufacture of 5th Generation stealth fighter aircraft, J-20, is accelerating and now totals 200. Naval versions of the 5th Gen aircraft J-31 add to this capability. Aircraft such as the Su-30 MKK, Su-35, J-20, and J-16, armed with long-range air-to-surface missiles (ASM) and air-launched cruise missiles (ALCM), with aerial refuelling and AWACS cover, will provide PLAAF with the capability to project strike power into the Bay of Bengal and Malacca Strait.

The PLAAF's sizable bomber force of H-6K and four H-6N (nuclear capable) aircraft provide added long-range strike capability with ALCMs and ASMs. The PLAAF expects to field the new stealth bomber H-20 (similar to the American B-2) with supersonic and hypersonic missiles by 2025.

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The PLAAF primarily focuses on the South and East China Seas and the Himalayas against India. PLAAF's operational doctrines involve air and space capabilities for a long-range precision strike, comprehensive MDA and targeting, and air dominance to enable successful strategic missions. The PLA's satellite assets are significantly superior to all countries except the USA. The PLASSF operates nearly 120 satellites that provide ISR, electronic intelligence, signals intelligence, and communications intelligence, covering the entire globe.

The Science of Military Strategy articulates the PLAAF's strategic aims in China's territorial airspace as the absolute control area, the first island chain as a limited-control and security cooperation area, the second island chain as a long-range monitoring and flexible reaction area, which includes power projection into the Indian Ocean and the Western Pacific. This situation may become significant by 2035 if the PLAAF and PLAN can secure access to overseas airfields and ports through the success of its BRI projects.

Currently, the PLAAF's expeditionary capability is limited, if not non-existent. With the induction of its new heavy airlift aircraft Y-20, the PLAAF is now on track to build its strategic airlift capability. With its plans to produce between 300 and 400 of various models of the Y-20 by 2035, the PLA would achieve expeditionary capability on a global scale.

**CAPT. KAMLESH AGNIHOTRI**  
(Senior Fellow, National Maritime Foundation)

### **TRACKING CHINA'S NAVAL MODERNISATION: CAPACITY VS CAPABILITY**

People's Liberation Army Navy (PLAN) is the most visible face of China's military modernization. In terms of numbers, PLAN has already become the largest navy in the world. China is expected to reach a fleet of over 300 blue water ships by 2030, if not 400 as per the US Department of Defense (DOD) assessment. Even the recent report of the US Office of Naval Intelligence (ONI) reportedly revealed that China's current shipbuilding capacity in terms of tonnage was 235 times more than that of the US.

Two State Owned Enterprises (SOEs), are mainly involved in China's shipbuilding effort. They are the China State Shipbuilding Corporation (CSSC) and the China Shipbuilding Industrial Corporation (CSIC). This duopoly in China's shipbuilding industry was created in 1999 when these two SOEs were carved out of the State behemoth CSSC due to mismanagement, inefficiency and non-profitability. Over time, the operations of both these SOEs engendered a healthy competition, which actually benefited China's shipbuilding industry in terms of increased capacity. As a result, from 2005 till today, China's modern surface ships as well as submarines have virtually doubled in numbers. Among the new classes of destroyers, the most talked-about is the Type-055 (Renhai) class, which has 10000-12000 tonnes displacement and state-of-the-art dual vertical launch systems. Eight ships from this class are already commissioned and two ships are being built. It is indeed considered as the high point of China's shipbuilding capacity.

In 2013, China started to build Type-056 (Jiangdao class) light frigates/corvettes. In the first year itself, it built eight of these ships, which is considered to be an impossible feat when compared to capacities of other countries, including those of the US. It was possible as four shipyards in China were involved in producing these ships. These shipyards also produced nuclear submarines and other kinds of ships at an average of 16 per year till 2021. As a result, China's shipbuilding capacity went up exponentially during this period. Today, China has 26 modern destroyers, out of which 8 are 'state-of-the-art' Type 55 heavy destroyers. 30 Type-054A guided-missile frigates (Jiangkai class) were also built in this period, after which their production stopped. Recently, there have been reports that China has commenced building an upgraded version of these ships, provisionally named as Type-054B. China also has produced 72 Type-22 missile boats in the last 8 years, which are armed with state-of-the-art anti-ship cruise missiles. All this will further add to the lethality of China's naval power.

Thus, China's capacity in terms of its high-level shipbuilding has certainly increased over the years. It is also evident from ballistic missiles on nuclear submarines, anti-ship cruise missiles, hypersonic weapons, supersonic cruise missiles that China has indigenously developed, to make its ships more effective during conflicts.

There have, of course, been diverse opinions about whether China's massive naval capacity can trans-

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-late into its capability to become a world power and take on major naval powers by 2049 or even before that. This is largely because of doubts regarding PLAN's lack of combat experience and quality of its warships. However, the counter to this argument must be seen in the consistent pattern of its naval build up by investing in capacity building from the ground level upwards. A case in point is that Chinese aircraft carrier pilots are already being trained for the 4th aircraft carrier which is still in preliminary stages of construction. It is also creating commensurate infrastructure and training institutions to create skilled workforce well in time for manning the increased number of assets. Besides SOEs, even private players have been integrated into China's defence systems in specific sectors, like Unmanned Aerial Vehicles (UAVs).

There is little scope for other countries to realistically assess China's naval capability as it is shrouded under confidentiality. The actual testing of such capabilities can only be seen during actual conflict, which no country would prefer to do. It is also due to lack of credible intelligence coming from China regarding its capability. Therefore, it is a wise course of action for other countries including India, to take Chinese naval warfighting capabilities created by its high technology-enhanced shipbuilding capacity at face value, and prepare strategies to counter it. Because, as the old dictum goes, "there are no runners up in war."

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# FUTURE OF INDIA-CHINA BORDER DISPUTE

## PANEL DISCUSSION



### Concept of talk by ORCA

Post-Galwan, bilateral relations between India and China have deteriorated sharply. The inability to resolve the standoff reveals the increasingly hardened positions taken by both countries under the leadership of their 'strongman', populist leaders. Beijing's unwillingness to restore the status quo and its repeated attempts to project normalcy at the border indicate its unwillingness to reach an amicable solution. This panel assessed the evolving complexities of India-China border relations, their impact on regional stability/security and how the next five years of conflict are poised to evolve. Experts on this panel covered the build-up of troops, infrastructure and equipme-

nt, discussed the respective negotiating positions and tactics of both sides and how the border will shape the future of the India-China bilateral relationship.

### **AMB. BIREN NANDA - MODERATOR**

(Former High Commissioner of India to Australia, ASEAN and Indonesia & Senior Fellow for Act East Diplomacy, DPG)

### **STRONGMAN POLITICS AND POPULIST LEADERSHIP STYLES: IMPACT ON BORDER | SITUATING THE INDIA-CHINA BORDER DISPUTE IN CHINA'S TERRITORIAL CLAIMS**

Chinese President Xi Jinping has demonstrated a distinctive leadership style and has achieved personal dominance by the means of policy domination within leading groups. He has diminished the decision-making authority of his Politburo and purged key institutions and eliminated party leaders who might be critical of his policies. Through the use of the State Party propaganda machine, Xi has come to portray himself as a populist leader.

The push for his own policies has left the Supremo more vulnerable to making mistakes. Populist leaders, in my opinion, tend to adopt non-cooperative, conflict driven behaviour patterns in the international system and thus are prone to erratic and unpredictable behaviour and often impede the ability of other States to establish stable relationships with their government.

The underlying narrative of Xi's domestic and foreign policies have been driven by the "Chinese Dream", that imagines China as a rising power looking to assert itself in territorial disputes with its neighbours as well as extend its sphere of influence along its periphery. The emphasis on this ideology pushes us to ask- what is the Chinese Dream? Is this an isolated, symbolic quip or will this influence China's attitudes towards negotiation and settling of disputes?

China has never publicly repudiated its commitment to Deng Xiaoping's foreign policy dictum that advised the government to - "observe things keenly, respond and manage things calmly, hide our

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capabilities, bide our time and accomplish our objectives." Under Xi Jinping, China has begun to pursue an active foreign policy that is no longer hiding its capabilities and does not shy away from a confrontational attitude in terms of responding to territorial disputes. The core concept of China's Dream is national revival. The CPC aspires to establish a strong and rich Socialist country by 2040. This suggests that China under Xi, should shy away from a conflict with the United States of America that will delay its nationalist aims. While such a confrontation has been avoided so far, in case of occurrence, China will have to re-evaluate its goals and aims while pursuing peace.

What continues to work in China's favour however is the territorial pressure put on South-East Asian countries falls just short of being existential while pushing them to negotiate a settlement with China due to its valuable addition to international trade and investments. China aims to reshape the international political order through the reassertion of its authority with the construction of the Belt and Road Initiative as well as improving the standard of international organisations like BRICS, efforts which seek to pose a challenge to the Bretton Woods system.

An article titled; "New Milestones for Socialist Diplomatic Theory with Chinese Characteristics" was published in Qiushi journal by the Central Committee of the Chinese Communist Party in July 2013 which outlined the approach of the Chinese government in the Xi Jinping era. The article argued that the international situation is relatively stable and the balance of power is shifting to the preservation of world peace. China, with its growing national strength and influence, is in a favourable position to benefit. The article however also cautioned that the development of China is occurring in tandem with several challenges and thus, the need to utilise the second decade of important strategic change is important. Therefore, there is considerable belief that the limited time China has to exert and secure its power has also pushed it to assert its territorial claims more aggressively.

**LT. GEN. PRAVEEN BAKSHI**

(Former Eastern Army Commander and Distinguished Fellow, United Service Institution of India)

**INFRASTRUCTURE CONTOURS: ROAD TO PARITY ALONG THE LAC**

A RAND study by Dr. Julie Kim & Ms. Rita Nangia on infrastructure development in India & China states that Asia has always recognized the role of infrastructure in creating wealth, citing the exchange of goods between Mesopotamia and Indian/Chinese territories since 7500 BC. The Silk Road is another example of Asian nations openly trading with each other long before the Europeans arrived.

China's spectacular growth and poverty reduction has gone hand in hand with development of infrastructure at lightning speed, stemming from its export led strategy, as also a strategic imperative to integrate the TAR and XUAR regions with the mainland. On the other hand, India's development strategy focused on redistribution of wealth and poverty alleviation rather than infrastructure development. Whilst China focused on connecting major towns and regions with modern road rail infrastructure, India focused on rural areas. In the 1950s, India's road network was extensive at 400,000 km compared to one-third of that in China. In 1991, China and India invested approximately \$1 Bn in road infrastructure; but by 2002, China was investing \$38 Bn against a modest \$3 Bn by India.

In 2016, General Zhao Zongqi, during a visit to Kolkata had mentioned that he had served for 20 years in Tibet, and had walked the LAC extensively. He requested his patrols also be permitted to do so along the areas he had walked. In response, he was politely told when he walked, Indian troops were not present; however now our presence is there and his patrols would need to seek permission. This about sums up the status of the LAC road infrastructure existing 30 years ago and now.

What does a military operational commander desire? Adequacy of well equipped and trained manpower; infrastructure to deploy and sustain his troops speedily and a clear political objective given by a decisive apex leadership. The glue binding the first and third points is infrastructure, without which the Commander would be unable to execute his plans, which includes deployment, reinforcing, sidestepping, buildup for offensive and logistic stamina to successfully prosecute operations. To be so enabled requires all-weather high-speed highways/expressways, bridges, airfields, heliports, logistic nodes and digital highways, to name a few.

The commissioning of the Qinghai-Tibet HSR by China in 2006 was a wake-up call for India. China had attained an operational capability which demanded an altered matrix and approach to our war fighting strategy. The comfort of adequate warning of troops amassing in TAR suddenly evaporated.

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Building 675 bridges, 550 km track on perma-frost, 4 km long tunnel at 15000 ft and crossing the Tanggula pass at 16640 ft. was a stellar achievement in infrastructure development, which has accelerated even more since then.

India commenced infrastructure development along the LAC in the new millennium with the China Study Group (CSG) mandating 73 strategic roads, heliports, airfields and railways to be developed, shedding the age-old belief of leaving our Northern Borders under-developed. However, the project implementation left much to be desired. Doklam(2017) was a wake up call, further exacerbated by the Galwan (2020) clash, which galvanised our Government and strategic planners to give infrastructure development along our Northern Borders a major boost. Major projects in a limbo were revived, complemented by initiation of new ones, with strict timelines and overwatch. We now see the Sela tunnel, Brahmaputra tunnel, Trans Arunachal Pradesh Frontier Highway, alternate road to DBO via Saser La, tunnels under the Great Himalayan Range, development of all weather road to Ladakh via Manali, Nyoma Airfield, numerous heliports and vibrant village scheme all along the LAC becoming a reality. The Border Road Organisation (BRO) budget has seen a steep increase from Rs 6231 cr. in FY 21-22 to Rs 14387 cr. in FY 23-24. BRO has already completed 373 projects worth Rs 11191 cr. since 2021, underscoring the new impetus to infrastructure development in the past few years. The projected railway network includes Tawang and Leh.

What should India do? Firstly, we need to carefully tread on our chosen path of nuanced strategic autonomy and not get sucked into the Global Great Game for supremacy. It would be in China's interest too for India to remain so. We need to firmly seek and pursue status quo ante and then "resolution of our border" with China as against the erstwhile emphasis on "peace and tranquillity". Post Galwan we responded with hard power because China had crossed a redline. We need to strengthen our hard power capability and also prepare to fight the 'Gray Zone' conflicts perpetuated by China. A close watch on our neighbouring countries Bhutan, Nepal, Pakistan, Maldives and Sri Lanka is a strategic necessity due to the ever-increasing presence of China. Our Armed Forces have widely dispersed Commands separated by Nepal and Bhutan; these need to be integrated and Theaterisation should become a reality for a coherent response to the threat from China. Lastly, we need to draw up a "National Infrastructure Rejuvenation Plan" which should be based on a multi-mode, multi-domain and multi-agency approach with an overarching control & monitoring at the apex level to ensure timely implementation.

**CMDE. R. S. VASAN**

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

**EXTRA-REGIONAL FACTORS INFLUENCING THE BORDER DISPUTE: FROM QUAD TO TAIWAN AND BEYOND**

The theme of the Session has asked a very pertinent question- How does China protect its interests? In an attempt to answer the question, it would be necessary to first identify what are China's maritime interests and then examine the ways by which it aims to protect its geostrategic interests. The following factors have remained central to the discussions of China's maritime forays, initiatives and assertive actions both in the Indo Pacific and the far seas. These are driven by geo strategic, economical and political compulsions as China aspires to meet targets set till 2049 by its leadership. Firstly, it invariably seeks to be the Number Uno country at sea, and to be a great maritime power like the USA. Its Indian Ocean ambitions and the Malacca Dilemma has compelled scouting for dual use ports across continents. Furthermore, Beijing has attempted to poach India's neighborhood by altering neighborhood dynamics in the Indian Ocean Region. Furthermore, China has also attempted to intimidate by way of increased intrusion of ships, submarines, Research Vessels and UUVs. A larger component of China's maritime strategy has also been driven by expanding its Belt and Road Initiative as well as its Maritime Silk Road Initiative.

**Protection of Maritime Rights and Interests**

The identification of China's core maritime interests is driven by growth of China's economy and the aspirations to be a super power. The Defence white paper of China illustrates the way in which China would like to gain ascendancy as a maritime power using the oceans of the world. The entire process was well thought out. The following factors clearly illustrate how various spoke and hub initiatives have facilitated China to become a major sea power second only to the USA. By attempting to monopolize supply chains, gain access to shipping routes, ports and infrastructure, Beijing has expan-

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-ded its sphere of influence and safeguarded its maritime strategic interests. Moreover, it also shares a significant amount of global maritime operations to seek effective control (96 global ports share one way or other 50 percent of global container ports have either full or partial Chinese control.) By expanding its bases, ports and investments through BRI and bilateral agreements, China has leveraged and secured its overseas interests. This port led initiatives and investments have enabled for influence operations and intelligence gathering mechanisms.

Not only has China built the ability to disrupt trade, commerce and port operations as necessary, it has also invested in critical ocean technologies for defensive and offensive operations. Furthermore, by rejecting the PCA award in 2016 and not allowing the Code of Conduct to be enacted and implemented it seeks to overrule international directives, indicating its appetite to withstand regional and international confrontations. In the South China Sea (SCS), East China Sea (ECS) and Yellow Sea active deployment of Coast Guard and Military Militia has also provided significant leverage for Beijing's attempt to rise as a maritime power.

### **Responses and Spin-offs?**

The aggressive behavior of China in the SCS and ECs has brought about global responses which has consequential impact on the power dynamics in the region. It can even be said that China failed in its assessment of the global reaction to its unprecedented actions in many areas of bilateral and international relations. The list below is indicative of the nature of such responses.

- QUAD
- IPEF
- IPOI
- AUKUS
- Japan South Korea dialogue
- Cross Strait Issues- Taiwan
- Chip/Tech War
- Supply Chain disruption and alternatives
- Act East policy of India and enhanced engagement with ASEAN. IFC, RECAAP
- Maritime Initiatives with countries in the Pacific with greater presence and engagement with other players.
- Felt need of navies from the west to engage with India and other countries to counter China's domination.

Agreements for mutual support with many ASEAN countries which includes examining Sabah in Indonesia as a military base, Brahmos supply to Philippines, 12 cutters to Vietnam along with an indigenous ship Khukri which was handed over. The notable feature this year was the conduct of the first ever multilateral exercise with ASEAN navies for enhanced levels of cooperation and interoperability. Singapore played an active role with the harbour exercises in Singapore and joint exercises in SCS in May this year. The achieved objectives are summed up in the statement made by the Chief of Naval Staff Admiral Harikumar who said "The exercises provided a platform...to utilize the opportunity provided by AIME to refine procedures, learn best practices, and enhance interoperability with the ASEAN navies..."

In conclusion, the resolution of an impasse and the end are elusive. By being proactive, China has ensured that its maritime interests are well protected well into the next century. Global and regional powers will have to prepare for the long haul in both bilateral and multilateral dynamics. More so, naval wars will not be the same again after new ways of fighting war in all the four dimensions have paved the way for greater capability requirements, as evidenced in the Russia Ukraine war. India on its part, will have to enhance cooperative mechanisms with friendly countries to monitor oceanic and coastal activity of the Chinese fleet. Likeminded countries will also have to accelerate efforts and intent to decouple/ de-risk from China; notwithstanding, it would take years to break away from the monopoly of China in some sectors. Moreover, as far as the question of Taiwan's unification is concerned, it will not happen soon and stands deferred due to both domestic and international situations. International efforts to contain China will continue and thus India has to continue to 'build its strength and bide for time'.

**AIR MARSHAL ANIL CHOPRA**  
(Director General, Centre for Air Power Studies)

### **TIPPING THE SCALES: IAF'S ROLE IN SECURING BORDERS**

It is common knowledge that those who control the air and space control this planet. If the war is lost

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in the air, it is also lost on the ground, and the latter follows quickly. An analysis of the Indian Air Force's capabilities and partnerships is key to understanding its role in securing borders. No country can hope to build vast and strong-armed forces without the support of a booming economy, because economic growth ensures access to a hearty defence budget.

China is clearly ahead in the size of its Air Force. China has already expanded into the South China Sea and now attempts to extend its power until Guam and the Western Pacific. China also entered the geopolitical space of the Indian Ocean through its policy of forming a "string of pearls" and befriending countries in this region. India however, took cognisance of this move and launched its "Act East Policy." This policy has allowed for India to solidify its relationship in the region and ensure that allies and assets are available with ease.

Despite such strategic policymaking, China continues to be significantly ahead of India in terms of its focus on defence. China spends thrice as much as India on defence. The PRC is also in possession of significant weapons including bombers as well as aircraft carriers with the PLA Navy (PLAN). They are also developing their own airliners. Of the ten largest defence manufacturing companies in the world, two are Chinese, and four defence companies from the PRC occupy a space in the list of the 25 top defence companies in the world. China has also set up a network of missiles, weapon platforms and radars in the South China Sea region. The county also has a burgeoning conventional strike capacity.

India's own Conventional Ballistic Missile System is significant and covers both the neighbours, and the radius of its impact is only growing. The Indian Air Force is also expanding its airbase. We already have a sizable Air Force and the Indian Navy has two aircraft carriers. India has also been operating in the Himalayas and has always maintained a significant presence on these mountains. The Indian Air force carries out a range of independent offensive and defensive missions, and also supports Indian Army and Navy through battlefield and maritime support missions. India has a significant military presence now in the southern peninsula, and in the Andaman and Nicobar Islands, allowing us to access the South China Sea physically.

It is also important to note that China has several societal weaknesses. The people of China are not happy with the control of the Chinese Communist Party and constant surveillance has taken a toll on morale. The armed forces too, lack combat experience and have been limited by joint exercises with a single country- Pakistan.

India is much better placed in the Himalayas in terms of number of airfields, which are at much lower altitudes, giving it advantage of weapon load carriage. The Indian Air Force can launch many more missions. India's exposure to mountain warfare is much more. We are also building our own infrastructure and will be at power with China in the near future. India also has the advantage of war experience and also we do regular military exercises with most modern militaries of the world.

India also benefits from strategic autonomy and has been able to form strong relationships with countries including the USA, South Korea, Japan, and Australia, among many others. India maintains balanced relations with Russia and the U.S. allowing strategic autonomy. China's friends in the region are mostly Pakistan and North Korea which are both rogue states and struggling with their economy. At the same time, the push for Atmanirbharta or self-reliance is reducing our dependence on other markets. India is also trying to decouple its economy from China.

India is steadily moving to the global geo-political high-table. It is essential that we continue to build infrastructure and learn to manage China independently in the air, ground, and at sea. India will soon be the third largest economy and global power.

**AMB. ASHOK KANTHA**  
(India's former Ambassador to China)

### **OFFERING RECIPROCITY, COUNTERING ASYMMETRY: THE NEXT FIVE YEARS**

The next five years must be examined along three verticals- the state of India-China borders, the possibility of an early border settlement and our response to China's pressures along the border.

India-China borders are no longer "normal." China has achieved, at least partially, their goal of changing the status quo at the Western sector of the India-China border since the spring of 2020 through calibrated, coordinated incursions at multiple points and the amassing of a large number of

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troops, thus leading to the fatal clash in the Galwan Valley. Today, India-China border situation is quite different from what it was before 2020. The border has become unstable and China, unlike older times, is not prepared to work to restore the status-quo. The infrastructural gap continues to grow and Chinese forces are well deployed to maintain their control over the region in the foreseeable future. The restoration of the status quo, as it was prior to April 2020, is unlikely in the future.

The Chinese are attempting to delink the economic and military relations with India. But there is considerable belief that India must not dilute its stance. A single patrol system has been worked out along the northern and southern banks of the Pangong Lake, Gogra-Hot spring and Galwan Valley through the creation of a buffer zone. This new normal should not be acceptable to us and the buffer zone should be seen as a temporary measure. Likewise, the restoration of the status quo will require our strategic patience as even after the escalation of 1986, disengagement was achieved only after nine years. While the borders are likely to remain unstable, we must not be in a hurry to re-induct forces even if there is a modicum of return to peace as there continues to be a large asymmetry between both powers in terms of infrastructure and military power. The present situation remains precarious with the deployment of troops at close proximity and thus, the focus should be on de-escalation and de-induction. We should look at Article III of the Military Confidence Building Measures Agreement of 1996 which provided a framework for data exchange of military forces, troop limitation while also taking into account natural terrain, communication and infrastructure and time taken to induct-deduct troops. It is in mutual interest of the two sides to negotiate relatively modest ceilings on troop deployments on either side, which are not equal. Furthermore, we should be in no hurry to modify existing agreements.

The need to focus on boundary resolution as distinct from peace and tranquillity must be considered. There is very little possibility for early border settlement with China. Both countries arrived at the *Agreement on Political Parameters and Guiding Principles* in April 2015 for Boundary Settlement. Since then, however, there has been no further development and the possibility of the same is unlikely; majorly due to Chinese government's expectation from India of major adjustments in the Eastern sector particularly in Tawang as well as the growing importance of nationalism in the minds of Xi Jinping and the Communist Party of China. These are among the two prominent roadblocks that has impeded the possibility of negotiations. The LAC is now becoming an issue of sovereignty for China which was not the case earlier. The PRC additionally, has deliberately used the unstable border and unsettled LAC as pressure points and they are in no hurry to take it away. Any settlement will be political in nature and an accommodation of each other's strategic interests is unlikely. China believes that the time is on its side and is willing to wait, even though the Agreement of April 2005 stated that an early boundary settlement should be pursued as a strategic objective. Thus, the possibility of an early settlement remains dim.

Lastly, where do we go from here? If an early border settlement is improbable and an unstable border with high troop deployment remains the critical issue, we will have to learn to live and accept the situation because it's not likely to go away anytime soon. Moreover, we need to explore the possibilities of finding newer paradigms for deterrence at the border. The possibility of all-out conflict however, is unlikely. China is attempting to change on-ground facts incrementally without provoking India. We must learn to deal with this challenge. Reducing the growing capabilities gap with China is necessary in addition to developing key infrastructure across the border. We must also change our mindset which the Chinese perceive as being overly-defensive in character. If we wish to deal with China, we must explore new options. We will have to work with the assumption that there will be a high level troop deployment and China will have an advantage in terms of border infrastructure.

We must also learn from the conflict in Ukraine. Are we prepared for a protracted conflict with China, especially one that might develop into a two-frontier war? The China challenge is going to pose an even greater threat in the next five years and it is a battle we must fight ourselves.

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# CHINA'S TECH MILITARY FOOTPRINT IN THE INDO-PACIFIC AND EAST ASIA

## EXPERTS' DIALOGUE



### Concept of talk by ORCA

China's growing military footprint in the maritime and continental domains have caused greater security concerns for countries in and around the Indo-Pacific region. Driven by Beijing's ambitions, its military has sought to expand its overall presence using technology in ways that continually threaten the stability of the Indo-Pacific and challenge US military power in the region. The expert dialogue explored ways in which China is reshaping the maritime security architecture through its technological capabilities in the Indo-Pacific, the Taiwan Strait and the Korean Peninsula. It also covered issues around ISR activities by submarines, the use of subsea cables, net-work centric warfare, and other technological instruments of power projection.

**CMDE. C. UDAY BHASKAR - MODERATOR**  
(Director of the Society for Policy Studies (SPS))

### **PLAN'S EMERGING TECH MARITIME-MILITARY FOOTPRINT | IMPLICATIONS OF BEIJING RE-SHAPING THE MARITIME SECURITY ARCHITECTURE USING TECHNOLOGY**

This experts' dialogue focuses on the maritime domain and maritime infrastructure as related to the Indo-Pacific and East Asia. To my mind, if there is one central threat here, it is about China and technology.

Even before the end of the Cold War, China consolidated its own technological capabilities, which it then used as a plank for projecting or "enhancing" its footprint. When delving into the history of China and missiles during the Cold War, instances of China selling DF-3A IRBM missiles to Saudi Arabia and CSS-2 missiles to Pakistan are notable. A very interesting trend that would perhaps be discerned in the post-Cold War era, particularly in the last 10-15 years, revolves around the question: where is technology going — clearly, new technologies are very broadly maritime, cyber, space and spectrum — and the way in which nations are going to acquire the competence to deal with this.

There are levels to this question: first of all, acquiring technological competence in any of these domains of maritime, cyber, space and spectrum. Secondly, having acquired competence and the ability to bring in a certain degree of technological astuteness or judgement about those new technologies, how does one harness or exploit that technology in a larger strategic interest and prepare a framework for it? Finally, the last level of this question, especially with technologies like AI (artificial intelligence) deals with ethics and integrity. What is the envelope in which the competence and astuteness of nations in deploying these technologies, is one of the questions that would be brought to the table in this dialogue. This is where the Chinese example merits a very detailed study for a variety of reasons because all of the issues flagged would be related to strategic culture.

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The question remains: what is China's distinctive strategic culture that encouraged its leadership to embark on the kind of technology consolidation (at level one), and make these technology transfers (at level two)? My own assessment, at this stage, is tentative, but in the maritime domain it does appear the trendlines are that China is focusing on the underwater, in addition to everything else that it has done. Within underwater domain awareness (UDA) and underwater platform competence, surveillance is likely to acquire greater degrees of relevance, both in terms of China's individual capability and China's footprint in the Indo-Pacific and East Asia.

Specific to the Indo-Pacific, the underwater domain is going to be particularly relevant and critical and with that, so will underwater surveillance. In a recent study undertaken at the University of Illinois, AI research has allowed researchers to study whales and the acoustics generated by whales - this use of AI can be extrapolated and used as an acoustic decoy for underwater surveillance and is of interest to note.

**CMDE. ANIL JAI SINGH**

(Vice President & Head-Delhi branch, Indian Maritime Foundation)

**INDIAN OCEAN REGION - TECHNOLOGY IN CHINA'S MARITIME POWER PROJECTION - INTELLIGENCE GATHERING WITH SUBMARINES -SURVEILLANCE ACTIVITY WITH SHIPS AND SUBSEA INTERNET CABLES**

China's maritime ambition is usually measured by the size of its rapidly growing navy. With more than 350 ships, the PLA Navy is the largest navy in the world by numbers, although it still lags behind the US Navy significantly in capability and its ability to project power in its Far seas.

Beijing intends to have a 450-ship navy by 2030 with at least four aircraft carriers, over a dozen nuclear powered attack submarines and more than one third of its surface fleet being blue water capable. It is growing at an astonishing pace and is commissioning vessels every year than the next eight navies combined.

The navy is just one amongst the constituents of a country's maritime power, even though it is the most important one. In China's case, its achievements across the other constituents of maritime power are equally impressive. It has the world's largest Coast Guard; the largest maritime militia comprising armed fishing vessels; the largest merchant fleet; and the largest fishing fleet. It is the world's largest shipbuilder with over 45 percent of the global share, has seven of the world's ten busiest ports and has created port facilities all the way to Europe through initiatives like the Belt and Road Initiative (BRI).

**Technology in China's Maritime Power Projection**

China's remarkable progress in the maritime domain is underlined by its Civil-Military Fusion strategy (CMF). While there are mixed views about its effectiveness due to China's internal challenges, there is enough evidence to suggest that a lot of key dual-use disruptive technologies are being developed for use in the military and civil domains. The export of military technology and platforms to most countries in the Indo-Pacific and specifically those in India's vicinity is central to its military diplomacy strategy.

For China to become the leading global maritime power and fulfil its stated aim of becoming the world's next superpower, the Indian Ocean Region (IOR) is important to China for two main reasons. The first is its Malacca Dilemma. A large portion of China's trade and energy passes through the IOR. China considers this a major vulnerability, as India with its favourable location in the IOR, virtually straddles the sea lanes and can effectively disrupt China's economic and energy lifelines. In fact, India can also disrupt the Chinese Sea Lines of Communication (SLOCs) in other parts as well.

China, therefore has a legitimate right to deploy its navy in the IOR for the protection of its trade, energy and its SLOCs. It has been doing so for anti-piracy missions since 2008. PLA(N) Navy ships and submarines have also been detected and tracked frequently in the IOR. The BRI provides China with the excuse to increase its naval presence in the IOR to protect its own SLOCs and disrupt India's.

The second reason for expanding Chinese footprint in the IOR is its unfavourable maritime geography, which constrains the PLA Navy's ability to project power in its far seas and has led largely to its deployments being limited to the First and Second Island Chains. Another inhibiting factor is the considerable distance from the Chinese mainland to the eastern IOR.

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For China to establish a favourable maritime position in the IOR, it is essential to contain India's maritime power. While it continues to develop its impressive force levels, it is also reinforcing its engagement with the region. The recent operationalisation of the Chinese built submarine base in Bangladesh called BNS Shiekh Hasina directly impacts India's strategic security in the Bay of Bengal. Similarly, facilities in Djibouti, Gwadar and possibly at an Iranian port off the Straits of Hormuz are detrimental to India's security interests.

China is fully aware of its present limitations and is working to overcome these. It is no coincidence that despite a tense standoff between the two armies along the LAC, the PLA Navy has steered clear of the Indian Navy in the IOR without a single faceoff between the two. However, the PLA Navy will have a formidable IOR presence by 2030.

### **Intelligence Gathering with Submarines, Surveillance Activity with Ships**

Although Chinese naval presence in the IOR is limited, its activities are not. Chinese submarines have been frequently tracked in the IOR. Submarines are the most effective intelligence collection, surveillance and reconnaissance platforms because of their inherent qualities of stealth and concealment. The PLAN submarines operate in the IOR to collect and analyse hydrological data, to get a better understanding of the region's undersea environment. They also gain experience of undertaking long deployments, checking their logistic support facilities and shadowing the Indian Carrier Battle Groups to understand their concept of operations and deployment patterns.

More insidious than the submarines are the frequent forays by Chinese research vessels into the IOR. These vessels stay just outside the EEZ and collect data on the surface and underwater to enhance their maritime as well as undersea domain awareness (UDA). The sea bed mapping and profiling of the ocean which they do as part of their civilian research also assists submarine operations. They also collect valuable telemetry data of rocket and missile launches carried out by India, both from ships and ashore. They are also equipped with undersea gliders which are deployed to collect underwater data in specific areas that can be used to support future submarine and anti-submarine operations.

It is imperative for India to remain the predominant naval power in the Indian Ocean to protect its own maritime interests, and its trade and energy security. It therefore needs to augment both, its capacity and capability through larger force levels aviation assets; it has to enhance its Maritime Domain Awareness through multi-domain surveillance including space and cyber, a networked seabed surveillance capability as an extension of the Fish Hook system from Sumatra to the Great Nicobar Islands and force multipliers like drones and other unmanned and autonomous air, surface and underwater platforms.

### **Subsea Internet Cables**

In an informationized and interconnected world, subsea cables are an asset and a vulnerability. India sits at the hub of this network in the IOR and besides being a preferred regional security provider, is also considered a preferred connectivity partner. Securing these will be a major challenge that regional and global navies including the India Navy, will have to contend with.

**DR. SHINJI YAMAGUCHI**

(Senior Research Fellow, NIDS, Ministry of Defense, Japan)

### **CHINESE ACTIVITIES IN SOUTH CHINA SEA - EAST CHINA SEA - KOREAN PENINSULA AND TAIWAN STRAIT - A2D2 - HYBRID WARFARE - NET-CENTRIC WARFARE - C4**

One of the most important aspects which makes up the basis of China's expanded warring capabilities is information – information technology is very important, especially after the 1990s and 2000s. Digital information, specifically, can control many aspects of not only the military, but also political and economic aspects. When it comes to the military, China has placed great emphasis on the application of information communication technology (ICT) to its military and has a tendency of informatised warfare since the 1990s, after learning from the US war experiences during the Gulf War, the Kosovo War and the Iraq War.

China tried to adopt the information system which is the central element in modern military affairs and warfare. Weapons and other components are linked through the information system, thereby increasing their effectiveness. China has invested in its indigenous capabilities in this regard, with particular importance given to its Intelligence, Surveillance and Reconnaissance (ISR) capabilities. Of particular importance are ground-based radar networks, underwater sensor networks, and especially

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space-based systems (because China has launched numerous satellites, such as the PNT satellites), which are at the core of China's military activities. Since China has focused on enhancing its information systems and capabilities, it has also developed attacking and offensive cyber capabilities, adopted the Integrated Network Electronic Warfare (INEW) as well as set up the Strategic Support Forces of the PLA.

Based on these capabilities, and from the Japanese point of view, China's activities in this area have been expanding and growing. The expansion of China's military power poses a major challenge to its neighbors in East and South Asia. Particularly noteworthy is China's military expansion in the oceans.

When considering China's recent expansion in the oceans, technological factors cannot be ignored. China's concept of informatized warfare has emphasized the central role of informatization in warfare. More recently, it has promoted the concept of intelligentized warfare, a more advanced version of this concept, to promote the application of emerging technologies, such as artificial intelligence (AI), to the military.

### **Types of Chinese Activities in East Asia**

The first is the activities of the Chinese navy and air force. In the East China Sea, the Chinese navy and air force have normalised exercises and expanded the scope of their activities. Earlier in the 2000s, naval or air force activities had been limited to the coastal areas but now it has expanded not only to the East China Sea but also to the Western Pacific. China has established an air defense identification zone (ADIZ) in the East China Sea and has been actively patrolling the area. This has coincided with Japan's ADIZ, and the number of scrambles by the Japanese Air Self-Defense Force now exceeds 700 per year.

In the South China Sea, as is well known, it has been reclaiming and building islands and further militarising them. China has built Sansha City in the South China Sea and established administrative, military, maritime law enforcement and maritime militia based on it. As a result, China's de facto control over the South China Sea has been strengthened. In addition, the Taiwan Strait is the most important flashpoint in East Asia. At present, China continues to intimidate Taiwan by conducting active and intense naval exercises around the strait.

Second, China's most formidable military capability in the East Asian region is its ability to strike with precision, mainly through its missile capabilities. China has deployed a large number of short- and medium-range ballistic and cruise missiles, and its superiority over the United States and Japan, both of which does not maintain medium-range ballistic missiles because of the INF Treaty, is clear. Point strikes against key installations can cause significant damage, making it difficult for other countries' militaries to conduct military operations in China's vicinity. This has become known as the Anti-Access/Area Denial (A2AD) capability. Another problem with missile capabilities is that they include nuclear warheads. Having nuclear weapons in a war zone increases insecurity in the eyes of other countries.

Third is gray zone operations. The gray zone can be defined as coercive actions that do not involve large-scale military conflict or escalation. China routinely uses Chinese maritime police, the Chinese Coast Guard, and maritime militias to reinforce its territorial claims and strengthen its own position. Interestingly, while China mostly uses its maritime militia in the South China Sea, it uses its Coast Guard in the East China Sea. The Chinese Coast Guard and maritime militia has likely come under the general command of the Chinese Central Military Commission (CMC). While this is not a large-scale use of military force from the perspective of the other country, if not handled properly, it can seriously undermine its territory and position.

Fourth, influence operations, or cognitive warfare deployed by China is another point of concern. Information is a central component of modern warfare, but controlling information has more implications as it also brings a dominant position in the field of cognition and psychology and can influence and shape public opinion and thinking. This especially comes into play against Taiwan, in the forms of fake news and disinformation. China has emphasized the so-called "Three Warfares" - public opinion warfare, psychological warfare, and legal warfare-to influence the perceptions of its adversaries' leaders and commanders, as well as those of the general public.

China operates in such a variety of forms that it is important to understand these characteristics and respond appropriately to each.

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## SPECIAL SESSION

### TIBET AND BUDDHISM IN THE INDIA-CHINA COMPLEXITIES

#### SPECIAL ADDRESS BY MR. CLAUDE ARPI

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



#### **Concept of talk by ORCA**

*India has been the political refuge, synonymous with 'home', of the Dalai Lama and Tibetan Buddhists for over six decades. India is currently housing the fifth generation of Tibetan refugees, and the political asylum granted to them remains one of the most politically relevant actions taken by the Indian government till date. China's military presence and infrastructure development in Tibet, as well as plans to divert rivers that flow into India, have increased India's apprehension while Beijing has become conscious of the 'Tibet' card that Delhi can use in case of prolonged conflict. This special address examined the geopolitical importance of the 'Tibet Question' in the India-China complexity; and elaborated on the unique strategic importance of the monastic institutions along the border, the PLA in Tibet and the Himalayan water politics along with other key variables that shape dialogue between India and China along the LAC.*

***"The religions and societies of Tibet and India have developed in different lines but Tibet is still a child of Indian civilization."***

**-The 14th Dalai Lama**

In recent years, the People's Republic of China (PRC) has been rewriting the history of the Tibetan plateau in order to demonstrate that the Tibetan culture and civilization originated from the Mainland and not India. To give an example, Beijing speaks of 'The Chinese Great Tibetan Sutra' as if Buddhism had taken birth in China. The contacts between Northern India and the Tibetan plateau have been far older; they date several thousands of years, from the time of the ancient Zhangzhung

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kingdom, which has unfortunately not attracted enough attention from the Indian historians and archeologists.

The first Buddhist monastery in Tibet was built in 779 A.D. in Samye by Shankarashita, the abbot of Nalanda, with the help of Guru Padmasambhava, a tantric practitioner from Swat. Interestingly, soon after, a dispute arose between the Indian and Chinese schools of Buddhism. After two years (792-794) of intense discussions in Samye, the Indian path (originated in Nalanda) prevailed. A proclamation was issued stating that Indian Way was thereafter the State Religion; it remained so till 1959. The Dalai Lama often likes to say that the plateau acted as deep freezer for the Indian Knowledge System, particularly the Nalanda Tradition. This is absolutely true.

### **Tibet lost its Independence**

The end of the 1940s witnessed momentous events which redesigned Asia. In August 1947, India got her Independence from the British, while in October 1949, the sleeping Dragon, Communist China rose with its Great Helmsman announcing the creation of the PRC from the rostrum on Tiananmen Square. Soon after, Tibet, one of the few Independent Asian nations, lost its freedom. Mao Zedong was quick to move: by the end of December 1949, he had annexed Eastern Turkestan (today Xinjiang) and reached the gates of India. Tibet was invaded a few months later.

In the process, the Dalai Lama lost his country and India, a peaceful frontier; the centuries-old buffer between the subcontinent's Northern plains and the Middle Kingdom disappeared. During the years following the invasion of the Roof of the World, the situation continued to deteriorate, with Communist China tightening its grip on the administration, trade and religion. The downward slide could not be stopped; the Tibetans became mere pawns in a greater 'Game'.

This situation culminated in the events of March 1959, which saw an uprising of the Tibetan population in Lhasa and the flight of the Dalai Lama who took refuge in India. These years were marked by the slow breakdown of the age-old Indo-Tibet relations, being replaced by a cruder relation with the new occupiers. Since 1962, India has hardly had any contact with Tibet.

### **The Seventh Tibet Work Forum**

A Tibet Work Forum (TWF) usually decides the fate of the Roof of the World for the next 5 to 10 years. It is of concern to India as it also defines China's western border policies. TWFs were held in Beijing in 1980, 1984, 1994, 2001, 2010 and 2015. It is a conference attended by hundreds of officials, including the entire Politburo, the People's Liberation Army officials, representatives from different ministries, as well as local satraps. The 6th Tibet Work Forum was presided over by President Xi Jinping, who pleaded for more efforts to promote economic growth and bring about inclusive social progress in Tibet and Tibetan-inhabited areas. Xi mentioned his well-known theory about the 'border areas': "Governing border areas is the key to governing a country, and stabilizing Tibet."

The Seventh TWF was held in Beijing on August 28 and 29, 2020. For the first time, it was given large publicity; it came at a time when Beijing was celebrating the 55th anniversary of the creation of the Tibetan Autonomous Region (TAR), which has never really been autonomous.

### **A Sinicized Tibet**

But looking at the TV coverage of the event, one is struck by a few images. First, no monk attended the Forum. For a society which has traditionally been based on "the Harmonious Blend of Religion and Politics," it was strange that even Gyaltzen Norbu, the Chinese-selected Panchen Lama, was nowhere to be seen. It is not only the lamas who were missing in action, but hardly any Tibetans were present; although all the speeches (and the TWF itself) were about the welfare of the 'masses of all ethnic groups' in Tibet. In his speech, Xi Jinping emphasized The Ten Musts to "fully implement the Party's strategy of governing Tibet in the New Era".

Xi pointed out: "Practice has fully proved that the Party Central Committee's policies on Tibet work are completely correct, and that Tibet's sustained, stable and rapid development is an important contribution to the overall work of the party and the country." Xi further explained: "To do a good job in Tibet, we must adhere to the leadership of the Communist Party of China, the socialist system with Chinese characteristics, and the system of regional ethnic autonomy." Buddhism has an important place in the scheme, this is why the Communist Party was asked to "actively guide Tibetan Buddhism to adapt to the socialist society and promote the Sinicization of Tibetan Buddhism". In this scheme, the succession of the Dalai Lama is of prime importance for Beijing. More recently, in The Global Times on February 22, 2023, China asserted that "Recognition of new Dalai Lama must be conducted in China". The mouthpiece of the Communist Party continued, "In

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1995, the 11th Panchen Lama was conferred with his title by the central government [Beijing] through this strict religious ritual.” It omits to say that the boy recognized as the Panchen Lama by the Dalai Lama was arrested and more than 25 years later, is still in custody of the Chinese government somewhere in China. Does Beijing believe that the world has forgotten?

Citing the ‘Measures on the Management of the Reincarnation of Living Buddhas of Tibetan Buddhism’ announced in 2007 by Beijing, the article asserted: “It stipulated that the reincarnation of Living Buddhas should not be interfered with or manipulated by any external forces.” According to Beijing, the Dalai Lama has no say in his own succession.

In conclusion, there is no doubt that one of the objectives of the sinicization of Tibetan Buddhism is to forever remove Indian influence on the plateau.

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## INDIA IN THE FUTURE OF THE QUAD

### SPECIAL PANEL I



#### **Concept of talk by ORCA**

*The Quadrilateral Security Dialogue (Quad) has since its revival in 2017 gained significant momentum in the security calculus of the Indo-Pacific region. 'The Spirit of the Quad' for the first time brought the four member countries of the grouping together on an equitable if not equal footing vis-a-vis their aspirations for the grouping's future. The 'like-minded' democracies of the Quad have divergences wherein national interest tends to supersede their 'shared vision' for a free and open Indo-Pacific. China has repeatedly reduced the grouping to US-led bloc politics that follows a 'Cold War mentality', fearing it as a precursor to an Asian NATO. Nonetheless, the scope and influence of the Quad has continued to grow, albeit with pressing challenges not just outside but within the grouping. With Japan and Australia being US alliance partners, India's continued commitment to non-alignment has emerged as both a boon and bane for the Quad. This unique panel – with insights from leading Quad scholars sought to bridge the gap between scholarship and policymaking. India's role, in particular, became clearer and more pronounced as scholars converged to discuss how Quad states can engage in more effective policy coordination.*

#### **DR. JAGANNATH PANDA - MODERATOR**

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

#### **INDIA'S EXPECTATIONS OF THE QUAD | THE CHALLENGES WITHIN AND PROSPECTS FOR THE FUTURE**

There are quite a number of ongoing debates when it comes to the issues of the Quad. Besides the enthusiasm and dialogues, the future of the Quad grouping also gives rise to a few central questions that would shape the debate going forward. The obvious question that firstly emerges is which Quad are we actually talking about? Given the complex geopolitical landscape, there exists a Himalayan Quad, a West Asian Quad (I2U2), a Eurasian Quad led by China among other similar associations involving China, Russia, North Korea, Iran and others.

In this case, when we talk of the future of the Indo-Pacific Quad, there are some very critical areas that come to the forefront including health security, climate, critical technologies, cyber and space among other issues.

To begin with, there seem to be three to four contradictions emerging from the Quad grouping. In its contemporary form, the Quad is navigating a delicate phase. It is evolving into a closer alliance framework for addressing sub-security issues but is not moving towards a hard military alliance. This distinction is recognized as one of the central contradictions within the Quad's framework. The response to this shift varies not only among analysts and observers but also at the country-specific level.

Secondly, within the Indo-Pacific Quad, there is a coordinated understanding that is emerging which is invariably going to shape the future of the Indo-Pacific region. Furthermore, what would be of inte-

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-rest to many observers is to assess the response of the Quad members individually as well as collectively to a delicate crisis; particularly when it comes to a crisis such as Taiwan. Specifically, from an Indian perspective, concerns such as evacuation plans for residents, including Indians and foreigners, in Taiwan in the event of a crisis are important aspects that need to be prepared for.

The plan's effectiveness would eventually test the Quad's character and capabilities. Additionally, the need for military coordination to respond to crisis-prone situations as well as how military coordination could intersect with the Quad's provisions are some key aspects that still remain in question. In a similar context, while India keeps the Malabar exercises separate from the Quad process in its foreign policy, there is consideration of how to integrate military coordination into the Quad's response to a potential Taiwan crisis.

The role of the Indo-Pacific Quad in responding to regional crises, including potential consequences for the freedom of navigation in critical sea lanes will prove to be crucial given the objectives and interests all member countries share within the region.

Another crucial aspect that would require greater coordination and thought, is the potential economic consequences and sanctions if China were to occupy Taiwan or make moves in that direction. India's position regarding economic sanctions and restrictions requires greater focus from its strategic community, considering the international response that might originate not only from the U.S. but also from leading European countries.

Lastly, an event like China's actions in Taiwan could also trigger crises in the South China Sea and the East China Sea, necessitating a maritime focused coordinated response. The question of how the Quad countries, and even Quad plus countries like Vietnam and South Korea, would respond in maritime terms are some prospects that would set the tone of the debates surrounding the future of the Indo-Pacific Quad for the coming years. These complex questions are expected to be central to future debates regarding the Indo-Pacific and its evolving role in the region.

**MR. NEIL THOMAS**

(Fellow for Chinese Politics at ASPI's Center for China Analysis)

**INDIA IN US'S QUAD PARADIGM**

The US sees India as the critical component of the Quad grouping, although it would sometimes like India to align somewhat closer with US positions on various global issues. My remarks address three questions:

- 1) What does the US want from the Quad?
- 2) What does the US want from India in the Quad?
- 3) What are the opportunities and challenges for the Quad arising from US-India relations?

Additionally, the insights of Mr. Daniel Russell, Vice President of the Asia Society Policy Institute and a former US Assistant Secretary of State for East Asian and Pacific Affairs are incorporated.

What the US wants from the Quad often depends on who is the US president at the time. When the Quad was revived at the working and then ministerial levels in 2017 and 2019, it was during the presidency of Donald Trump. The Trump administration adopted a confrontational approach to China and sought to frame the Quad primarily as an instrument to blunt China's influence in the region.

The Biden administration, which took office in 2021, has continued and indeed deepened US commitment to strategic competition with China, but has prioritized collective action with allies and partners, and has been prepared to adjust its diplomacy and its rhetoric to bring them along. The Biden administration has thus changed the US approach to the Quad, which helped to further elevate it to the leadership level in 2021. The Biden administration wants the Quad to be a mechanism for partnership between major democracies in the Indo-Pacific that delivers public goods and other concrete benefits to the region and has shifted away from framing the Quad explicitly as an anti-China tool. Examples of this would include cooperation on COVID-19 vaccines, cooperation on maritime domain awareness (MDA), and the recent commitment to work with Palau to upgrade its telecommunications infrastructure.

The rationale for this US vision of the Quad is to prove to other Quad countries, but more importantly

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to the broader Indo-Pacific, that the US and its allies are more than just a security presence in the region. That the US and other democracies can deliver tangible programs that meet the needs of regional countries, and in a way that is more transparent and beneficial than China.

The US wants to leverage India's rising geo-economic power and democratic values to help counter China's growing strategic influence in the Indo-Pacific. The US sees the Quad as a key vehicle for further integrating India into the US-led collective effort to meet the China challenge. Washington wants to encourage New Delhi's geopolitical shift away from China, especially following the Sino-Indian border incidents in 2017 and the deadly border clashes of 2020. Washington wants to strengthen cooperation between its allies and partners in the region, such as by encouraging deeper ties between India and Australia and between India and Japan, and the Quad is a great way to do this. Washington wants to encourage India to continue enhancing its diplomatic and strategic profile in the region.

The Quad is a way for the US to do this in a way that emphasizes the open communications and robust collaboration that characterizes US relations with both Australia and Japan. There is a lot of alignment between the US and India on these objectives, but it's also true that, from Washington's perspective, in an ideal world, India would be more willing to allow the Quad to take a stand on global issues of concern to the US such as Taiwan and Russia's invasion of Ukraine.

But these issues are not a major impediment to deeper US-India relations or Quad cooperation—at least not yet. The US wants India's power to grow, India's economy to boom, and India's democracy to thrive. The US knows India is crucial for the Quad to be more than just a group of US allies.

Technology cooperation in the region is one of the most promising opportunities for the Quad, especially as technology was a major – if not the major - theme of Modi's recent trip to the United States. This visit saw big deals related to electric vehicles (EVs), renewable energy, and semiconductor manufacturing, plus new agreements on space exploration, quantum computing, and critical minerals supply chains. These are some fertile areas of cooperation, which could be driven by the US and India within the Quad, that could be of immense value to countries across the Indo-Pacific, especially the developing countries where China has a head start. The Quad could use its resources to help the region access such technologies.

In terms of challenges, there is a presidential election in November 2024 in the US and a change in administration could bring unpredictability to US foreign policy. For example, a new administration could lean heavily into the "America First" approach and reduce the diplomatic attention given to structures like the Quad. Additionally, it could reframe the Quad as an explicitly anti-China alliance, and deemphasize the focus on positive-sum collaboration for the region, which could pose challenges to India's desire for multi-alignment and strategic autonomy.

A more long-term risk is what would happen in the event of a US-China security crisis, such as a Chinese quarantine/blockade of Taiwan or a military confrontation in the South China Sea. Such an event could lay bare the differences in how the US and India want to approach security challenges from China, which could cool enthusiasm for deeper US-India ties in Washington.

Politics aside, the Quad must commit resources to make its programs succeed. Otherwise, there is a risk that other countries, or even Quad members themselves, see the grouping as nothing more than empty talk that cannot compete with Chinese action. Delivery is key.

**AMB. BIREN NANDA**

(Former High Commissioner of India to Australia, ASEAN and Indonesia & Senior Fellow for Act East Diplomacy, DPG)

**INDIA IN AUSTRALIA'S QUAD PARADIGM**

The Quad is a strategic forum that includes the United States, Japan, India, and Australia, as well as its multilateral role in the Indo-Pacific region. The Quad is not a security alliance but acts as a signaling mechanism and has evolved into a proprietor of global public goods. The Quad is a positive, practical agenda to respond to the region's most pressing challenges, including health security, climate change, infrastructure, critical emerging technologies, cybersecurity, humanitarian assistance and disaster relief, space, maritime security, countering disinformation and counter-terrorism. The Quad embodies a long-term effort to shape the global order. This struggle coexists with a vast amount of

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still mutually beneficial trade and other economic activities, but the world the Quad represents is also one of partial decoupling and fragmentation of national economic sovereignty, trusted supply chain lines and export controls. The net result is a complex duality of simultaneous competition and interdependence with high degrees of risk.

Australia and India have closely aligned on their views on the function of the Quad. While both India and Australia have stressed that the Quad grouping is not an anti-China alliance, the context within which the Quad was revived cannot be overestimated. India's perspective within the Quad is quite distinct, it upholds multipolar stability and an equitable regional order based on cooperation, not dominance. Australia, on the other hand, is committed to its security alliance with the United States (US), which it regards as the leading and dominant power in the region. However, India and Australia agree to work together to uphold the rules-based order and are increasingly convergent on the threat to order in the region. Australian Foreign Minister Penny Wong says that the Quad is emblematic of an Australian foreign policy, heavily geared to the search for favourable strategic equilibrium in the Indo-Pacific, in which no country dominates and no country is dominated. Canberra sees the economic and military weight of the US, Japan and India as critical to these endeavours in and out of the Quad format.

Both India and Australia do not wish to alienate China, but both countries do not wish to see the emergence of the Sino-centric order. India and Australia do not want to project the Quad as an anti-China alliance. The idea is to build a loose coalition that aims at constraining China while avoiding a rise of tensions with China. In this context, the Quad signalling function is important. With an eye on regional stability, Australia and India highlight the rules-based order and not the group's democratic credentials. China's rise and assertive behaviour have been a source of concern to both countries. While India prioritizes its territorial disputes with China and its growing naval presence in the Indian Ocean, Australia is concerned about growing tensions in Sino-US relations and the undesirable prospect of having to choose between its ally and its leading trade partner.

There are nuanced differences in the threat assessments of Australia and India. India is more concerned about the Chinese threat across the continental domain, Australia on the other hand, is concerned about the Chinese threat in the maritime domain, Chinese interference in Australian domestic politics and Chinese attempts at economic coercion. However, both countries remain wary of China's destabilising activities in their respective neighbourhoods.

Assessing the prospects for the Quad starts with the common interests that have drawn the four countries together, these can be grouped into geostrategic interests and those concerning the nature of the international order. First, all four countries share an abiding interest in maintaining a stable balance of power in the Indo-Pacific and preventing a regional state from becoming dominant. Second, all four countries share an interest in deterring the use of forceful or coercive practices to resolve political and territorial disputes. Third, as trading nations, all Quad members share a deep interest in maintaining a maritime order based on the free movement of goods and services across the world's oceans. Fourth, since China seeks to lead in key technology areas as part of its desire to become the Asian hegemon by 2050, Quad members share a common interest in limiting the flow of sensitive technologies in China; restructuring semiconductor supply chains to exclude China has become a key priority for the Quad. Building resilient, diverse and secure technology supply chains for semiconductors, cybersecurity and emerging and critical technologies, services, and the harmonisation of standards and benchmarks is a key objective in line with Quad members' national interests. Fifth, the Quad has adopted a wide array of global initiatives related to the pandemic and climate change. Sixth, the Quad has adopted an infrastructure partnership that focuses on sustainable development and transparency that could, if properly funded, provide a viable alternative to the BRI.

The Quad is essentially a 3+1 forum, as India is not in an alliance with the others. Furthermore, despite the embrace of the Indo-Pacific as the regional architecture, the US and its allies are mainly focused on Asia-Pacific security and their military deployments also focus on the Asia-Pacific. India must meet its continental security challenges on its own.

Considering that the Quad has evolved into a framework that is delivering global goods and services, and is a non-military, non-security arrangement, India and Australia would be better off addressing regional security challenges bilaterally. India and Australia are well placed to cooperate in addressing the challenges in the Indian Ocean region. In the eastern Indian Ocean, India and Australia can cooperate in shaping the regional architecture in the Bay of Bengal, which has emerged as a zone of

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economic and strategic competition in the region and where China is developing connectivity corridors for its promises to the Bay of Bengal and the Indian Ocean. These corridors have the potential for creating growing security challenges for India and Australia in the future. The two countries must also cooperate in ensuring the security of SLOCs and vital choke points for international shipping in the eastern Indian Ocean.

**PROF. HIDESHI TOKUCHI**  
(President, Research Institute for Peace and Security)

### **INDIA IN JAPAN'S QUAD PARADIGM**

There is no denying that the Quad has security aspects in it, but interestingly enough, there is a widespread notion in Japan that the Quad is not about security. Also, there is speculation that India is not willing to call the Quad a security-related initiative. Although this iteration might not be considered right, it might suggest that the Quad has a big potential as well as its limit. From a Japanese perspective, the Quad has a number of points.

First, the Quad is a leading partnership to achieve a free and open Indo-Pacific (FOIP). Second, the Quad is a partnership to engage India with the US alliance network in the region. Japan and Australia are US allies, and today the Japan-Australia partnership is a quasi-alliance - the only weak link is with India. The Quad is not an alliance and an "Asian NATO" is almost an illusion. India will remain autonomous. However, synergy of the US alliance network and India's engagement should be pursued. Third, the four countries are major responsible players in the Indo-Pacific and share the common interest in upholding the rules-based international order. India will remain a revisionist power, but its strategic orientation seems to be shifting. And fourth, all of the Quad partners are maritime countries. This part of the world is a large seascape and the connecting power of the sea is their common asset. Japan officially defines itself as a maritime country and depends heavily on maritime trade for its own survival. Maritime security is prioritized in Japan's national security thinking. Maritime security cooperation will remain an essential part of the Quad partnership from the Japanese point of view.

Each Quad member has its own FOIP vision. Alignment of the respective visions is the basis of the Quad cooperation. Japan's new plan for FOIP, which was launched by Prime Minister Kishida in India in March, has four pillars: first, principles for peace and rules for prosperity; second, addressing challenges in an Indo-Pacific way; third, multi-layered connectivity; and fourth, extending efforts for security and safe use of the 'Sea' to the 'Air.'

Different from the previous version, the fourth pillar of the new plan explicitly includes maritime security, referring to military joint training and to some legal frameworks for military operational cooperation. As the respective visions are always evolving, constant coordination is indispensable.

For maritime security, the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) needs more attention. It was launched by the Quad Leaders' Statement of 2022 in order to respond to humanitarian and natural disasters and also to combat illegal, unreported and unregulated (IUU) fishing. Its main focus is on the Indian Ocean, South east Asia and the Pacific Islands. It should be promoted as information sharing is the basis of cooperation, particularly for early warning and swift response. There are a number of challenges for the IPMDA: common objectives, interoperability, cost efficiency, and policy coordination.

First, menus for MDA can be abundant. It will not be just about IUU fishing, humanitarian crises, and climate change as in the Quad statement, but also about other challenges such as smuggling, submarines' operations, and even search and rescue. If the scope of MDA is widened, it will complicate the entire system and make it expensive.

Second, interoperability. Each country has its own maritime safety and security system. Relevant organizations must be well connected to achieve "near-real-time" information sharing. It is not just about hardware. Third, cost efficiency. If existing commercial technology is used, it can be less expensive, but it depends on the concept of the entire system. Fourth, policy coordination; the threat perceptions of the Quad members must be well coordinated considering that the threat perceptions of these four countries are not necessarily the same, particularly in the cases of China, Iran and North Korea. In this regard, IUU fishing should be more highlighted as a serious security matter because 95% of illegal fishing in the Indo-Pacific are said to be done by the Chinese, and presumably there are

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a number of maritime militias among them. Taking advantage of its large number and equipment, it is expected to engage in recruitments, and the integration of the maritime militia into the military chain of command is in progress in China. The Joint Readout of the most recent Quad Foreign Ministers' Meeting in New York expressed serious concern about "the dangerous use of coast guard and maritime militia vessels."

The Quad is thought to originate in the Tsunami Core Group for the coordination of relief efforts in the aftermath of the 2004 Tsunami disaster in Indonesia. If so, the Quad has been a practical and action-oriented initiative since its outset. There are three points here. First, the Quad should establish its permanent secretariat. A number of different working groups and initiatives are already in operation. Those programs should be well coordinated in order to generate synergy under a single command post.

Second, the relief effort for the 2004 disaster was multilateral. Likewise, maintenance of the rules-based international order requires multilateral efforts. The principles the Quad upholds cannot be achieved by these four countries alone. The partnership should be expanded to other responsible players. Quad-plus should be pursued. Finally, Quad cooperation must not be taken for granted. While the official launch of the Quad was in 2017, it took 13 years after the Tsunami Core Group. Strong political leadership of the four countries is critical for the Quad to proceed. For all these points, India's larger engagement and cooperation will be much appreciated.

**PROF. CHINTAMANI MAHAPATRA**

(Founder and Honorary Chairman of Kalinga Institute of Indo-Pacific Studies)

### **CHINA'S RESPONSES TO QUAD: PAST PRESENT AND FUTURE**

The Quadrilateral Security Initiative or Quad's origin is generally traced to the 2004 tsunami when 4 countries—the US, India, Japan and Australia together undertook a coordinated response to supply humanitarian assistance to tsunami victims of several Indo-Pacific nations.

China significantly was not on board in this effort. A major Asian power like China, with the second largest economy of the globe and having trade and investment ties with all members of the Quad neither took the initiative to join the grouping nor is known to have been invited by the Quad members to collaborate with them. The rationale behind the lack of Chinese initiative and no invitation to it from the Quad members needs deeper research and analysis. What is significant is China had little to complain about the coordinated efforts of the American, Japanese, Australian and Indian navies to distribute disaster relief to the victims.

Later when Japanese Prime Minister Shinzo Abe, drawing from a successful coordination of the Japanese navy with Indian, Australian and American navies, proposed the formation of an arc of democracy and also called for holding quadrilateral naval exercises, Beijing appeared uncomfortable.

In 2007, Abe's proposal for a confluence of two seas made in his speech in the Indian Parliament and the articulation of a concept of Indo-Pacific perhaps deepened the Chinese suspicion that a new grouping of a few nations would dilute its role in the Asia-Pacific. Consequently, the Chinese government vehemently opposed the very strategic concept of the Indo-Pacific and when the Quad navies plus Singapore were invited to join a multinational exercise, China became furious and sent demarches to the Quad members. Australia refused to join the Malabar exercises and the idea of Quad went into a long hibernation. Subsequently, when Prime Minister Abe tendered his resignation, his successors showed no interest in carrying forward his idea.

Quad was woken up and was given a new lease of life in 2017 in Manila during the ASEAN and East Asia Summit. Why was the Quad revived? Several developments during the decade of 2007-2017 provide a clue to understand the re-emergence of the Quad. For instance, the Great Global Recession of 2007-08; the US getting sucked into two military quagmires in Afghanistan and Iraq; a widespread debate about the relative decline of the US global influence; the rise of Xi Jinping to power in China and his vocalisation of the "Chinese Dream" for achieving national rejuvenation and global dominance; Xi's Belt and Road Initiative (BRI) and militarization of South China Sea; the remarkable return of Shinzo Abe to power in Japan and the Trump phenomenon in American politics contributed to the rise of the Quad from its hibernation. With the rise of Xi Jinping and his policies to promote a Beijing-centred order in the region, China entered the geopolitics of the Indo-Pacific and posed a ch-

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-allenge to the status quo. The Obama Administration in Washington announced a policy of Asia rebalance; Japan began to play a more proactive role in political and security issues; regional countries found their economies entangled with the Chinese economy and ran into a dilemma of siding with the US or China. Both geopolitics and geoeconomics provided the most fertile ground for the rebirth or reincarnation of the Quad in 2017 with the quiet initiative of Trump diplomacy!

China provided the rationale for the rebirth of the Quad and thus also became the most ardent opponent of the Quad. China initially criticised the meeting of the Quad officials in Manila as a “headline-grabbing idea” which gets attention “like the foam of the sea” and forecast that it “will soon dissipate.”

Beijing sought to write the obituary of the Quad before it would take proper shape. There were many factors that could have persuaded Beijing to do so. First, it was successful to a large extent at that time in implementing its BRI projects. Second, the US did not have matching resources to compete with the BRI. Third, India could do little to prevent the China Pakistan Economic Corridor from passing through Pakistan Occupied Kashmir. Fourth, China felt that “stoking a new Cold War” was “out of sync” and would find no market. Fifth, China appeared confident that such a reaction from Beijing would replicate earlier success of its demarches against Quadrilateral naval exercises. Sixth, Donald Trump’s invitation to Xi for a summit had bolstered Xi’s ego and caused him to undermine the Trump strategy. Seventh, Japan and Australia were traumatized by Trump’s views on alliances and thus would not strengthen a grouping that could derail their economic ties with China.

China again altered its perception of the Quad when the former US President, Donald Trump, began to act tough against China. Chinese military activities along the Line of Actual Control (LAC) made India more determined to coordinate with the Quad countries. Australia demanded an investigation into the origin of the pandemic and faced Chinese retaliation; Japan felt harassed due to Chinese naval activities around the Senkaku Islands. China soon found that the “sea foam” had not dissipated and rather had turned into an ocean wave. Now China responded by saying that the Quad is emerging as an Indo-Pacific “version of NATO”, an “Asian NATO” or “mini-NATO” and advised against the formation of “small cliques” and “stoking bloc confrontation.”

When Joe Biden succeeded Trump as the President of the US, the Chinese expectation was that the Quad could disintegrate, but such hopes were belied when Biden took deeper interest and elevated the Quad dialogues to the summit level. So deep is the Chinese suspicion of the Quad that despite the agenda of the Quad mainly including cooperation on health, climate, technology and supply chain issues, Beijing remains convinced that the main goal of this grouping is that of containing China.



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# 26th September 2023

## SESSION 3 & SESSION 4



## SESSION 3: CHINA IN THE GLOBAL ECONOMY: DEEPENING OR DECOUPLING?

### 10 YEARS OF THE BRI AND THE 'SILK' ROADS AHEAD

#### PANEL DISCUSSION



#### Concept of talk by ORCA

2023 marks the 10-year anniversary of the BRI project. Erstwhile 'One Belt One Road', the BRI has evolved expansively in the past decade: from being the world's most ambitious infrastructure development aid project, it now comprises several 'Silk Roads' that focus on infrastructure in sectors like digital, healthcare, the Arctic region and more. These vectors of development-focused diplomacy provide finance for global public goods and connectivity infrastructure. At the same time, China has cultivated political and commercial leverage across the Global South not just in the form of debts but also through other subtle means.

This panel of experts deliberated on the future prospects of the BRI, Chinese domestic stakeholders in BRI and how it operates as an extension of China's broadening political and economic influence over the world. It also assessed the impact of China's BRI diplomacy on the recipient country's foreign policy, economy and their general behaviour on the international stage.

#### DR. RAJAT KATHURIA - MODERATOR

(Dean, School of Social Sciences and Humanities, Shiv Nadar Institution of Eminence)

#### 10-YEAR ANNIVERSARY OF THE BRI PROJECT: WHAT HAS IT MEANT FOR THE WORLD? | FUTURE OF BRI UNDER XI: THE NEXT 5 YEARS

The BRI has been a significant driver of Chinese investments in various forms of infrastructure, creating connections with local economies and fostering supply chain linkages. Specifically, exploring the impacts of BRI investments on local economies and the BRI's role in China's foreign policy, given its centrality to their foreign policy initiatives, will be very important. This provides an opportunity to delve deeper into the topic of connectivity, BRI, and the numerous kinds of Silk Roads.

A conversation on the BRI will cover issues such as the impact of the CHIPS Act on China's digital initiatives, the potential for competition to counter China's influence in destabilized countries, and the complexities of trade as an instrument of peace. The current complex geopolitical landscape, highlighting recent events like the war in Ukraine and Russia's invasion, has impacted the trade narrative for peace. Moreover, the ongoing battle for dominance and supremacy in AI between the United States and China has implications for the digital and cyber initiatives like the Digital Silk Road, China's support for its enterprises like Huawei, and its ability to secure technology from markets abroad. Technology access will be critical for China's infrastructure investments in the years ahead. India will have to look for ways to take advantage of this geopolitical climate and become the next economic power.

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Geopolitically, the moment is right for the US to invest in India, specifically in terms of chips coming into India, and from the US perspective, it will offer an opportunity to counter China's control over supply chains. India will have to strategically navigate the rivalry between the U.S. and China to potentially benefit from the global "China plus one" strategy that many countries are adopting.

**MR. LUCAS MYERS**

(Senior Associate for Southeast Asia, Asia Program, Wilson Center)

**STRATEGIC IMPLICATIONS OF BRI PROJECTS IN INDIA'S NEIGHBORHOOD: CASE STUDY OF MYANMAR**

In Beijing's strategic thinking, China's geographic position is unfavorable. Beijing's vital sea lines of communication pass through the Malacca Strait, which it fears could be subject to blockade by a foreign navy during a military conflict, the "Malacca Dilemma". About 80 percent of China's imported oil passes by sea through the Strait, and China is dependent upon foreign oil for 80 percent of its needs. A distant blockade is a potential vulnerability during a war over Taiwan. Beijing has invested billions into establishing infrastructure routes, including oil and gas pipelines, that bypass the Malacca Strait. In Pakistan, China has invested US\$65 billion in the China-Pakistan Economic Corridor (CPEC) and US\$21 billion or so in the China-Myanmar Economic Corridor (CMEC). To these can be added agreements with Russia and networks extending throughout Central Asia.

CMEC in Myanmar was initially announced in 2017 as a standalone infrastructure route building off of pre-existing efforts, and in 2020, President Xi Jinping personally visited the country to sign 33 Memoranda of Understanding with Aung San Suu Kyi's government. That this head of state visit occurred in January 2020 during the opening stages of COVID-19 speaks to its significance for Beijing. The CMEC is Beijing's primary interest in Myanmar. Once complete, the railway and road network will run from Kyaukpyu deep-water port in Rakhine state through Mandalay to Kunming, Yunnan. Some have described CMEC as China's backdoor to the Indian Ocean. There are a few other related projects - as well as some outside the formal BRI, including energy generation, a special economic zone in Yangon, others along the border, and a rare earth mineral extraction project.

The pipeline promises to carry 22 million metric tons of oil and 12 billion cubic meters of natural gas annually. For context, China imported 325.8 million metric tons of oil this year and has a yearly demand for 385 billion cubic meters of natural gas. Although respectively 6.8 percent and 3.1 percent of Chinese demand for both, the importance of CMEC is that it diversifies China's access to Indian Ocean energy resources alongside CPEC in Pakistan, the Russia-China pipeline, and Central Asian sources as one part of a larger geostrategic picture.

Myanmar is also important for Chinese foreign policy by virtue of their shared border, the risk of instability, and connectivity to South and Southeast Asia. Beijing's BRI projects in Myanmar will also tie the country into China's economic orbit via Yunnan, and, from Beijing's perspective, mitigate the risk of further instability. If economically dependent on China and physically connected to it, then Myanmar will be structurally inclined towards Chinese preferences.

China advances CMEC and its overarching political interests via engagement across Myanmar's shifting and complicated political environment. Through party-to-party ties, the CCP works with political parties, including the National League for Democracy, as well as ethnic armed organizations, such as its close ally, the United Wa State Party.

Carrots have included development projects and infrastructure, as well as investment, arms, and political cover in the United Nations. Sticks include border closures, leveraging its ethnic armed organizations and supplying them with arms, and threatening to cut off the tap on investments.

Importantly, however, Myanmar's internal stability complicates China's ambitions. From Beijing's perspective, the coup upends what was a fairly strong trajectory for China-Myanmar relations. While the Junta in Myanmar has been receptive to China's efforts to push CMEC forward, as it wishes to court Beijing's support, the country remains destabilized. For its part, China has openly embraced the Junta since late 2022 after a period of relative fence-sitting. We are now seeing a regular drumbeat of Chinese visits and engagements, as well as BRI-related announcements.

But the Myanmar people increasingly display widespread anti-China sentiment, and some Chinese factories have been subject to arson. Additionally, a few armed groups at the local level have launched attacks against the Junta officials guarding Chinese BRI projects. Continued violence and i-

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-instability, as well as economic mismanagement in Naypyidaw, means that seeing CMEC to fruition is still some ways off.

These instability issues also plague CPEC in Pakistan and other geostrategic BRI projects. China has few reliable partners and few reliable alternatives, but Beijing will push ahead despite the instability and unreliability of its partners.

Ensuring that Myanmar does not become dependent upon Beijing is an important strategic goal. It would be a negative outcome to see the now firmly pro-China Junta become ensconced in Naypyidaw. Unlike Pakistan, the Junta in Myanmar is less capable of refusing Chinese overtures. For this reason, supporting the pro-democracy coalition in Myanmar is the correct strategic approach as a democratic government in Naypyidaw will be far more amenable to the US and Indian interests than the revisionist Junta, which has continued to embrace Beijing despite New Delhi's outreach. In the long term, the US and India will need to compete more effectively to prevent China gaining geostrategic advantage. Matching China dollar-for-dollar is ineffective, especially as China is willing to accept a level of risk and delayed return on investment that a private multinational from other countries simply cannot. Beijing is also capable of operating in a corrupt space much more readily. Instead, an emphasis on quality infrastructure projects that meet the needs of local populations is necessary, as the Blue Dot Network promises to do.

From a geostrategic perspective, keeping the Malacca Dilemma open for Beijing will complicate Chinese military planning. The best means of doing so is to neutralize China's geostrategic BRI partners. While China is establishing a series of infrastructure routes and ports and enmeshing key countries into its economic orbit, the Malacca Dilemma remains a dilemma if Beijing cannot rely upon its partners to acquiesce to its requests. In the event of a conflict over Taiwan or the Line of Actual Control, the United States and India should work to ensure that partner governments in Pakistan, Sri Lanka, the Maldives, and Myanmar deny Chinese military vessels access out of concern of falling afoul of US or Indian retaliation.

**MS. NAMRATA HASIJA**

(Research Fellow, Centre for China Analysis and Strategy)

### **EXTENDED ARMS OF INFLUENCE: HEALTH, DIGITAL, ARCTIC AND MORE**

In July 2023, total investments under the Belt and Road Initiative (BRI) crossed USD 1 trillion. China also released BRI data for the first half of 2023 along with a plan to have the third Belt and Road Forum at the end of 2023. It will be the first Belt and Road Forum after the COVID-19 pandemic. BRI was originally limited to economic aspects, but it has now expanded to space, digital and health sectors. The BRI evolved in two phases: the first was publicly financed physical infrastructure and then after 2019, the Chinese government promised high-quality development by upgrading corridor connectivity through the integration of technology. This is how Digital and Health Silk Roads began.

In the midst of the COVID-19 pandemic and the US-China rivalry, the BRI began to face some challenges. A statement by Wang Yi in June 2020 accepted that BRI investment had declined and projects were facing issues. During the pandemic, the Health and Digital Silk Road emerged as opportunities to launch the third phase of the BRI. The health infrastructure in the BRI projects was first mentioned by Xi Jinping in Uzbekistan in 2016. The structure can be traced back to the *Vision and Actions on Jointly Building Silk Road Economic Belt and Maritime Silk Road* document released in March 2015. The Health Silk Road (HSR) was relaunched after the BRI and Beijing envisioned it as a way to shape global health governance and since 2014, the HSR has been a global initiative integrated into the BRI. For China, the HSR gave it the ability to shape the narrative around the pandemic, in addition to mask and vaccine diplomacy that it undertook extensively to repair China's reputation.

The Health Silk Road also offered capacity building, contact tracing, e-tracing, statistical support, disease surveillance and health infrastructure to partner with countries. It showcased China's commitment to South-South cooperation as well. When it comes to the Digital Silk Road (DSR), the mandate was much looser. The DSR had no clear definition of what it encompassed but it became very significant under the BRI. The DSR supported Chinese technology companies like Huawei and ZTE. DSR support finances telecommunication networks, cloud computing, AI systems, mobile payment systems, e-commerce platforms, surveillance technologies, smart cities and mobile apps as well.

Most countries were attracted by the low cost of Chinese technology, which was supplied by Chinese

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enterprises that were highly subsidised by the Chinese state. Chinese companies are building 5G networks around the world also in an effort to set global standards of telecommunication technology. Countries like India have raised concerns about the DSR and the risk of China's ability to use these networks for spying and espionage. One example is the China Pakistan Economic Corridor, in which Huawei has developed 5G networks across the country. Huawei has also built a fibre optic cable network across cities in Pakistan and the PEACE cable which connects to Africa and potentially to Europe. The claim is that these corridors and technologies will promote growth but for countries like India, it is a threat. This has been detailed in several statements and policy documents.

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.

**MR. SANJAY PULIPAKA**  
(Chairperson, Politeia Research Foundation)

### **THE LEVERAGE OF DEVELOPMENT FINANCE: INFLUENCING RECIPIENT COUNTRIES**

For analytic purposes, political and economic interactions are often reflected upon as though they constitute two water-tight compartments. However, for sovereign states, economic and political engagements are intertwined, and such interactions seek to achieve a comprehensive menu of commercial interests and foreign policy objectives.

A window of political opportunity can create new openings that sovereign states can leverage to further their economic interests. Quite often, countries use economic assistance, trade, and investments to develop friendly political constituencies in other countries. Recent experiences indicate that economic interactions alone cannot address the political discord. As China's external engagement demonstrates, asymmetric economic interactions without transparency may give the bigger power significant leverage and undermine the sovereignty of relatively smaller powers.

China's white paper titled, *International Development Cooperation in the New Era* (2021) elaborates on Beijing's approach to external economic engagement. The white paper lists various political objectives such as internationalism, South-South cooperation and 'a new model of international relations.' The white paper provided data pertaining to China's development assistance (grants, interest-free loans and concessional loans) from 2013-2018. However, collating the disaggregated data is still challenging, raising concerns about a lack of transparency in Chinese development assistance. The white paper mentioned that the Belt and Road Initiative constitutes an important platform for furthering international development cooperation.

There have been numerous concerns with Chinese funding practices pertaining to the BRI projects. There is a criticism that Chinese loans tend to have relatively higher interest rates, shorter repayment timelines and sometimes require collaterals. China has often given loans to countries with high risk of defaults. Such funding is guided by geopolitical considerations, such as gaining control of ports, airports, mines and other resources. Although all sovereign states use external engagement as leverage for geopolitical objectives, China's use of external economic interactions for geopolitical purposes at the cost of local communities seems to be happening with greater intensity. There is a strong perception that China is weaponizing trade and economic interactions. Take, for instance, Chinese economic engagement in the Indian Ocean Region.

The Maldives is a strategically important sovereign state located in the middle of the Indian Ocean, and there were attempts to leverage its location by extra-regional powers. China opened its embassy in the Maldives in 2011, during the tenure of President Mohamed Nasheed. However, there were reports of China supporting President Yameen's authoritarian governance from 2013. In return for support on international platforms. Moreover, Maldives also allowed China to invest in a large number of infrastructure, energy, housing, and other projects.

While there is a debate on the scale of the Maldives' debt to China (\$3 billion or \$1.4 billion), the debt exposure is undoubtedly very high. The lack of transparency on the loans was evident from the fact that Finance Minister Ibrahim Ameer reportedly had to spend the first few days studying the Chinese loans. The debt was a concern for many, including the World Bank, which listed the Maldives as "among nine countries ranked to be in debt distress or at high risk as a result of loans from China." China has leveraged its development cooperation to increase political influence in the Maldives and

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reportedly has close relations with opposition groups, who sustained an India Out campaign. It is well known that China used development cooperation to increase its influence in Sri Lanka as well. The Chinese were involved in constructing the Hambantota port and other infrastructure projects. However, the Sri Lankan government could not repay the debts and leased the Hambantota port to the Chinese for 99 years.

Even in Sri Lanka, there was a lack of clarity on the Chinese loans. There was a considerable criticism that opaque loans from China contributed to the 2022 economic crisis in Sri Lanka. In addition to direct loans from Beijing, the Sri Lankan government raised considerable funding from the international markets to participate in the infrastructure projects built with Chinese collaboration, thereby further increasing the debt burden. China leveraged its economic engagement to influence political outcomes. There were also reports that Chinese influence was responsible for cancelling the 2019 memorandum between India, Sri Lanka and Japan to build the East Container Terminal (ECT). Subsequently, in November 2021, a Chinese firm got the contract to build ECT.

The Sri Lanka Port Authority is collaborating with a few Chinese firms on the Colombo Port City project. In May 2021, the Sri Lankan parliament enacted the *Colombo Port City Economic Commission Bill* to facilitate swifter decision-making and project implementation. There were apprehensions that the new legislation and its institutional framework would undermine parliamentary scrutiny and centralized decision-making in the hands of the President.

As China scaled up its economic interactions, there was shrill rhetoric from Chinese diplomats in Sri Lanka. For instance, a Chinese diplomat stated that countries 'near and far are undermining the sovereignty of Sri Lanka' and referred to the alleged multiple aggressions from the northern neighbour. There was also an increased Chinese naval presence in the Indian Ocean Region, and Chinese vessels undertaking port calls in Sri Lanka also registered an increase.

The experience of the Maldives and Sri Lanka demonstrates that asymmetric external economic interactions devoid of transparency tend to impact local economies and politics deleteriously. Such asymmetric dependence gives China considerable leverage to influence the foreign policy of the smaller powers. Consequently, the foreign policy debates in many smaller countries are increasingly polarized. Therefore, it becomes imperative that smaller countries focus on autonomy of decision-making in their interactions with China.

**DR. LANCE LIANGPING GORE**

(Senior Research Fellow, East Asian Institute, NUS)

**DOMESTIC ACTORS OF GLOBAL BRI**

After 10 years of the BRI, the total investment in the initiative is 1 trillion USD and it has generated around 2.7 trillion USD in trade volume. In Southeast Asia, China has invested the most BRI funds and the completion rate of projects is also the highest. In South Asia, China has invested mainly in Pakistan and some small island nations, where India and China compete for influence. In Central Asia, there are not many projects but the completion rate is very high. In the South Pacific, there are not many BRI projects but this is a very important region in terms of geopolitics, where China is competing with the United States for influence.

Decades of economic boom in China was in fact driven by two engines: that of market competition and that of interstate rivalry among local governments and SOEs. For local state actors, like large SOEs, they are not guided solely by market principles. They compete, in a sense, for their share of resources and delivering local development results to impress their superiors and peers. Second, the local state actors also compete for reputation. For these local actors, only political gains matter. For instance, in very poor regions, local state actors invest in large infrastructure projects not because of financial returns but due to political returns. These investments generate positive externalities, creating the environment for other investments and businesses to undertake operations. This is called bureaucratic entrepreneurship and some aspects of this are replicated in BRI operations abroad. For these local state actors, the peculiarity of their behavioral propensities were explicated to account for why China alone takes up infrastructure projects that are shunned away by conventional economic actors such as multinational corporations and even the governments of the concerned countries. These BRI projects typically involve massive investment, low returns and long process, and take place in regions with volatile political situations and split society along class or sectarian and other fault lines. Chinese enterprises are used to such environments and their projects are coordinated by the BRI leading group and the NDRC.

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The idea of the BRI is to carry the domestic growth model abroad and create a network of infrastructure that makes it easier for other Chinese enterprises to engage in economic activity. There are some studies that look into this relationship between infrastructure and regional growth, which are positively related. The Chinese have employed two methods to safeguard their sunken investment: state-guaranteed loans and resources-backed investment.

Parallel with the domestic development scene, the driving idea of state investors is to build, upgrade and improve infrastructures to create a more favorable business environment for other economic actors to become more active, even if the infrastructure investments themselves are not immediately profitable or even losing money. Better infrastructure along the BRI also serves as an outlet for Chinese surplus capital and industrial overcapacity. It also expands the market for Chinese consumer products to make up for the weakness of consumption within China. The incentive structure faced by bureaucratic entrepreneurs within China is explained to account for their behavioral propensities, as are adjustments made, when this Chinese domestic model is exported through SOEs, state-owned financial institutions and other statist actors engaged in BRI projects.



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## REALISTIC ALTERNATIVES TO CHINESE SUPPLY CHAIN DOMINANCE

### ROUNDTABLE



#### Concept of talk by ORCA

*China's weaponization of trade and supply chains has prompted the relocation of manufacturing and production lines to countries in South and South-East Asia. The 'China Plus One' strategy adopted by several multinational businesses is the first response to calls for diversification of supply chains away from China. Yet, most businesses continue to rely on China for supply and production of key materials and goods, which suggest continued deepening of China's integration into global supply chains. Nonetheless, limited decoupling from China creates economic opportunities for countries like Vietnam, Bangladesh and India. Yet this*

*strategy has been only partially successful largely due to China's constant efforts to prevent decoupling, other Asian countries have accelerated their efforts to attract more businesses. For instance, India is unable to take full advantage of this flight of investment in manufacturing from China but has taken steps via the creation of ventures like SCRI to promote sustainable diversification. This panel identified the reasons for the limited success of the China Plus One strategy and further ideated potential policy changes that can be adopted by countries in China's neighbourhood to emerge as a sustainable alternative for China.*

#### **DR. MADHU BHALLA - MODERATOR**

(Former Professor and Head of the Department of East Asian Studies, Delhi University)

#### **APPRAISAL OF THE 'CHINA PLUS ONE' | REALISTIC SOLUTIONS TO EMERGING AS A SUSTAINABLE ALTERNATIVE TO CHINA**

China's weaponization of trade and supply chains has prompted the relocation of manufacturing and production lines to countries in South and Southeast Asia. The 'China Plus One' strategy adopted by several multinational businesses is the first response to the demand for diversification of supply chains away from China.

It is important to note that the discourse surrounding this, amounts to a great deal of smoke as information regarding the actual on-ground implementation and thus, the impact of this strategy remains elusive. Various governments around the world have initiated policies and incentives aimed at facilitating the diversification of supply chains to reduce reliance on China and promote alternative sourcing. However, data suggests that China and its enterprises are largely not decoupling from global supply chains despite the increased focus on discussing supply chain diversification.

The 'China Plus One' strategy and decoupling initiatives, although catalyzed and brought under the spotlight by the COVID-19 pandemic, has been a long time in the making. The pandemic highlighted vulnerabilities in global supply chains, however, the process of diversification was already well underway. This was caused by factors such as increasing Western critiques of China's unfair business practices; Chinese appropriation of technologies from foreign firms and an ensuing tech war; and Beijing's challenge to neo-liberal globalisation. All these factors have contributed to an environment conducive to scrutinizing and reconsidering engagement with China and to emerging trade wars wi-

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-th long term implications for the direction of the global economy.

In China, the debate was joined by Beijing's attack on rising protectionism by the West and the formal sanctioning of Chinese firms. China's domestic economic policies under Xi Jinping, specifically the Made in China 2025 policy and the "common prosperity" campaign also indicated a turn towards socialist economics with state policy seeking control of its largest private sector corporations.

Significantly, the practices adopted by China mimic strategies used by rising economies historically. An example can be found in the American theft of technology from Britain during American industrialization in the mid-nineteenth century. Technology transfers have usually involved methods including theft and coercion. In response, dominant economies then enact legislation to counter them, as Britain did in response to America. Technological theft has always been part of global history, hence the debate surrounding China may be exaggerated. However, this is not to undermine that technological theft does not impose real costs. Given the time-space compression since the mid-twentieth century, the costs in global status and economic returns to national economies are central to global and regional conflicts.

Given the scale of China's economy and the relative decline of the economies of the West, the drawing of lines over the Ukraine war, how successful is diversification from China likely to be? And, specifically, what is the future of the 'China Plus One' strategy for India? Globally, the challenges arise from the need to navigate new laws with new partners and streamlining businesses across many new locations, creating scalable capacity in freight and warehousing and competing with China in low-end manufacturing. While some countries like Malaysia and Vietnam have moved forward on this, they lag far behind China. By all counts, China still remains a significant destination for FDI as well as for foreign businesses, especially with new globally competitive mega-regions in the Guangdong-Macau Greater Bay Area intended to be operational by 2035.

India's 'China Plus One' strategy has been slow off the ground. A Parliamentary Report of the government in March 2023 highlighted the failures in its implementation despite the official position that India is emerging as a beneficiary of the 'China Plus One' strategy. Evidence suggests that while some tech firms like Foxconn and Apple are swerving to India, they still retain a major part of their manufacturing in China. As Foxconn notes, a reasonable supply chain for the domestic market in India will only serve the markets "in the vicinity of India". India also lacks the maturity for new tech markets. As this report noted, India comes a poor second to Vietnam, Thailand, Cambodia and Malaysia, all of which have been bigger beneficiaries of the global diversification policies.

A pertinent question would be whether India should follow the western policy of diversifying from the China and whether such an alignment is in its best interest. India's response to this shift should be marked by nuanced policies tailored to India's unique conditions, future aspirations, and ground realities. It is essential to recognize that major economies are already advancing policies that allow them to selectively engage with China motivated by their strategic objectives and economic imperatives.

**DR. D. SUNITHA RAJU**

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

### **PROTECTING ITS OWN: HOW CHINA IS PREPARING AGAINST DIVERSIFICATION**

China's dominance in the global economy has been driven by a strong economic policy frame underlined by industrialization, structural reforms and trade. Between 1978 – the initiation of market reforms and opening the borders – and 2001 – the accession into WTO – the industrial value added increased significantly accompanied by technological upgradation. Besides, the import of capital equipment and technology, capital inflows and FDI were used to upgrade technology levels. At the same time, the 'light industries (textiles)' were developed and made competitive through structural reforms even while developing agriculture and 'fundamental industry (infrastructure)' which supported the overall development of industry sectors. These efforts improved China's position in international trade and by the mid-90s, it emerged as a significant merchandise exporter and a surplus country. These dynamics are reflected in China's changing position in UNIDO's *Competitiveness of Industrial Performance* (CIP) index. China's overall rank improved from 35 in 1990 to 2 in 2020. China's share in the World Market Value Added (MVA) increased from 3 percent in 1990 to 30 percent by 2020 and that of the share in World Manufacturing Trade increased from 2.5 percent in 1990 to 19 percent in 2020.

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One of the driving forces for China's acceleration in MVA is the efforts to strengthen domestic R&D capabilities especially from the early 2000s. The government's policy drive in this regard were long-term technology development plans; investing in fundamental science research; commercializing R&D outcomes; and establishing hi-tech industrial parks with priority on information, bio-engineering, environmental industries, and new energy. The MIC 2025 identifies 10 strategic industries with high-tech orientation with applications in emerging areas. In this regard, the MIC key performance indicators of manufacturing with high scores are innovation capability, quality and value, IT & industry integration and green industry. Following this, China's R&D expenditure as percentage of GDP increased from 0.5 percent in 1996 to 2.5 percent by 2020 which is higher than some of the developed countries. Similarly, the R&D expenditure by medium and large firms which was negligible in 1997, increased to 1000 billion RMB by 2018 (UNCTAD, 2022). This is reflected in the labour productivity index which was 1 in 1978 and increased to 70 by 2018. Also, China's share of medium and high technology manufacturing value added in MVA increased from 28.4 percent in 1990 to 61.4 percent in 2020 (UNIDO data). Thus, MIC 2025 positioned China as a global power in high-tech industries and effectively integrated itself into global value chains. This is reinforced by the 14th Five Year Plan, which is driving innovation-based growth, sustainable development (green transition), and setting the 2035 target for China emerging as a science and technology global power. These efforts are also to improve qualitative economic growth and expand domestic consumption and market.

Alongside this, China's integrating strategy is also driven by these policy initiatives. The expanded role in global value chains shifted China's position from assembling to manufacturing and increased domestic value added. The regional cooperation initiatives, like BRI and FTAs (RCEP, CPTPP and bilateral FTAs) not only resulted in expanded market reach but also ensured supply of critical materials. Especially with geopolitical tensions with the US and the efforts to diversify supply chains, China is ensuring alternate suppliers. For example, to address food deficit, soybean, a major import item, is being sourced from Brazil; fuel deficit is being met from Middle east and Russia; lithium and cobalt, which is necessary for the strategic/emerging industries, is sourced from Africa. Further, to adjust to the changing global and geopolitical environment, China has initiated 'Dual Circulation Policies' in 2020 that aim at stimulating domestic consumption and regional development. The aim is to drive a coordinated development of domestic and foreign demand by attracting global resources and production factors. With growing uncertainty in the traditional external markets, the aim is to leverage the large domestic market to reap economies of scale and maintain its global competitiveness. Therefore, the current policy frame is directed both towards deepening domestic and external markets.

For these reasons, China has been successful in maintaining its dominance in global markets. Specifically, this approach by China can be discerned by the following:

- (i) Economic growth has been central to the policy frame. As such, the growth drivers were competitiveness, technology upgradation/innovation, and infrastructure development. To support these interventions, institutions were strengthened. The guiding principle was "markets alone will not solve economic problems".
- (ii) China was successful in aligning economic tools to structural changes in the economy. For example, shifting from undervaluation of exchange rate (to drive exports) to increasing domestic consumption, will lead to a fall in domestic savings and government account balances. These structural macro-economic issues are appropriately addressed through policies and institutions. Similarly, with the growing importance of services and the servicification of manufacturing, the development of digital infrastructure and adoption of digital tools have gained significance.
- (iii) China has effectively used regional cooperation to achieve growth objectives. This facilitated not only in shifting external market orientation but also provided access to critical raw materials, fuel and food. This made China move up the higher value-added production.
- (iv) Addressed external market uncertainties by promoting domestic market/consumption. Thus, China has succeeded in protecting its global dominance and is making it extremely difficult for countries to challenge this position/approach and further diversification away from China.

**MR. KONARK BHANDARI**  
(Fellow with Carnegie India)

### **LEVELLING THE FIELD: HOLISTIC APPROACHES TO GLOBAL SEMICONDUCTOR SUPPLY CHAINS**

The concept of 'China Plus One' strategy is often misunderstood as efforts by companies to replace Chinese supply chains. In reality, however, the idea is to diversify and complement existing manufacturing hotspots with new locations such as Vietnam, Thailand or India. During the COVID-19 pandemic, China leveraged its supply chain dominance in some products by measures such as delay-

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-ing supplies and slapping high tariffs on barley from Australia for acting against Chinese interests. Particularly, in case of semiconductors, China restricted exports of key minerals like gallium and germanium in which it has over 60 percent control globally. As a result, zero quantity of these two minerals were exported from China in August. Thus, it is important for other countries to position themselves as a viable option to China under 'China Plus One' strategy. Several reports have also talked about pitfalls in this strategy for various reasons. The rate of development of infrastructure facilities by other countries is still outpaced by companies' efforts to diversify away from China. A recent report by Nikkei Asia showed how Vietnam had squandered its opportunity to leverage 'China Plus One' plans. Hence, beyond offering low production cost, China has also been able to provide excellent warehousing and logistics facilities, freight and cargo facilities which has made it difficult for other countries to match up with that.

In terms of semiconductors, the World Bank Chief recently expressed that India probably has a better opportunity to emerge as a viable alternative for China in the next five years. In this regard, India came up with its semiconductor policy in December 2021 and became one of the first major countries to come up with such a comprehensive policy. It included offering more incentives and 50 percent subsidies to chip vendors making advanced nodes. However, due to lack of domestic buyers of these nodes, the policy was revised to offer 50 percent subsidies to manufacturers of all nodes, including those of mature nodes. These nodes are used in CCTV cameras, smartphones, electric vehicles, etc.

Indian government has also set up *Indian Semiconductor Mission (ISM)* to facilitate semiconductor investments in India and it has done a good job, except in the case of Foxconn-Vedanta deal. However, the failure of this deal was more due to both companies not having agreeable terms than a failure of ISM. But this body should be made independent of any ministerial control and can be modelled along the lines of CHIPS program office in the USA as a multi-agency body. It will help ISM to become a one-stop shop in terms of attracting investments.

The success of Production Linked Incentive (PLI) scheme is mixed in terms of some sectors gaining advantage while some still have not taken off as expected. For instance, last year's figures for mobile handsets exports were \$5 billion whereas it has already reached \$2 billion in the first three months of this year. On the other hand, the criticism of PLI scheme is that it has failed to promote value addition in supply chains. However, most countries that have moved upwards in semiconductor supply chains, first started with assembling products and then gradually moved to original manufacturing with value additions. PLI scheme in the future needs to address this issue as well.

Furthermore, 20 percent of chip designers are all based in India but work for multinational companies and often their products are catered to foreign markets due to lack of domestic markets for these products a decade ago. However, now as per MEITY secretary's estimate, India's domestic semiconductor demand is going to be \$80 billion per annum. It will significantly reduce India's total imports. Thus, while India had semiconductor designs for years, it lacked manufacturing support. Foreign investments in India's semiconductor business will also help create a cluster ecosystem of businesses ranging from designing to manufacturing.

Another critical issue in India is that of lack of talent in semiconductor business. Thus, the government has started Chips to Startup (C2S) programme in which it will train 85,000 engineers in semiconductor ecosystem which is a very promising sign. However, there is still a lack of connection between theoretical and practical training for semiconductor engineers which needs to be worked upon by universities and other stakeholders. Another problem in India is that there is a more huge demand for software engineers than hardware engineers due to easy mobility within software domain. This needs to be fixed for semiconductor engineers as well.

The critique of India as an alternative to China is that India not being a part of RCEP complicates it getting used to different tariff structures for companies compared to countries like Vietnam. India has also hesitated to sign WTO's Intentional Technology Agreement (ITA 2) which has become a mandatory requirement for many chip manufacturers like Intel, TSMC, Qualcomm. Thus, these companies are only willing to move to countries which have signed ITA 2 which allows tariff free trade of many critical semiconductor components. Hence, these gaps need to be plugged to enable India to become a viable destination for global semiconductor manufacturing.

**DR. RUPA CHANDA**

(Director of Trade, Investment and Innovation Division, UNESCAP)

### **EVALUATING INDIA'S STAKE IN THE CHINA PLUS ONE STRATEGY: MAKE IN INDIA, PLI AND SCRI**

Through the 1990s and 2000s, China emerged as the global manufacturing hub. But recent develop-

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-ments have led companies to diversify their supply chains and de-risk by adopting a 'China Plus One' strategy. These factors include the US-China trade disputes, China's rising labour costs, its shift towards a dual circulation strategy, growing geopolitical tensions between China and other countries, disruptions caused by COVID-19, security-related concerns with technology and data privacy, among others. India is expected to be one of the main beneficiaries from this shift due to various domestic advantages and conducive external factors. Trends suggest that there has been some decoupling. Vietnam has benefited from a shift in investments in low tech electronic manufacturing. Malaysia has benefited to an extent in the electrical and electronic industries and Thailand in the electronics and automotive industries. India has seen traction in the consumer goods and machinery industries, and to an extent, in mobile manufacturing and assembly. But, overall, the extent of decoupling to other markets including India, has been limited. Production is still concentrated in China given sunk costs, established supplier networks, and skill sets that have been developed, making relocation slow and fragmented.

India's inability to benefit from 'China Plus One' strategy stems from two sets of factors. The first relates to company considerations and India's limitations in meeting requirements of various ease of doing business factors, such as freight capacity, logistics, workforce skills and availability, regulatory bodies, and compliance burden. The second set of factors relates to competition from other countries, particularly, ASEAN, in terms of investments, fiscal and other incentives, business friendly and predictable trade policies, infrastructure spending, established presence in certain industries, greater integration into value chains and production networks, and participation in major regional trade agreements such as RCEP which provides common rules of origin for firms with supply chains that are distributed across ASEAN and other member countries, including China. Moreover, India's relatively higher tariffs on intermediates raise manufacturing costs and its frequent changes in tariffs and trade policies affect investor confidence.

Analysis suggests that schemes such as the PLI and developments such as SCRI are not sufficient to outweigh India's many limitations given issues of timeframe, effectiveness in implementation, and policy coherence. In terms of timeframe, the market will take years to mature to justify any major move for most companies looking for alternative destinations and on the Indian side, it will take time to see the impact of policies and initiatives. Developments such as the SCRI are at a nascent stage, so their implications for relocation of production to India, are hard to assess. In terms of effectiveness of schemes, PLI has facilitated increased FDI into some priority sectors, but it has been difficult for companies to qualify for subsidies under the scheme. In terms of policy coherence, India's trade policies have been inconsistent between encouraging GVC integration and encouraging import substitution through tariff hikes and are not always aligned with the broader industrial objectives of cost competitive domestic production across the value chain.

Given this backdrop, there is a need to supplement the existing *de-risking* narrative with a new narrative which is about "*securing the future*." This would look at integration into global value chains and competitiveness differently, not based on scale and cost-arbitrage but based on emerging technologies, emerging global challenges, and India's strengths in services, digitalization, information technology, low-cost scalable innovations, and startup ecosystem. This narrative involves a two-pronged approach. The first is to target certain sectors and segments of the value chain where there is a convergence of factors such as sufficient integrated domestic supply capacity in India, loss of competitiveness for China, favourable external developments, relevant domestic initiatives, and alignment with domestic objectives. Textiles and pharmaceuticals are two such industries under this approach. The second prong is to focus on capability-based advantages driven by innovations, new kinds of players, new ways of integrating into value chains, and which capitalizes on external tailwinds like new geopolitical alliances, technological developments, growing role of innovation ecosystems, global trust deficit, thrust on sustainability, and growing servicification of manufacturing, all of which work in India's favour. This alternative narrative is needed because with the advent of 4IR technologies capability and innovation-based advantage as opposed to scale-based manufacturing, competitiveness will become more important in the future.

This alternative approach involves using India's services strengths to integrate into manufacturing value chains with AI, IT services, digital and smart innovations. India can be a destination for products requiring automated solutions, Indian IT talent, digital innovations, where physical hardware can be combined with software services and programming can give India an edge. One can also focus on opportunities in renewables, medical equipment, vaccines, and essential health products. Another area is startups and their role in smart manufacturing by providing customized solutions for sectors such as automotive, electronics, pharmaceuticals, and consumer goods. India needs to scale integration of startups into global manufacturing value chains.

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This alternate narrative has several policy implications. It requires Indian policymakers to build an innovation R&D ecosystem as opposed to just a manufacturing ecosystem, so that companies can locate their next generation product development here in India. It needs to help companies leverage the Indian startup ecosystem and our digitalization initiatives by helping them set R&D and product development centres here. In addition, it requires skilling and upgrading of the workforce, concluding trade and investment agreements, and prioritizing winnable sectors.

**AMB. UJAL SINGH BHATIA**

(India's Former Permanent Representative to the WTO)

**GAINING AT CHINA'S EXPENSE: TRADE PACTS IN SOUTH-EAST ASIA'S OPPORTUNITY**

China's economy is neither deepening nor decoupling from the global economy. But the nature of globalization is changing. Referring to China recently, the US Treasury Secretary Janet Yellen said that "a full separation of our economies would be disastrous for both countries". This is also true for the global economy. The International Monetary Fund last month calculated that economic fragmentation could reduce global output by as much as 7 percent in the long run.

The strategies of the US and the EU now are more nuanced. The common features of industrial policy on both sides of the Atlantic are to shore up capabilities in high-tech sectors and clean energy, while denying access to China for sensitive technologies. The focus is not on decoupling, but on de-risking. Indian policymakers have drawn similar pragmatic conclusions. The geopolitical stand-off between China and the US offers India an opportunity to enhance its manufacturing capabilities as well as to reduce its dependence on China and other suppliers for critical products. The focus of India's policy efforts is not on excluding Chinese players, but on bolstering national capacities and increasing supply chain resilience. For example:

- India recently allowed 14 Chinese suppliers of Apple to set up base in India subject to joint venture (JV) arrangements with Indian entities. This reflects an understanding of the complexity of supply chains and ecosystems for manufacture of sophisticated electronics products.
- Secondly, while India is the largest manufacturer of generic drugs in the world, over 70 percent of the APIs used by the industry are imported from China. The PLI seeks to expand API manufacturing in India, but in the meantime, the Indian industry has to continue importing from China.

These examples demonstrate that a purely geopolitical approach to economics can cause serious disruption. De-risking and supply chain resilience are not sprints, but marathons, and are not zero-sum games either.

India has a lot of catching up to do with China in South East Asia. Last year, China-ASEAN trade was \$975 billion, whereas India-ASEAN trade was barely around \$130 billion. Two-way investment between China and the ASEAN is more than \$300 billion. Both economies are deeply integrated and the Regional Comprehensive Economic Partnership (RCEP) has further deepened this integration. The seamless flow of goods and services facilitated by the ASEAN-China FTA and the RCEP has given both sides a stake in continued economic cooperation.

The ASEAN region is a major global manufacturing hub and is a key participant in several GVCs. In 2022, it received \$174 billion in FDI, raising its FDI stock to US\$ 3.1 trillion. Along with China, the ASEAN economy is closely integrated with other major Indo-Pacific economies like Japan and ROK. ASEAN countries like Vietnam, Indonesia, Thailand and Malaysia have been major beneficiaries from the China Plus One initiatives.

Keeping this in mind, while it is important for India to expand its economic footprints in South East Asia, its larger objective has to be to insert itself firmly into the Indo-Pacific economic frame. While the ASEAN's role is vital in regional or global value chains in several sectors, it must be recognized that apart from China, Japan and ROK also play a pivotal role in providing technology, finance and markets to the region. As a relative late comer, and as a non-participant in regional FTAs like the RCEP and the CPTPP, India needs to leverage its strong economic relationships with Japan and ROK, with both of whom it has Comprehensive Economic Partnership Agreements.

Supply chains work on the logic of comparative advantage and initiatives like the SCRI between Japan, India and Australia, can at best provide aspirational guidance. That is also true of the Indo-Pacific Economic Framework (IPEF) in its present form as it does not provide additional market

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access. A serious Indian initiative to play a central role in the Indo-Pacific in general, and in South East Asia in particular, would benefit from fresh thinking on a number of issues:

- Contrary to protectionist trends being witnessed in the United States and elsewhere, the Indo-Pacific continues to operate on the central premise of liberal trade flows. India will need to adopt this approach and lower trade barriers if it wants deeper integration with the region. Indian policy measures like the aborted move on import licensing requirements for laptops, tablets etc., or plans for raising tariffs on telecom equipment are not likely to be viewed favourably by India's trade partners in the region.
- Building partnerships in value chains requires free flows of goods services, technology and finance through strong FTAs. While the ongoing review of the India-ASEAN FTA is a step in the right direction, the economic integration through the FTA needs to be much more ambitious. At present, that does not appear likely.
- It no longer appears feasible for India to reopen negotiations to enter the RCEP. It should instead consider a dialogue with Japan and ROK to build a trilateral FTA which could co-opt the ASEAN also. Such an initiative, would provide a strong incentive for integration of the region.
- India is working on a number of initiatives for better connectivity with South East Asia by land, water, air and digital modes. These require to be prioritized in partnership with Japan and others and receive the same importance as the recently launched India-Middle East-Europe Economic Corridor.

**DR. S. P. SHARMA**

(Chief Economist at PHD Chamber of Commerce and Industry)

### **AN INDUSTRIALIST'S PERSPECTIVE: PRACTICAL CHALLENGES TO DECOUPLING**

The ease of doing business in India is going in the right direction as India has improved its rank from 142 to 63, according to the World Bank's ease of doing business survey during recent years as a result of groundbreaking reforms by the states. However, the cost of doing business still needs to be addressed to enhance the price cost margins of producers and their competitiveness in the domestic and international markets as well.

Deglobalization has been defined as "the process of weakening interdependence among nations with the world as the level of analysis." A subset of deglobalization, decoupling refers to the process of weakening interdependence between two nations or blocs of nations. The level of analysis here is not the world, but the dyadic ties between specific nations or economic blocs, and nations/blocs may be simultaneously decoupling from some nations/blocs while undergoing closer coupling with others. Decoupling between India and China refers to a decreasing interdependence between China and India.

#### **Steps taken by Government to Decouple**

The Indian government has directed sellers on the government e-Marketplace to specify the country of origin and local content in their products to create a "self-reliant India." The government has warned sellers that their products could be removed if they don't comply. The government has also directed all government agencies and departments to purchase goods and services from the platform in line with its "Make in India" initiative. Private online retailers, including Amazon India, Walmart's Flipkart, and Meta-backed Jio platforms, have been asked to specify the country of origin and add "Made in China" labels.

#### **Effects of Economic Decoupling from China**

India's recent attempts at economic decoupling — aim to reduce its economic dependence on China - has started showing positive results. From 2001-02 to 2011-12, as India's average GDP growth rate doubled from 2 percent per year to 4 percent per year. this period of growth acceleration was also marked by a rapid increase in the rate of investment, financed by high credit growth and a surge in capital flows. Thus, to augment the domestic capabilities, India imported low-cost inputs from China. Therefore, the total bilateral trade increased beyond USD 100 billion. Thereafter, India focused on reducing the surmounting trade deficit following policy of 'Atmanirbhar Bharat', and as a result, India's trade volume increased only 100 percent from 2010-11 to 2021-22 vis-a-vis 1600 percent in previous decade and trade deficit also narrowed down.

#### **Import Reduction Strategy**

The Indian economy has the potential for import substitution in key sectors like chemicals, automotive components and handicrafts. This will enable companies, including MSMEs, to increase

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cost competitiveness and cater to global export markets. Focusing on mass production of commodities and shifting import dynamics from China could reduce India's dependence on Chinese imports, which account for 16 percent of India's total imports. Thus, India's increasing domestic capacity building can significantly reduce its dependence on China.

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# CRITICAL TECHNOLOGY IN CHINESE ECONOMY

## PANEL DISCUSSION



### Concept of talk by ORCA

Technological self-reliance has been identified by President Xi and the CPC as a key objective for “sanctions proofing” the Chinese economy. Beijing’s shrinking access to critical foreign technologies and growing confrontations with the US have placed technologies like AI, quantum computing, etc. at the heart of the drive for self-reliance. It has enhanced the importance of science and technology sectors in future growth and development of the economy as well. From digital connectivity infrastructure to smart manufacturing tools like robotics and IoT, the future of China’s industrial capacity relies on reducing i-

-ts dependence on foreign technologies in these sectors. This panel discussed and analysed the progress made by China in attaining self-reliance and the implications for economic growth. The panellists covered developments in China’s smart manufacturing, connectivity infrastructure, digital economy and renewable energy sectors and how it impacts China’s economic growth prospects.

**MR. M. R. SIVARAMAN IAS (RETD) - MODERATOR**  
(Former Revenue Secretary, Government of India)

### **TECHNOLOGICAL SELF-RELIANCE IN “SANCTIONS PROOFING” THE CHINESE ECONOMY | IMPLICATIONS OF SELF-SUFFICIENCY EFFORTS FOR ECONOMIC GROWTH**

As far as science and technology is concerned, China is already a superpower. According to a report prepared by the Australian Strategic Policy Institute released recently, China is reported to be ahead in 37 areas of science and technology out of 44, more than the rest of the world including the USA. For instance, China has reportedly succeeded in using the quantum entanglement phenomenon for communication across several thousands of kilometres.

All this began with China opening up its frontiers to foreign investments in all areas and slowly absorbing their technology and developing on it. China has also made spectacular advances in the area of space technology in just the last 20 years. Year after year, China improved their launch and space crew capsule systems and in just the last ten years, they have their own space lab with multiple crews operating it. Their next objective is to put a human on the moon by 2030. Will they get there before the US Artemis mission?

The sanctions of the Biden administration relate to export of chip making machines such as the Extreme Ultra-violet ray Lithography equipment for manufacturing very small nanometer chips used in Generative Artificial Intelligence. These machines are the monopoly of the Netherlands-based company ASML and on the instructions of the government of Netherlands, they cannot export those to China. Japan has also stopped the export of some machines that are required for making advanced chips. This has affected China. However, China recently reported a breakthrough in designing a machine that would be an alternate to the EUV machine.

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Sanctions may stall China for some time but not for long in the case of a country like China which already spends 2.5 percent of its GDP on R&D. These sanctions may stop China but not indefinitely and the irony would be that the US would purchase chips made by China just as they import over 160-billion-dollar worth electronic goods from China. China is also retaliating with its own sanctions. China was prescient in regard to the requirement of rare earths and minerals. China accounted for 70 percent of world mine production of rare earths in 2022 and it has 85 percent of the world's processing capacity. China has an export control law enabling an export licensing regime. There is also an anti-sanction law for retaliatory sanctions against Individuals and organisations. There is even a foreign relations law that permits counter measures by China against economic and security threats faced by China. The recent restrictions on the export of gallium and germanium required for chips and in the defence industry is bound to affect western countries.

The West and China are evenly matched but the US can lock in all the dollars which China holds as US treasury securities which is around 821 billion USD. China is reducing its holdings in US treasury securities. China is internally fluid with its debt to GDP ratio close to or in excess of 300 percent. However, many of its real estate companies are failing and its inventories are very high at 46 percent of sales, which is an unacceptable figure. Its household savings are still growing beyond 40 percent of GDP, an impossible situation both from the demand and supply sides.

The recent flurry of ministerial visits from the US and the EU to China, mostly uninvited, to assuage China that they are not decoupling, but de-risking in the interest of national security which is just a façade as they wanted to gauge the mood and atmosphere in China, on whom they are totally dependent. There is a dynamic tension in the world today with the western world bent on destroying the emergence of a power that will challenge its dominance. They are using India to counter China and China has made it easy for India to do so with its aggressive posturing against India.

**CAPT. (DR.) NITIN AGARWALA**

(Senior Fellow, Centre for Joint Warfare Studies (CENJOWS), New Delhi)

**INDIGENOUS DEVELOPMENTS IN CHINA'S SMART MANUFACTURING: MIC 2025**

Made in China 2025 (MIC25) is a policy initiative that began as an industrial policy but soon became a concern for the world. It is essential to understand what MIC25 is and why it became a matter of concern for the world. It is necessary to answer four simple questions for a clearer understanding of MIC25 – why MIC25; what is MIC; how it became a concern for the world; the fault lines; and what is the future of MIC25.

China became the 'world's factory' because of their large young population that provided cheap labour, proximity to untapped Asian markets and relatively low pressures for environmental compliance. It helped them acquire market share in the industrial value chain of the world market, but provided no value-addition to their industry. To exit the middle-income trap and secure value-added growth, three transformations were considered essential. The first is the diversification to specialisation in production and employment. The second is a shift to innovation from investment and the third is equipping workers with skills for new technologies, products and processes.

Accordingly, Xi Jinping pronounced the grand vision of the Chinese Dream and National Rejuvenation in late 2012. Achieving this dream required a focus on the following aspects:

- human capital (by providing quality education and economic performance)
- export structure (by up-gradation of export product)
- productivity (by improvement in quality and specialising in sophisticated products).

To achieve the above results, Xi Jinping unveiled the following initiatives:

- The Belt and Road Initiative (BRI in 2013)
- The Made in China 2025 (MIC25 in 2015)
- Water Ten Plan (2015)
- Circular Economy Promotion Plan (2009)
- The Energy Development Strategy Action Plan (2014)
- The Internet Plus action plan (2015)

Of these, the Made in China 2025 is important for understanding the efforts of China in indigenising its manufacturing capabilities and integrating smart technologies. The driving force behind MIC25 is the need to support innovation to exit the middle-income trap. Once achieved, the next leap is

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towards ownership of Intellectual Property Rights (IPR) in core technologies. However, MIC25 is viewed differently by China and the West. China sees it as an industrial policy which emphasises the role of innovation, technology, green development and quality-over-quantity. It promotes indigenous brands, secure and controllable standards, focuses on intelligent manufacturing in 10 strategic sectors, ends China's reliance on intelligent technology, upgrades industrial capabilities for a global marketplace, builds on existing industrial policy of manufacturing, is inspired by Germany's *Industrie 4.0* and will develop manufacturing facilities combining advances of Industry 3.0 (machines & automation) and Industry 4.0 (smart manufacturing) integrating AI, Tech, equipment and 5G networks.

From the perspective of the West, MIC25 reduces foreign industry participation in China, challenges the global trading system, does not provide a level playing field to foreign businesses due to domestic subsidies and makes China independent to control the world market due to the capability of mass production and 'technological independence' due to MIC25.

The following policies were established to support Chinese industries:

- Taxation reduced from 25 to 15 percent for high-tech enterprises
- Undertaking of Mergers and Acquisitions (M&As) of international tech firms to get the required technology.
- Establishment of a targeted increase in R&D funding by large manufacturing companies.
- Allocation of funds for MIC25
  - China - US\$ 23.1b (US\$ 2.9b for Advanced Manufacturing Fund and US\$ 20.2b for National Integrated Circuit Fund)
  - Germany - US\$ 213m
  - US - US\$ 70m (+ US\$70m to be matched by private investment)
- Defined 12 indicators in 4 areas for success of MIC25.

The earliest publications on MIC25 in the US were in 2015 and in Europe in 2016. It was only in 2018 that the US and other economic blocs began to take note of MIC25 seriously and the gravity and its implications to the US economy was understood by the policymakers. The West worries about the excess capacity MIC25 will create in the targeted industries thereby creating market distortion and hence hurting manufacturers, farmers, services suppliers, innovators, workers and consumers of the West. The Chinese on the other hand feel that America is trying to curb its rise as a global economic power because when Germany upgraded its *Industrie 4.0* to National Industry Strategy 2030 with 'Made in Germany' by increasing subsidies, state investment funds and defining industries that should be supported, the US did not object.

There are a few ways in which MIC25 can fall short of its objectives. First, MIC25 can force MNCs out of China especially in the 818 technological products targeted by trade wars that are central to MIC25. Second, the approach of MIC25 is top-down, not market driven. This passes existing problems to the new system. Moreover, moving from Industry 1.0 to Industry 4.0 is a major challenge. Since the plan is target linked, it forfeits the purpose of self-reliance. Third, internet speeds need improvement; fixed broadband speed has increased but lags behind developed nations. Fourth, manpower for MIC25 depends on skilled worker availability. The declining working-age is a challenge in implementing Industry 4.0. Finally, the initiative will require an exceptional amount of funds, and can lead to misappropriation and corruption. Moreover, increased supply would reduce margins and without an independent financial and legal institution, the MIC25 will remain institutionally weak.

Today, China is innovating and moving ahead in some tech sectors. There are signs of some of the biggest American tech firms becoming 'copycats', a tag so far associated with China. The Chinese strategy contemplates moving from 'Made in China' to 'Created in China'; 'China speed' to 'China quality'; 'Chinese products' to 'Chinese brands' and 'Big industry' to 'Strong industry' for which MIC25 is important.

**MS. LYDIA POWELL**

(Distinguished Fellow, Observer Research Foundation (ORF))

### **THE RACE TOWARDS SELF-SUFFICIENCY: FROM SOLAR TO LITHIUM**

The ongoing energy transition is essentially a material transition. Clean energy technologies need more materials to aggregate highly dispersed (low energy density) renewable energy (RE) than tech-

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-nologies that extract and move energy dense fossil fuels. Consequently, raw material (metals and minerals) availability is expected to be one of the biggest challenges in decarbonization efforts and electrification of the economy. According to one estimate, the increase in demand for materials between 2015 and 2060 is projected to be 87,000 percent for electric vehicle (EV) batteries, 1,000 percent for wind power, and 3,000 percent for solar cells and photovoltaics (PV). Generating 1 terawatt hour of electricity from solar energy could consume 300-400 percent more materials than generating electricity using natural gas or coal as fuel.

The energy transition will require substantial quantities of almost all elements in the periodic table. Some of them are relatively abundant but some are less so. Lithium, which is one of the critical minerals required for manufacturing of batteries used in EVs and for electricity storage, is the first and lightest metal in the periodic table. It is relatively scarce but there is no fear of absolute scarcity (that the world will run out of lithium reserves) as the latest estimates of 39 million tons of reserves are expected to meet demand projections up to the year 2100. The largest reserves and production capacities for lithium are in Chile, Australia and China.

Silicon used in the manufacture of solar panels is the second most abundant mineral in the periodic table after oxygen. Silicon resources across the world are abundant and, in most producing countries, adequate to supply world requirements for the foreseeable future. Other critical minerals essential for the energy transition include, but are not limited to nickel, cobalt, copper, manganese, graphite, neodymium, dysprosium and other rare earth minerals. Chinese companies account for 60 percent of production and 80 percent of processing capacity of most of these critical minerals and metals. For example, upstream dominance of Chinese companies in silicon production has increased from 30 percent to 80 percent in the last 10 years. Seven of the top ten polysilicon producers are from China including the top three. Chinese companies account for over 80 percent of processing capacity for silicon ingots, wafers, cells, modules and panels. Chinese companies account for over 80 percent of solar manufacturing equipment. In all segments of the PV value chain, the share of Chinese companies is expected to increase to 90 percent in the next few years.

Most of the increase in demand for lithium comes from the electric vehicle industry. Between 2017 and 2021, lithium demand tripled across the world. In 2018-21, China invested \$4.3 billion acquiring lithium assets which was twice the amount invested by the USA, Australia and Canada combined. Half the planned lithium chemical plants for 2023-30 are in China.

This has given rise to fears over supply shortage driven by geopolitical rivalries rather than by absolute resource scarcities. The dominant Western response is that of self-reliance and development of parallel supply chains that bypass Chinese companies. Large importers of critical minerals and materials have adopted these strategies. Self-reliance and the development of parallel supply chains, even if successful, are likely to increase the cost of combating climate change.

Since 1977, the cost of solar panels has fallen by 400 percent from over \$76/watt to about \$0.18/watt in 2020. Research & Development (R&D) in advanced economies was important in the early years for cost reduction but the exponential cost decrease in the last few decades was on account of substantial improvement in production techniques and economies of scale in manufacturing that happened mostly in China. Low-cost solar panels drove the expansion of solar programs initially in Europe and eventually in poorer parts of the world including India. Newly developed supply chains are not likely to match economies of existing supply chains.

Projections of critical mineral supply chain disruptions are not likely to materialise; and even if they do, they are unlikely to cause irreversible economic damage as the history of oil and natural gas industries show. The Arab oil embargoes of the 1970s did increase the price of crude oil in international markets. But within a short time, alternative producers of oil from the North Sea and other parts of the world emerged and the price of crude oil collapsed. Shale gas production in the USA and the emergence of the USA as a net natural gas exporter eliminated any possibility of Russia led natural gas cartels from emerging.

Projected shortages of critical minerals and their economic consequences are likely to be exaggerations. Modelled projections of material shortage lack predictive power beyond the short term. Credible substitutes are available for many of the critical minerals and minerals currently used in batteries and solar panels can be recycled. China is a net exporter of solar, battery and other renewable energy (RE) technologies underpinned by the strategic goal of becoming a leader in new energy technologies. Pursuit of self-sufficiency in critical minerals to side-step China will accelerate geo-political tensions but decelerate efforts to combat climate change.

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**DR. ARAVIND YELERY**  
(Associate Professor, Centre for East Asian Studies, JNU)

### **CRACKDOWN ON CHINESE TECH COMPANIES: REINING IN THE DIGITAL ECONOMY**

The rise and fall of digital technologies and companies developing emerging technologies is controversial, especially for the State Council and Party members in contemporary China. In the 1990s, when technology companies were emerging, it was a blessing for the Chinese state. However, China has defied many basic principles related to the growth of digital technologies as new challenges arise. There have been three distinct growth phases in China's digital economy since the 1990s. The first stage in the 1990s was when enterprises attempted to gain traction for the Internet and the Internet of Things. This was followed by the second stage when the Internet and digital enterprises were seen as the harbinger of Chinese growth. Things started slowly drifting in 2013 when large technology companies, in this final stage, started creating challenges for the legacy of the Party-state. This marked the beginning of the waning of large technology companies' influence within the party circles and their debacles in the digital economy.

The fundamental feature that characterizes the rise and fall of digital technologies in China is the Party control. According to Hu Shisheng, a senior strategist in China, progress in China's digital economy requires critical thought. In this regard, China's communist state did not develop any form of critical thinking that could produce a groundbreaking technology which helped the economy. This implies that the development of digital technologies has primarily been state-sponsored. Digital technologies originated in the form of platforms for B2B, B2C and C2C sales. The state became involved when C2C platforms accelerated the development of these platforms through third-party applications. The incentive for the state was the need to secure control. First, state-centric economics was being overtaken by business platforms. Second, the ability or potential of technology companies to manipulate customer data to undermine state's control of communities was a challenge for the Chinese state. Third, the rise of technology companies sidelined state control of finances and lending. The example of Jack Ma questioning State Council regulations on fintech companies/platforms when they started lending operations illustrates this challenge.

Another essential aspect of state control is related to Beijing's control of provinces. Nearly 80 percent of fintech companies are based outside Beijing, and as a result, the provinces that house these tech companies benefit from the growth of technology companies. In turn, provincial state administrations protected them by providing tax exemptions and other incentives. Technology companies were seen as milking cows, and provincial administrations protected them from State Council regulations on controlling finances, inspections and coordinated e-commerce development. Technology companies became so large that they could sideline state control, which became the main faultline. According to He Fan, the author of four books about technology enterprises in China, the Meituan app knows more than the state about who will order food, at what time and from where. Regulatory pressures on technology companies followed due to this perceived lack of control. It has resulted in a halt in the expansion of technology companies, innovation, and recruiting. For instance, Meituan has diverted money out of technology businesses into other areas, and the state is forcing money out of technology companies in the name of social harmony and equitable redistribution.

Regarding the various social, economic and political controls imposed on technology companies, the state is concerned about the specific impacts of technology. Regarding social control, the state wants to silence narratives critical of the Party aired on social platforms. In terms of economic controls, it intends to arrest the growth of private enterprises at state enterprises' expense. And finally, political controls deal with political conventions that technology firms ought to adhere to.

Despite technology crackdowns, the State has failed to answer four main problems related to technology companies. First, the high concentration of monopolies in the tech sector has not been addressed. Second, income disparities have not decreased; and in fact, they have increased in the last few years. The middle-income trap is a genuine concern for China's middle class and the Chinese state, which has been unable to leverage technology to address this challenge. Third, geographical inequalities exist, and Shenzhen continues to house many technology enterprises. The Chinese state crackdown on companies in Shenzhen is forcing several companies to close and creating a problematic situation for future growth and development. And finally, the distribution of inequalities between capital and labour poses many challenges for the large pool of unskilled labour streaming into Chinese cities. They are finding it harder and harder to secure living permits and citizenship rights in large cities.

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## **AMB. SMITA PURUSHOTTAM**

(India's former Ambassador to Venezuela, Switzerland & Founder of Science, Indigenous Technology and Advanced Research Accelerator (SITARA))

### **CHINA'S INDIGENISATION AND STANDARDISATION OF DIGITAL CONNECTIVITY INFRASTRUCTURE: THE CASE OF INFORMATION COMMUNICATION TECHNOLOGY (ICT)**

ICT is a major driver of growth in the 21st century and nearly every sector of the economy in China relies on ICT for operations and future growth. China's indigenization of ICT has been a resounding success, evidenced by the fact that its digital economy is 42 percent of its GDP and goods exports of ICT are 857 billion USD. China also dominates every aspect of telecom networks and it has the largest 5G and optical broadband network. ICT figures prominently in China's military literature and despite all the bans and import controls, China has managed to indigenously develop the Biren GPUs and the Kirin 9000s chip and aims to become the number one Artificial Intelligence (AI) power by 2030. These successes are due to the Chinese leadership's understanding of the importance of ICT during the Gulf War. Moreover, information warfare was emphasized by China as early as 1999. Xi Jinping has also referred to the role of ICT in several speeches and his perspective on ICT can be summarized in two axioms. The first is to create a world class military by 2049 and position technology as the core combat capability.

Technology has always been central to strategy for China. It is increasingly important for power projection through military means and otherwise as well, as evidenced by the Digital Silk Road initiative. In a 2018 speech, Xi Jinping moved the needle away from cyber security and internet control to technological applications of ICT. From a military perspective, the first phase was informatization of armed forces and the second was intelligentization in all weapons systems, which is where AI and other systems are integrated into platforms and other battlefield components.

ICT technologies were indigenised by China in two ways: endogenous efforts like R&D, education and industrial policy and exogenous policy efforts like trade policy, Foreign Direct Investment, standards enforcement and Overseas Direct Investment (ODI). Crucially, the Party leadership's understanding of ICT's importance for economic and military development has pushed Chinese companies like Huawei and ZTE to succeed. Domestic procurement was a massively successful tool to promote the development of ICT companies. The exogenous strategy includes techniques like espionage, forced technology transfer and other tactics that are well documented but have served China's ICT sector well. This allowed domestic manufacturers of ICT equipment to first gain domestic market share and then leverage their domestic market to become global leaders in exports of ICT goods.

In terms of R&D support, for example, China offered tax incentives to the tune of 200 percent super deduction of R&D expenses in 2021, customs duty and VAT exemption for R&D equipment and permitted land purchases at concessionary rates. China also enforced regulations that obstructed the procurement of foreign inputs. Moreover, China has set more than 300 rigorous standards for software, routers, switches and firewalls related to the ICT industry. In terms of domestic procurement, Article 10 of the Procurement Law states that the state will only procure domestic goods, construction and services. The state even provided match-making services for local governments and domestic manufacturers.

Exogenous efforts like FDI policy included technology transfer in exchange for market access. Industrial policy was calibrated to support telecom companies by waiving import duties and levying high tariffs on imported telecom equipment. In the 2000s, this policy emphasized the acquisition of foreign companies specializing in semiconductor manufacturing, robotics and other sensitive ICTs. The importance of technology acquisition can be emphasized by the extent of China's ODI in the US after the US *Foreign Investment Risk Review Modernisation Act (FIRRMA)* in August 2018, which dropped from 53 billion USD in 2016 to 3.2 billion USD in 2019.

The impact of China's ICT growth and subsequent dominance in global markets is a problem even for India. Over the last few years, countries have woken up to the challenge presented by China's presence in the world's 5G networks. China's own domestic ICT industry faces several challenges. The first is the strategic competition with the US and the lack of access to foreign technology due to import controls. The ICT industry and tech companies at home have to also contend with greater political controls and regulations. Greater party control of enterprises and the importance of political conventions make it critical for technology companies to prioritize convention and discipline under Xi Jinping.

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# SPECIAL SESSION

## FUTURE OF CHINA STUDIES IN INDIA

### SPECIAL PANEL II



#### **Concept of talk by ORCA**

*The study of China in India has expanded to reflect the strategic competition between the two Asian powers. So far, most academic research has focused on China's foreign policy and bilateral relations, but there is a need for more research to understand how domestic factors influence China's foreign policy and international behaviour. Additionally, Western sources and lenses have dominated the analysis of China, which has produced insights of limited value for Indian policymakers. The panel discussed how to fill the gaps in contemporary China studies in India by focusing on language, Chinese sources and interdisciplinary research methods.*

#### **AMB. VENU RAJAMONY - MODERATOR**

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

#### **BEYOND A WESTERN LENS: CONCEPTUALISING THE NEW AGE OF INDIAN SINOLOGY | STRONGER BONDS: INTEGRATING ACADEMIA AND POLICY MAKING**

This is a session which deals with a subject absolutely fundamental to the growth and future of China Studies in India. There is no doubt that the future of China Studies in India is bright, as evident from the wide range of excellent speakers representing a diverse range of organisations and institutions coming to speak at the GCNS on China, as well as the participation of young China scholars at the conference. However, this does not obscure many fundamental challenges that confront China Studies in India.

Before delving into the future of China Studies in India it is important to ponder on what the past in terms of China Studies in India looked like. There is an enormous and outstanding legacy that we as Indians have to live up to – imagine the Buddhist era when thousands of Buddhist monks went from India to China and vice versa; they devoted themselves to scholarship in philosophy, language, and all aspects of culture. In those days, people had very few tools to learn languages, but these monks learned new languages, crossed borders, Emperors in China opened translation bureaus wherein Indian and Chinese monks would work together to translate great Buddhist classics into Chinese and legendary Chinese scholars came to Nalanda in India to absorb knowledge and freely interact with Indian scholars. This is the legacy of China Studies in India as such and in India we have a duty to strengthen and enrich it.

Based on my personal experience and impressions of living in China, India is not China's most important neighbour nor do policymakers in Beijing think of India as China's most important neigh-

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-our when formulating and implementing policies. However, China is the most important country for India – it is India's largest neighbour, a strategic competitor and a country with which India has a troubled recent history, and an unresolved border dispute. China is also a huge economic success story from which India can learn and benefit a lot, in case politics permits it. The Chinese have greater knowledge and research strength on India than India has on China. India has a lot of catching up to do in terms of building the institutional and the human resource strengths that are needed to consider itself good and knowledgeable about China, especially, what happens within our immediate and largest neighbour. We need to understand how the Chinese think, their actions, likes, dislikes etc. if we are to know them well. To develop Chinese studies in India is therefore an absolute necessity.

In 2021, a paper published by the Institute of Chinese Studies (ICS), maps the growth of China Studies in India over the last 10-15 years. The paper reveals that there are now more universities offering programmes in the Chinese language, more research centres on China, more decentralised China-focused centres outside of New Delhi and a number of foreign institutions providing funding and support for China Studies in India, not to mention scholarships and support from China and Taiwan. This, however, is still not enough.

Compared to the needs and size of India and China, the amount of Chinese language skills and the departments that offer Chinese language training is inadequate. Similarly, the amount of work done using Chinese sources and Chinese language is not enough. There is also a notable contradiction between viewing China as a strategic competitor and foreign policy rival, and the imperative to comprehend Chinese culture, history, society, and the psychology of the Chinese people. It is critical to develop this larger holistic understanding if new Indian Sinology is to be developed.

China grows and along with it, its language grows. This presents fascinating new elements to China watchers as well as new challenges. There is a need to break the 'Great Wall' which divides China Studies from other disciplines. There are different aspects through which China's provinces can be studied – for e.g., institutional governance, political economy, and through comparing the coastal and landlocked provinces. The Cold War International History Project (CWIHP) has provided extremely useful and important information for scholars across the world and must be studied closely. In today's Internet age, there are many ways in which secondary sources can be used to understand what is happening in China. There has been a tremendous expansion in the quantity of China Studies in India, but there must be a similar growth in the quality of China Studies and the provision of incentives to scholars to produce Scopus publications. There must be jobs available for young scholars if they decide to pursue a career in academics. This requires a long-term strategy and vision. Although the Indian Ministry of External Affairs (MEA) is aware of the importance of strengthening China Studies, it is not enough for the MEA alone to understand this. The Ministry of Human Resource Development, the UGC and all other institutions which are today involved in supporting China Studies need to understand the importance of strengthening China Studies and provide necessary funds on a long-term basis. The Indian government as a whole, needs to develop an overall vision and execute the policies required to attain this vision.

**DR. USHA CHANDRAN**

(Assistant Professor, Centre for Chinese and South East Asian Studies, JNU)

### **KNOWING CHINA THROUGH THE CHINESE LANGUAGE**

It is common knowledge that language is an important channel of connection and communication among human beings. Language is also known to have been preserving history, culture and customs of the society within its ambit. Therefore, it is called the carrier of culture in a society. Upon realising the relevance of studying a society through its language, sociologists have been exploring the role of language in social and political life.

#### **Language and Society**

The intricate connection between language and societal elements, including politics, culture, and collective consciousness, has gained recognition in emerging fields like Sociolinguistics and Sociology of Language, emphasising the critical role of language in understanding a society's mindset; however, in studying a society, neglecting the relevance of its language can lead to misjudgements, while viewing a society through its language (using 'linguistics' will change the sense) provides profound insight.

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## Chinese and China

In the case of China, the Chinese language which is one of the world's oldest languages is still being used. Since China was never fully colonised by the West, Mandarin is till date the most commonly used language of the Chinese people. It is known to all that in China, the use of English language is extremely limited and though local dialects are more commonly used in several places, majority of the engagement, especially written, is in Mandarin. It is in a constant flux, radiating its creativity in old and new platforms, in short as China grows the Chinese language is also constantly growing.

One of the important reflections on China Studies in India was done at the '2006 Colloquium on the Review of China Studies in India'. This and a few later studies, recognize that language is an important component of the study of China and incompetency is a major hurdle to research on China in India. Some eminent Chinese Language and China Studies scholars have strongly suggested the need to train students in both language and area studies to enhance the quality of research on China. They have indicated that the knowledge of China in India continues to be filtered through Western sources, and they emphasise the need for China Studies programmes to include intensive study on the Chinese language. Besides, it is argued that there is an extreme lack of interest in investing in the field of Chinese language studies in India as well as the lack of use of Chinese language sources in China Studies.

In India there seems to be a fairly widespread recognition that knowledge of the Chinese language is important to observe China, however, the possibilities of language training along with discipline training or vice-versa have not been explored much in Indian universities and other institutions. As a result, many Indian scholars rely heavily on English language sources, mostly written by Westerners or a third country. Therefore, they may run the risk of viewing China, their largest neighbour from a Western lens or a third-country perspective. Whereas, the need for India to comprehend China as it is, has been deferred for long and calls for urgent attention. In this ongoing study jointly taken up by me along with PhD scholar Mr. Raj Gupta, the gap between the relevance of the Chinese language in studying China and the on-ground situation is explored.

## About the Study

In the first phase, the study involves questionnaire-based interviews of students and scholars learning and teaching Chinese, who are also working on, or observing China, from all over India. In the second phase, questionnaire-based interviews will also include students and scholars learning and teaching China Studies. In the third phase, it aspires to go beyond the university structure. More than 300 responses were received on which the following findings are based.

### 1. Aspirations/motivations of students who come to learn Chinese

While very few students start learning Chinese with the intention of research, by Masters one quarter get interested in research. However, only a few actually end up doing research and the major reason quoted for this is the MCQ mode of PhD entrance. The majority of those who want to pursue research want to get into teaching jobs while very few want to pursue research on China. The majority quote the lack of job avenues after PhD as the reason. The biggest driving factor for the majority of the students to learn Chinese is to take up private and government jobs.

### 2. Impressions on China

An overwhelming majority feel that there are striking similarities in the culture, customs and mindset of Chinese and Indian people. 40.5% of students placed China as a competitor followed by 34.3% strategic partner, 14.9 % consider it a friendly neighbour and only a few view it as a threat and enemy. The percentage of students perceiving China as a threat is higher in Bachelors and fewer in Masters. The majority acknowledge that their perception changed as they learned more about China. On India-China relations, the majority of students say it is neutral, only 24.9% say it is bad and 18.3% say it is good. Majority of them across levels feel that India lacks understanding of China.

### 3. Connection with Chinese Language

At the Bachelors level, the majority feel they are either struggling with the language or only have operational knowledge, while in Masters one quarter feel they are struggling but half of them feel it is like their second language or they are comfortable with the language. This level increases at the PhD level.

### 4. Difficulties and Obstacles in learning and use of Chinese

Maximum students found spoken, reading (academic/literary text), writing, translating and interpret-

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-ing Chinese equally difficult. As for the PhD students and university faculty, 100% use Chinese language sources for research. The biggest obstacles faced by the students is lack of training in area studies. Obstacles faced by all researchers on China are opportunities to visit China, which are getting rarer by the day, lack of resources both online and offline, and no access to paid databases for research materials, factors such as restrictions by the Chinese and Indian government on resource persons, academic resources, accessing Chinese apps and websites.

**DR. RAJIV RANJAN**

(Faculty Member, Chinese Studies, Department of East Asian Studies, University of Delhi)

**INTEGRATING INTERDISCIPLINARY RESEARCH METHODOLOGIES IN THE STUDY OF CHINA**

There are various reasons for China Studies in India. For instance, in knowledge production; Xuan Zang travelled from China to India to learn about Buddhism and Buddhist scriptures. China Studies is necessary to comprehend the Chinese vision and policies, it is also necessary to not only have knowledge about China but also how the country's political system works and the ideological frameworks that influence Chinese thinking. This in turn will help India formulate its own policies.

China Studies scholars are also more equipped to disseminate Indian knowledge in China since they know the Chinese language and are better positioned to engage with their Chinese counterparts, regarding Indian policies, culture, and society. China Studies in India also helps cultivate a better talent pool so that there is no need to outsource China studies and India can compete with scholars globally. Not a very optimistic picture is painted when discussing how many Indian scholars are cited by their Western peers. Thus, it is imperative for India to create a pool of scholars who can compete with China Studies scholars around the world.

The situation has now changed since China Studies was first introduced in Shanti Niketan in the 1930s. China was then understood as a civilization, as part of the Asian solidarity, and in an anti-colonial context. This orientation also needs to be changed to put China into perspective. As Tansen Sen rightly emphasized, we need to understand China in a more complex, globalized and intrinsically connected world, not just because of security but because of economic, climate change, scarcity of resources etc.

Political science is not only the struggle of ideas that seeks to address the problem of knowledge production and dissemination, but also the problem of localness. Localness generates knowledge – the Chinese political system can be understood by investigating such local experiences and field trips. Local experiences thereby will generate local knowledge which will help in theorizing China Studies and how India and China interact. This would be an indigenous output, rather than depending on the overly exploited international relations (IR) theory of realism. It is very challenging to apply the realist IR theory to India-Nepal relations, for instance.

Yuzo Mizoguchi, a Japanese scholar on China studies, introduced "China as a methodology". China as a Method means basing one's research on China, answering questions about China, and putting forward China-based propositions. It also refers to the ontology, epistemology, and methodological knowledge generated by "China as a method". Herein, language becomes a very critical element in generating such knowledge. Language is not just a means to translation and interpretation, instead, it creates knowledge.

Chih-yu Shih goes a step further to propose that there is a need for post-Chinese China Studies. Shih is of the view that post-Chinese agendas contribute to China studies indirectly but significantly since territoriality constrains the current research design which the state-and-society sensibilities disproportionately comprise. He highlights that post-Chinese China studies can capture the essence of why Pakistan is given the status of being an iron brother to China, partly because its leaders consider the Uygur issues a domestic, ethnic issue rather than a religious one.

In the Asian Barometer Survey (ABS) by Prof. Chu Yun-Han of National Taiwan University, he talked about how democracy in China equated to governance that fulfilled the needs of the common masses. Therefore, there is a need for interdisciplinary and multidisciplinary research – the innovation and creation of new knowledge; a multidisciplinary approach to studying China. For example, studying literature also reveals the complex political, social, and economic conditions of the country and provides a path for the development of literature. Mo Yan's Red Sorghum and Phanishwar Nath Renu's Mare Gaye Gulfam, and the film based on it, "Teesari Kasam" vividly depict the rural social life

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of China and India, respectively. If various disciplines are brought into China studies in India, it leads to the over-disciplining of China studies. Prof. Madhavi Thampi argues that the real task for China Studies in India is to break the 'Great Wall', wherein China Studies and other disciplines can be integrated, and the Chinese language can be used to generate more knowledge by making use of the theories of other disciplines.

Although there is no independent methodology or theoretical system for China studies, it requires an interdisciplinary and multidisciplinary approach to knowledge production. Interdisciplinary is one way and knowledge fusion is the purpose. Here, integration of many disciplines is not mixing but innovation, new knowledge, and new theories.

**DR. RITU AGARWAL**

(Associate Professor, Centre for East Asian Studies, JNU)

### **BEYOND THE POPULAR NARRATIVES: STUDY OF PROVINCIAL CHINA**

Provinces in China are historically evolved regions having distinctive local and cultural characteristics. Since the establishment of the PRC, the provinces have been re-organized into administrative units with well-defined functions and territorial jurisdictions. After the Central government (Zhongyang zhengfu), the second most important territorial administration is local government (Difang zhengfu) comprising province, county, town and township. It facilitates the control and management of central administration over the large territories of China. Being a territorial unit at the local level, it generates interaction among and between different parts of the political system and also in the social, cultural and economic environment. Thus, the provinces are not simply administrative units alone, rather these are channels of communication between natives and the bureaucracy and create new networks of agencies performing technical, welfare and developmental functions. Provinces are an important feature of China's 'Art of Governance' in terms of not only managing the administration of the large territories of China but also establishing new linkages between horizontal and vertical levels of government.

There exist considerable variations between provinces in terms of their level of economic development, living standards and the nature of local industrializations. These variations stem from their geographical locations, history of industrialization and most crucially the central government policies. As it is well known, the reforms and opening up have leveraged the coastal regions such as Guangdong, Jiangsu, and Fujian. The provinces which did not have the locational advantages such as Yunnan, Sichuan and Shanxi were not given policy attention in the beginning of the reform era. The provincial development strategies differ in case of coastal provinces, border provinces and those located in the hinterlands. It is much later in the course of reforms, when the central government formulated the Western Development strategy, provinces such as Yunnan and Sichuan were brought into the policy priorities of the central government. Development literature on China has hailed Guangdong for example as an economic powerhouse, Yunnan as a key link in the transnational economic exchanges, and highlighted Anhui's persistent poverty problems.

There are different approaches to study provinces as a unit of analysis. One is an institutional approach which highlights the role of bureaucracy, rationalization and functional differentiation to examine the policy implementation at the local level. The main idea is whether the provinces have been understood as a 'transmission belt' to carry forward the orders from the above or these are more or less autonomous units which can use the liberalization policies in terms of attracting foreign investment, developing land use patterns and creating demand for infrastructure development in China. There is no singular model of growth in China. The provinces in China have negotiated ways to get central allocation of funds either for infrastructure development or for poverty alleviation schemes. Every province has different historical patterns of development, local industrial models and distribution strategies.

Second way to deal with provinces is the idea of 'Decentralized Development' where the central government has given the responsibility of generating revenue to the local level of government ranging from provinces, municipalities, counties, towns etc. They have to share the tax benefits with the central government and the local government has been given freedom in generating revenue. Coastal provinces of China are able to contribute largely due to the central government's preferential policies in developing free trade zones etc. The poor regions have developed mostly natural resources-based industries to generate extra income which can be used for local development.

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Third approach to deal with the provinces is political. Most of the party cadres at the higher level are chosen once they prove their capability and performance at the provincial level. The provincial level posting has been a key criterion to move up to higher level of government in China. Some of the prosperous regions have got representation in the central government as members of the Politburo standing Committee. Thus, the provincial Party Secretary's position is a key to manage the allocations of funds and thus increase the bargaining capacity of these provinces.

With the introduction of fiscal decentralization, provinces have emerged as quasi-autonomous economic units under which provincial leadership adopted policies for revenue generation, market enrichment and infrastructure development. Different historical and cultural identities have been used by the provincial leadership to create a new network of relations not only between Centre and Provinces but also at inter-provincial and cross-provincial levels. In this context, the main issues which require further elaboration are (a) how far locational advantages and local characteristics shaped provinces as economic actors in China's reform and opening up? (b) What is the structural economic process that enabled provinces to integrate into economic globalization? (c) How the provincial leaderships have created new networks of power in terms of building connections, infrastructure development and commercial operations which helped to diffuse economic growth across the regions of China?

**DR. SRIPARNA PATHAK**

(Associate Professor, Jindal School of International Affairs, O.P. Jindal Global University)

**READING BETWEEN THE LINES: EFFECTIVE USE OF SECONDARY SOURCES AMIDST TENSE TIES**

In the 21st century, the advent of new media and technology has helped research immensely, but it also creates the problem of plenty. The problem of plenty in turn creates confusion while pursuing academic research, along with heightened possibilities of falling prey to narratives based on disinformation. How does one adhere to one's research and produce meaningful work free of biases then? The usage of two case studies helps to understand how to use secondary sources effectively, especially during conflict situations, which makes it easier to understand the process.

The first case is that of the India-China border conflict in 1962, and the most commonly heard narrative that has been pushed out is that the debacle was a result of India's forward movement policy. This narrative was pushed out by the Chinese Communist Party (CCP) government first and then picked up by Neville Maxwell in his book 'India's China War'; which was first published in 1970. Books of course remain the biggest secondary source for academic research, and well researched books in particular which rely on primary sources. The author relies heavily on the Henderson-Brooks report which was India's internal report of the 1962 border war, which currently still remains classified by the Indian government, and is not publicly available to all. The reliance on a report that was unavailable to all was never questioned, and the narrative pushed out by Maxwell became a dominant one. As more research was done by other academics across the world, a closer look at domestic and external conditions of China, based on its history has been undertaken, and an approach to understanding China's reasons for the war have also emerged. In this context the mention of Bertil Lintner's book becomes pertinent.

Nearly 50 years after Maxwell's book, Bertil Lintner's China's India War puts the 'border dispute' into its rightful perspective. Lintner argues that China began planning the war as early as 1959 and proposes that it was merely a small move in the larger strategic game that China was playing to become a world player—one that it continues to play even today. However, the question still remains whether this could also be a narrative. One of the ways to cross check is by looking at historical archives and documents, which thankfully due to the advent of internet technology is now available at one's fingertips.

The Cold War International History Project (CWIHP) of the Wilson Center does a spectacular job. The CWIHP supports the full and prompt release of historical materials by governments on all sides of the Cold War.

In one of the transcripts of a conversation between Zhou Enlai and Nikita Khrushchev from 1951, Zhou Enlai explains that Chinese troops were deployed in Tibet a year ago, and are now at the Indian border, stating that "the question of whether there should be Chinese troops in Tibet is moot." In order to cross check even the veracity of historical transcripts, other open-source resources help.

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If this is also not enough, then there are academic theses from Masters and PhD level submissions from across India and across the world. For instance, a Masters level thesis submitted to Aligarh Muslim University in the 1980s, discusses how Zhou's envy of Nehru and India's stature was at full display during the Bandung conference of 1955.

While this particular case study is from history, there is another pertinent issue of the 21st century, wherein disinformation has emerged as a tool of political warfare. Doing a thorough study of social media narratives or disinformation helps one understand the Chinese psyche. Tracking and collecting data are essential for any academician, especially in times of conflict. This case study is of China-sponsored disinformation around India's G20 leadership. Knowledge of Chinese of course helps, but even in the absence of it, there are various tools to help academicians out.

On the Chinese internet space, there was a flurry of activity between August 30 - September 7 this year- all easily available if proper keyword searches are done.

Examples of Chinese microaggressions before and during the G20 include not sending a delegation to the Y20 (youth 20) this year, with claims that the visa issued shows Chinese territory as India's, to questioning India's usage of the theme 'vasudeva kutumbakam' or one world, one earth, one family. China unleashed other microaggressions by releasing maps showing Indian territories as its own, around ten days before the G20 summit and then finally announced that Xi Jinping would not be attending.

Furthermore, CCP backed CICIR (China Institutes of Contemporary International Relations) published a strongly worded criticism of India hours before the Group of 20 leaders met in New Delhi, accusing the summit host of pushing its own agenda and causing disagreement. The hopes clearly were that a consensus would not be reached on the Delhi Declaration, but to the contrary, a consensus was reached.

So, it was clearly not easy for India to carry out the presidency to its successful conclusion, given China's aggressive posturing around the G20. The disinformation churned out falls in line with all actions China undertook.

Now, it is pertinent to archive pages on either archive.ph or on wayback machine because these pages may be pulled down, the versions may change and because when the archived page is clicked on the laptop, then an option for automatic translation to English comes. Once the collection within a certain time frame is over then it is pertinent to identify the threat patterns and motives.

All of the knowledge now available owing to the plethora of secondary sources is scary, but if one's research objectives and research questions are clear, and collation of data in a coherent manner can be done, then reading between the lines becomes way easier than it was in the earlier epochs of history.

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## SESSION 4: HOW DOES THE PRINCE GOVERN CHINA: BETWEEN POLICY AND POLITICS?

### AN APPRAISAL OF ONE YEAR OF 'THE PRINCE' AND HIS MEN

#### EXPERTS' DIALOGUE



#### Concept of talk by ORCA

The 20th National Party Congress and the 14th National People's Congress have strengthened Xi Jinping's control over the Communist Party of China (CPC). His authority has been cemented further through personnel appointments, a widespread anti-corruption campaign and constitutional changes. Despite the overwhelming control Xi exerts over the Party, challenges to his rule and implementation of policies are expected to punctuate his next five years as the General Secretary. Surrounded by "yes men", policy making by Xi has taken on a personalistic approach and voices challenging this approach have all been marginalised.

This panel analysed how governance has been undertaken over the last take place in such an environment and how Party politics will evolve in the personalisation of rule over China.

#### MR. JAYADEVA RANADE - MODERATOR

(President, Centre for China Analysis and Strategy & Member of National Security Advisory Board)

#### HOW TO GO ABOUT PREDICTING PERSONNEL CHANGES | HOW PARTY POLITICS WILL EVOLVE IN THE FACE OF GREATER PERSONALISATION OF RULE

Xi Jinping is practicing a kind of politics that comes at the expense of policy. There are two aspects to keep in mind about Xi Jinping's approach to politics and policy. First, the economic difficulties that China is facing are very serious. The Chinese do not have any money to pay government employees and their bonuses are being withdrawn. And yet, Xi Jinping has not spoken once about the economic situation, except at the Politburo meeting in January. The responsibility has been left to Li Qiang while Xi Jinping focuses on State Owned Enterprises (SOEs) and on military civil fusion or military industrial complex. It remains to be seen how this approach impacts China's economic woes and other domestic conditions.

On the question of absolute loyalty, Xi Jinping has stressed its necessity and importance. In this context, it is important to note that the PLA has been placed under the purview of the Central Commission for Discipline Inspection (CCDI), the Party's top anti-corruption body. This was done in February 2013 and by August 2016, just before the 19th Party Congress, a total of 40,000 officers had been dismissed on charges of corruption. Of these, 148 were officers of the rank Major General and above. A large number were also Political Commissars and field officers.

The military literature that is coming out of China indicates that Xi has been restoring the power of political commissars as they used to exist previously. Political Commissars from the Battalion level

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and above are talking among themselves about specific discipline inspection issue in ways that bypass the field commanders. This kind of activity gives the appearance of a division between political commissars and field commanders, even though there might be none. And finally, on the tenure of Mao Zedong and the absence of term limits, there were several senior Party leaders who were upset about Mao's tenure. There is anxiety and disappointment among mid and senior level Party leaders about Xi Jinping's third term as the General Secretary and a question mark on how long he will remain.

**DR. LI NAN**

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

### **PARTY CONTROL OVER MILITARY - CMC POSTURING IN CONFLICT AREAS - CIVIL-MILITARY RELATIONS**

There is a prevailing notion that the People's Liberation Army (PLA) is making a transition from the Party's army to Xi Jinping's army, which may not be the case. The PLA would pledge personal loyalty to Xi since Xi has the power to make critical decisions on the appointment and promotion of senior PLA officers and on defence budget. But they would refrain from pledging such loyalty to Xi when there is a power struggle within the party leadership and Xi's power is challenged. They will shift their loyalty to whoever wins the power struggle.

On how Xi Jinping controls the military, he relies on three mechanisms. The first is the formal institution of political commissars. In theory, political commissars are externally imposed on the PLA to monitor the latter for political loyalty and discipline and report back to the civilian party authorities. In reality, however, political commissars are internalized into the PLA, as they are subjected to the incentive structure of the PLA, including its military rank, bureaucratic grade, and pay scale systems. They report to the military chain of command but never to civilian party authorities. The monitoring or supervisory function of the political commissars as a result has been compromised. Rather than investigating the wrongdoings of the PLA, political commissars are incentivised to collude with the commanders to cover up these wrongdoings, including military corruption, to improve the prospect of promotion. Xi Jinping's anti-corruption campaign, for instance, reveals there are as many political commissars as military, logistical and armament officers who are investigated for corruption. Political officers therefore are not more communistic and less corruptible than other types of officers.

In Xi's military reform, the disciplinary inspection apparatus has been separated from the traditional political commissar system and given more authority and independence to do the monitoring or supervisory work. The traditional political commissars have been reoriented toward political education to enhance troop morale. They are also more dedicated to political warfare.

Political commissars have been retained in the PLA largely because they embody the legacy of political warfare in China's Civil War, where 1.5 million KMT soldiers surrendered to the PLA, a legacy of winning without fighting.

The second mechanism for Xi to control the PLA is the informal personal networks that he could count on for political support in the PLA. Xi's personal networks in the PLA are quite weak and limited largely because he spent only three years of his career in the PLA, serving as an aide to the then defence minister; he never commanded a unit. Xi did not have the opportunity to cultivate a large personal network within the PLA. The Party and military have been largely bifurcated in the post-Deng era. Hu Jintao and Jiang Zemin also had weak personal networks in the military since they have never served in the PLA.

Xi appointed Fang Fenghui and Zhang Yang, the two senior PLA officers as the chief of the PLA General Staff Department and the director of the PLA General Political Department in 2012, the two most important positions in the PLA. Both were investigated for corruption after holding these positions for five years. Only a few months after he appointed a new defence minister and commanding officers of the PLA Rocket Force in 2023, all were placed under investigation for corruption. These instances show that Xi does not know senior PLA officers well and does not have strong informal personal networks in the PLA that he could trust.

The final mechanism that Xi relies on to control the PLA is what Samuel Huntington calls "objective control," or confining the PLA to perfecting its functional and technical expertise. China's official stat-

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-ements highlight the “absolute” loyalty of the PLA to the party and the “absolute” leadership of the PLA by the party, but they also require the PLA to train to fight and win wars. For example, major commentaries in Liberation Army Daily would have the first paragraph stressing the absolute leadership of the party over the PLA, but this is only nominal. The second paragraph would talk about training in war-like conditions. Unlike the Maoist era, the party has not required the PLA to participate in intra-party leadership power struggles for decades. “Objective control” seems to be the most effective way for the party to control the PLA.

To conclude, political commissars are not an effective mode of control because they are internalized and corrupted. Moreover, Xi Jinping does not have extensive and entrenched personal networks in the PLA to enforce personalized control of the military. It is objective control that has become more important for the party to control the PLA.

**PROF. B. R. DEEPAK**

(Professor, Centre of Chinese and Southeast Asian Studies, JNU)

**PARTY PERSONNEL AND POLITBURO - REVIEWING XI'S ECONOMICS TEAM - COMPARISON BETWEEN 2ND AND 3RD TERM - ANTI-CORRUPTION CAMPAIGN**

Xi Jinping's third term is characterised by his personalistic style of leadership. The removal of term-limits and selective use of the “7 up 8 down” policy could be held responsible for it. It has also resulted in the average age of the Politburo Standing Committee (PSC) members selected in October 2022 rising to 65.1 which is older by 2-3 years compared to previous Standing Committees. Out of the PSC members, Zhao Leji, Wang Huning, Cai Qi, Li Qiang, Ding Xuexiang and Li Xi, Cai Qi has emerged as the most trusted loyalist of Xi Jinping. He now handles portfolios like Director of the General Office of the CPC, Director of the Office of the General Secretary, Director of the Office of the President and is Secretary of the Central Committee Secretariat. Li Qiang, though at number 2, is the weakest Premier. From such an arrangement, it appears that Xi Jinping has removed the task of handling the security and economy from his former Chief of Staff. However, Cai Qi overstepping the authority of other politburo members and Li Qiang being fearful of overstepping Xi's authority has made Li Qiang to undertake the job of implementation rather than policy formulation. Xi's over reliance on Cai Qi, will certainly make Xi more insecure, and will also create certain fissures amongst other Politburo members.

From an economic perspective, Xi's economic team consists of Li Qiang, Ding Xuexiang, He Lifeng, Zhang Guoqing, and Liu Guozhong, Zheng Shanjie chairman of the NDRC; current Minister of Commerce, Wang Wentao; Jin Zhuanglong as the Minister of Industry and Information Technology and Pan Gongsheng as the new central bank chief. However, the real power is wielded by the CPC's Central Leading Group for Comprehensively Deepening Reforms headed by Xi Jinping. Given the economic slump brought about by the COVID-19 lockdowns, real estate crisis, and the US-China hegemonic contest, China has readjusted its economic strategy by adopting “*Opinion on Building a New Higher-Level Open Economic System to Promote the Construction of the New Development Paradigm*” in July this year. However, the New Development Paradigm has increasingly focussed on “dual circulation” strategy to grow China's domestic market while making the world more reliant on Chinese supply chains. The “Common Prosperity” program with “third distribution” in focus is rattling the big tech and other private entities. New ideas such as “Chinese Modernisation” are essentially meant to export the “Chinese Model” to developing countries by integrating the same with China's initiatives such as the GDI, GSI and GCI. It appears that whatever paradigm and measure Xi's economic team takes, they will not fundamentally alter Xi Jinping's statist, trade-surplus, security and ideologically centred economic policy. The reasons behind such a formulation are Xi replacing the government with the Party (以党代政) and reversing the policy of “separating the party from the government” (党政分开), the debt-fuelled growth model, and unequal income distribution. Therefore, to replace the investment-driven model with a consumption-driven model in near and mid-term would be problematic.

As far as the issue of the anti-corruption campaign is concerned, the campaign has been used as a political tool to eliminate detractors from the Party; it has also been used to win popular support and project a clean image of the core leader. The targeted purge has gone unabated. We have seen that during his first term, Xi purged six powerful leaders for alleged coup attempts. They were charged for plotting to seize power through “anti-Party activity.” These included Zhou Yongkang, Bo Xilai, former top Hu Jintao's aide Ling Jihua, generals Xu Caihou, Guo Boxiong, and Sun Zhengcai. In the second

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term the axe fell on Sun Lijun, Vice Minister of the Ministry of Public Security, and Fu Zhenghua, former Minister of Justice. In the third term, it appears Xi Jinping has turned his attention to his own loyalists in the PLA. It started with Liu Yazhou, Li Xiannian's son-in-law who doubted Xi's intellect as far as building strategies for fighting wars are concerned. And now, Li Shangfu, the Minister of Defence and other CMC members appear to be involved in a scandal. Xinhua News Agency has admitted to the existence of factions within the Party. On January 3, 2015, in a report it referred to factions such as "secretaries gang" (秘书帮), "petroleum gang" (石油帮) and "Shanxi gang" (山西帮), attributed to once powerful petroleum and security czar, Zhou Yongkang and Ling Jihua, former director of the Central Committee General Office. The report also said that "Beneath the old tigers, there are big tigers, and behind the big tigers there are foxes and rats. Where gangs form, there are also gang lords; where there are cliques, there are also 'mountain tops,' and these kinds of 'mountain tops' are very harmful to our Party." It may require many terms for Xi Jinping to cleanse the "remnant toxin" of the fallen tigers and flies.

Finally, the "overconcentration of power" in Xi's hands has resulted in personalistic dictatorship manifested in formulations such as East-West North-South the Party leads everything. The same has diluted the power of the state council, caused destruction of the SMEs and expansion of the SOEs powers. Since China is pronounced to have become strong under Xi Jinping, therefore, the logical emphasis is to transform China into a strong manufacturing power, strong agricultural power, strong educational power and so forth. Nevertheless, his personalistic dictatorship has given rise to issues such as literary inquisition/persecution or the so-called *wenziyu* and phenomena like lying-flatism.

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## UNLOCKING CHINA'S SECRET SERVICE: NETWORKS, PERSONNEL AND TACTICS OF CHINESE INTELLIGENCE SERVICES

### KEYNOTE ADDRESS BY MR. JAYADEVA RANADE

(President, Centre for China Analysis and Strategy & Member of National Security Advisory Board)



#### Concept of talk by ORCA

*The opaque and murky world of China's Intelligence Services (CIS) demands greater attention from scholars and policymakers. Their operation, initially at home and then increasingly abroad, has acquired an extrajudicial reach especially when intelligence gathering and counter-intelligence is taking on heightened importance. This keynote sheds light on the elusive world of Chinese espionage — a network of institutions and personnel that constitute one of the world's largest and yet understudied spy networks. The keynote address covered the reorganization of the Secret Service and its activities under Xi Jinping and how it connects to*

*to China's ambitions for superpower status; and how the spy network performs the task of maintaining Party primacy.*

The Chinese intelligence service is a part of its overarching security establishment about which not much is known publicly. The Chinese Communist Party (CCP) and the state function as one unit which is also observed in its intelligence organizations. All intelligence services serve the interests of the CCP and particularly, of the supreme leader. Today, with surveillance techniques like 700 million cameras that are installed all across China, the CCP's obsession with security issues is clearly evident. Thus, China's internal as well as border security establishments are always vigilant about activities of not only party and state officials but also of potential dissidents and scholarly community under the pretext of avoiding disturbances in domestic stability.

CCP is essentially focused on internal security for years. However, during its formative stages, many CCP top leaders had their first exposure to foreign intelligence when they operated out of other countries, especially France. Leaders like Zhou Enlai, Zhu De ran communist cells to spread party ideology and also recruit other Chinese people in the CCP as its operatives. For instance, Yan Baohang (cover name) who worked in Chinese intelligence had provided intelligence to Soviets about potential Japanese invasion from the east. His son, Yan Mingfu later joined the United Front Work Department (UFW) and also headed it in the 1980s. At that time, most of the training, field operations of Chinese intelligence officers was done by the Soviets. When Taiwan became a separate part of China after 1949, foreign operations of Chinese intelligence began in real sense as they had to work under a hostile foreign environment in Taiwan.

CCP Central Committee's International Liaison department (ILD) is one of the organizations under Chinese intelligence setup. Its primary function is to communicate with political parties abroad in order to either subvert or co-opt them. It has 14 offices and regional bureaus inside China and also has representatives in different Chinese embassies. They also have front organizations in the form of think tanks or friendship associations. Many of the heads of ILD like Qiao Shi were later promoted to Politburo or even Politburo Standing Committee.

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The UFWD is also one of the important components of China's intelligence system, referred to as "magic weapon" or "divine soul". It was first created during the Chinese Civil War and re-established in 1979 under Deng. In 2016, Xi Jinping took over as the head of the central small leading group on united front work and within days of him taking over this leading group, both budget and personnel strength of UFWD was doubled. Today, UFWD has around 60000-80000 employees working in different capacities. UFWD has also added the "Ninth Bureau" to keep a watch on Chinese tourists and workers abroad. A report on UFWD's work released by ABC's Four Corners revealed how UFWD had penetrated into Australia's political and academic establishments, government bureaucracies as well as students.

With regards to India, Indian researchers who wish to go to China for field research face different levels of difficulties in getting a visa based on their views about China. UFWD engages with these researchers and makes sure that they have a favourable impression of China when they return. It also looks after their academic career by offering lectures, publishing books and many other ways to lure them. UFWD has also subverted many think tanks, China study groups and academics in India.

The most lethal and influential organ of China's security intelligence system is the Ministry of Public Security (MPS) which is entrusted with maintaining domestic security. Its importance has grown generally under Xi Jinping and particularly, under the current minister Wang Xiaohong who is an old ally of Xi. On Wang's recommendation in 2019-20, even Politburo members were put on rigorous surveillance and appointment powers of these leaders were also curtailed as well as limitations were put on their expenses. Both of these actions were implemented with the approval of the General Secretary. This extended the powers of MPS enormously.

The Ministry of State Security (MSS), which was established in 1983, is an foreign intelligence arm of the Chinese state. Like MPS, MSS has also gained prominence in the last few years under Xi. A think tank called Chinese Institutes of Contemporary International Relations (CICIR) works under MSS and its heads have been promoted to ministerial positions in MSS. MSS has started commenting on issues under the purview of both MPS as well as under Foreign Ministry. Despite this continued struggle between these ministries, MSS has still managed to employ people in Chinese embassies across the world and function with more efficiency than before.

The last and newly added piece of China's security establishment puzzle is the Central Committee's Department of Social Work (DSW). It existed during the period of Cultural Revolution and was tasked with counter-intelligence, which is its main task even today. It has offices across China and even in local CCP branches to keep an eye on grassroots level administrators. Its primary objective is to understand the thinking of ordinary CCP members and monitor their activities. Its re-establishment also coincides with extensive propaganda against foreign agency operatives in China. In the last 4-5 years, there have been frequent reports in Chinese media about foreign intelligence agents trying to instigate colour revolutions and DSW is assigned to handle these situations.

Technological support to these intelligence organizations is provided by SkyNet. It is a very intrusive mechanism of technological equipment deployed to monitor all kinds of electronic communication, which is being most widely used in Tibet and Xinjiang. This monitoring is done through "convenience stations" set up a few kilometers from each other to respond to all kinds of emergencies in the shortest possible time. Apart from this, several people are recruited informally as internet censors to monitor online activities of Chinese citizens. This informal recruitment drive was also used to employ Tibetans when the unemployment issue had become severe in Tibet a few years ago.

Thus, China's surveillance system is largely focused internally and only sometimes it engages in activities abroad. Thus, the threat posed by Chinese intelligence services to democracies through its so-called less intrusive operations like the UFWD and other mechanisms cannot be underestimated as it has become ubiquitous over the years.

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# POLICY IMPLEMENTATION AT THE PROVINCIAL LEVEL

## PANEL DISCUSSION



### Concept of talk by ORCA

*Xi Jinping's personalistic approach in promoting personnel has made provincial leaders more risk averse as they attempt to appease him and secure political promotions. As a result, this has dampened experimentation at provincial level policymaking, reducing the significance of variations in local conditions like economic development, demographics, and resource endowment across provinces. Moreover, policy implementation by provincial leaders is increasingly likely to reflect the emphasis on politics and ideological discipline at the expense of market-oriented reforms. This panel covered how the diminishing scope of*

*implementation at the provincial level will influence China's ability to deftly navigate pressing demographic, economic and political challenges.*

### **PROF. T. G. SURESH - MODERATOR**

(Associate Professor, Centre for Political Studies, School of Social Sciences, JNU)

### **IMPORTANCE OF POLICY IMPLEMENTATION AT PROVINCIAL LEVEL | PROVINCIAL CHALLENGES AWAITING CHINA**

In conventional foreign policy perspectives, China is regarded as a territorial state undifferentiated internally. This view has conceded, perhaps, more homogeneity to the relationship between the government and social groups in China as well as that between different regions. It has become a taken for granted assumption among India's China experts about how China is politically managed and institutionally organized. But, this session on provinces will unsettle the common premise that China is largely devoid of any internal differentiations.

The study of provinces offers us a useful entry point to understand China. Historically, the provinces have remained powerful identity markers for the people of China. Until the beginning of the socialist central planning era in the early 1950s, the province defined and energized people's sense of belonging. Sichuan, Shanxi, Jiangsu etc. are often invoked to convey a sense of belonging as well as to express regional affinities. Among the migrant communities of China, regional affinities have been sources of collective solidarity since the 19th century and it still continues to remain so.

In a scholar's view, inquiries centered on provinces will reveal how the Chinese economic development is path dependent. The provinces and regions that experienced early industrializations in the 19th century have been able to achieve economic development and improve living standards compared to those provinces which remained agrarian throughout that period. Therefore, it is not surprising that the provinces such as Guangdong, Jiangsu, and Guangzhou have been able to become growth pole regions in the post-reform era and Sichuan, Anhui, and Shaanxi remained regions still experiencing underdevelopment and unemployment. In structural terms, we do see different provinces performing vastly different economic functions. Sichuan illustrates this point well as it has become a migrant sending province along with Henan and Anhui while Fujian and Guangdong became migrant receiving provinces. These factors will help understand to some extent

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the persisting regional inequalities in China.

It is a common notion among China scholars in India and globally that China is a highly centralized state where policymaking and its implementation is conducted with a strong top-down approach. However, one of the fascinating features of Chinese society is that it is very creative, especially at the grassroots level and this has also led to its success in the past few decades.

How has China attempted to address regional inequalities manifested in the uneven development of provinces? During the socialist central planning period, the Chinese central government had created a regulatory system which sought to intervene in resource redistribution among the provinces. The provinces and cities which are relatively prosperous are instructed to share fiscal resources with provinces which are scarce in resources. Shanghai, China's leading metropolis, was instructed to transfer a portion of the municipality's fiscal earnings to other provinces, to cite an example. Although the regulatory intervention by the Central government was not adequate to address intra-provincial inequalities, such intervention was a clear reflection of regional inequality as a policy concern in China. In the context of post-reform China, the concerns shifted to how the central government policies are becoming far less responsive towards the questions of inequality in general and intra-provincial inequalities specifically. This departure from an earlier commitment to and a quest for equality will create a new set of problems for the Chinese economic relations and social fabric.

More often scholars tend to describe China as a one-dimensional security state in which both the society and government share a common purpose of surveillance against the others. However, China today is a society like in any other country where people have their own problems of life and livelihood as their primary concern. Therefore, terms like dictatorship in the context of China's economic development will not help us to understand the state-society dynamics including contentions between the two. Thus, it calls for a more realistic representation of China in the debate by India's China experts.

**DR. ARAVIND YELERY**

(Associate Professor at the Centre for East Asian Studies, JNU)

**BALANCING PRIVATE AND STATE-OWNED ENTERPRISES AT THE PROVINCIAL LEVEL**

While studying China, it is not feasible to view the entire China in a unidirectional manner. With regard to the socio-economic aspects of China and the transitions it has achieved in the past seven decades, it has been a challenging task for the CPC to manage the whole of China centrally. State-owned enterprises (SOEs) in China can be divided into five categories: financial SOEs, industrial SOEs, cultural SOEs, administrative SOEs and special units. With regards to industrial SOEs, there are 97 centrally-owned enterprises across China, and their leadership is chosen entirely by the CPC through seven departments. These SOEs own 140,000 provincial-level subsidiaries. Apart from these central SOEs, China has around 200,000 provincial SOEs, making China's economic picture complex.

On the other hand, private enterprises act as a facelifting tool for provinces as they bring more wealth to provincial economies' genuine estate companies, which helps some provinces develop faster. During the phase of SOE reorganization in the post-1978 period, private enterprises were given much leeway as an auxiliary wheel in provincial economies. However, over the years, SOEs have regained dominance as private enterprises cannot work in a vacuum, and both have to co-exist. Moreover, government tenders in China are not publicized in the public domain, which makes this system very opaque. Chinese share market rules do not force listed companies to file financial reports for the last 3-5 years. Thus, there is no way for the outside world to know about the financial condition and transactions done by private enterprises in China.

Secondly, few publicly available documents suggest that private enterprises cannot participate in the bidding process due to high bidding limits. Similarly, many private enterprises are allowed to engage in low-end activities such as water supply, electricity, rainwater management, wastewater management, etc. China also takes pride in successfully running the Public Private Partnership (PPP) model in more than 15,000 projects. However, private companies in these models are still given a secondary role. Even under other models such as Build-Operate-Transfer (BOT), Toll-Operate-Transfer (TOT), Rehabilitate-Operate-Transfer (ROT), Build-Operate-Lease-Transfer (BOLT) and many such models, private companies are deliberately sidelined.

Beyond the popular narrative of centrally controlled administration under the CPC supervision, there

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are several harsh realities where provinces have to fight for their survival against other provinces. For instance, when constructing a bridge from Shanghai to Ningbo, it was earlier decided that the Shanghai municipality and Zhejiang government would collectively fund this project. Tenders were passed accordingly, and construction of the bridge started. However, Shanghai municipality suddenly backed out due to the fear that most of the cargo traffic operating out of Shanghai port would have been snatched away by Ningbo port once the bridge was operationalized. So, Ningbo had to cut down on this project by one-third, and they ended up constructing the bridge upto the outskirts of Shanghai. It shows that not everything below the central level is very orchestrated, and several fault lines lie at the provincial level.

In the past five years, several private enterprises have backed out from or refused to participate in small-scale projects that Xi Jinping and other top leaders have insisted on due to a lack of funds and proportionate returns. All this has led provincial economies to suffer dearly as their revenue streams have narrowed due to reductions in taxes and private enterprises not being able to support local economies anymore. Lastly, cross-provincial appointments of top provincial leaders have also affected provincial governance to a large extent. For example, party secretaries of Shanghai and other rich provinces do not come from the same province, which has intensified competition between provinces. This competition is getting fiercer at several levels, from provincial government to even provincial SOEs, as well as matches between provincial and central SOEs, private enterprises have found it extremely difficult to find their place in this worsening economic atmosphere. This has also complicated the management of centre-state relations, at least in the economic domain.

**DR. BHIM SUBBA**

(Assistant Professor at the Department of Political Science, University of Hyderabad)

**SIGNALLING LOYALTY: HOW LOCAL LEADERS ARE BECOMING RISK-AVERSE**

Since the founding of the People's Republic in 1949, China has been a single-party political system. The Chinese Communist Party is the sole judge of political power through its personnel organization and cadre management system. Through this mechanism, "elite leading cadres," primarily members of the Party central committee and leading state institutions, are appointed and groomed by the party elders to succeed after them. Therefore, existing studies on China's political system focus on leadership and policies at the national level but relatively scant material exist on studies at the local levels — below the provincial administrative levels. This anomaly stems from a lack of analysis of China's political landscape and a paucity of informed studies from the ground. These issues pose a severe challenge to decode the nature of the political system vis-à-vis party leadership and governance in China.

Irrespective of political systems, "loyalty" is an essential qualification for upward political mobility for aspiring young recruits or political leaders. In one-party systems, the competition can be even more challenging, with more incumbents seeking a few coveted positions. In China, like in socio-economic conditions and political scenarios, the growing decline of opportunities makes "loyalty" (*zhongcheng*) a premium qualification. However, "lying flat" (*tang ping*) or "Let it rot" (*bai lan*) cannot be an option in Xi Jinping's strongman politics for the officials in essential leadership positions.

**Xi's Yibashou Politics**

Since the beginning of Xi Jinping's tenure and the subsequent emergence of personality-cult politics in a party-state system, the nature of politics changed much to the chagrin of other groups in the party. Using anti-corruption campaign tools to discipline cadres and officials has led to severe policy coordination issues. With most of the promotion and recruitment checks, the turnover rate of new officials to the system has declined at all levels. On the other hand, bringing the party to the centre and official government functionaries' control through re-structuring of the party and state institutions have made day-to-day functioning, especially at the local level, too party-centric. The party-state separation of functions (*dang zheng fenkai*) has become an instilled division of labour between the party and the state government (*dang zheng fengong*). In addition, with most of the state's functions co-opted by the party functionaries at the central level, the mirror image of such transformation could be seen at the local level. This new development has invoked a new system of policy-making process in China where "performance" (merit) along with loyalty became a survival strategy, if not for upward mobility, affecting one's career positively.

**Loyalty to Whom—Party or the Leader?**

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Party loyalty (*dang zhongcheng*) is one of the basic virtues of party officials. However, it sometimes becomes analogous to allegiance to the “general secretary as the core.” This shifting of commitment from organizational entity to human- “core” (*hexin*) identifies the latter as the supreme leader—a beacon or the saviour of the party, and not forgetting the original mission to “serve the masses” (*wei renmin fuwu*). Loyalty trumps even so-called performance merits and other tertiary qualifications such as higher education and party school training (*dangxiao peixun*). Without loyalty, these qualifications become mere tokens of accomplishments in centralized authoritarian politics, compared to the “decentralized authoritarian” system under the Jiang-Hu period (Landry 2008). At the same time, this mandates a careful examination of cadres identified as loyalists in the form of “redness” (*hong*) or “competence/experts” (*zhuan*) as a prerequisite for recruitment or promotions. This dichotomy asks if loyalty alone can sustain one’s aspirations in the party hierarchy.

### **Signaling Loyalty—How?**

Loyalty in a single-party state system becomes essential for political survival and mobility. However, the “core” or the “mountain top” the new patron has to acknowledge your tribute signals. But loyalty, on the other hand, operates and impacts at various levels differently. At the national level, even senior leaders not associated with the same factions or groups are seen paying allegiance or singing praises of the new leader. Competition is also observed to be stiffer when one moves to senior levels, and loyalty becomes essential and only competence is not adequate. At the local level, performance/competence trumps loyalty — evidence of robust poverty alleviation programs being implemented at the grassroots level even when local corruption is entrenched.

Nevertheless, patterns of avoiding risks could be detrimental to recognition and promotion. It can lead to formalism and bureaucratism—red tape, again one of the four moods of decadence for the party officials. But this, too, depends on the nature of the relationship and network connections between the patron — faction leader and his clients — proteges. However, how strong the patron is, defines the nature of loyalty and the risks involved vis-à-vis policy implementation. Weak patrons, however, do not have that option as local leader’s entrenched control can move beyond the diktats of the central tasks. Governance suffers in both situations and will have mixed results, as working in coalition helps oil the system in a weak patron system rather than unknown responses from the so-called robust patron system.

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### **RURAL DEVELOPMENT IN CHINA: A PROVINCIAL LENS**

Agrarian China has long been a matter of academic inquiry and the scholars have used different methodologies and conceptual categories to document and examine the institutional settings and socio-economic structures as it evolved over multiple periods from republican, revolutionary to post-reform China. Peasantry, its social life, institutions around which peasant life has been organized and the village economy, have been an overriding theme of important writings including that of Fei Xiaotong who was a well-known Chinese sociologist and anthropologist. He described Chinese rural society by combining theory and field work by taking up the case study of a village in Yunnan province. Scholars like William Hinton, Prasenjit Duara, Vivienne Shue and Guldin have conducted their field research in different regions covering different aspects of rural China.

China began its economic reforms from the rural areas and the introduction of the Household Responsibility system was an enabling institutional framework which granted user rights to the peasant households but ownership of the land was still in the hands of village collectives. It still gave them freedom to make investment decisions on the farmland and cropping patterns. Access to periodic and free markets further provided them opportunities to sell their produce for income. However, even after several decades of economic reforms, rural development has remained a consistent concern for the Chinese political leadership. Xi Jinping’s goal of achieving “Common Prosperity” and “moderately well-off society” laid down the framework of increasing the income of farmers and bringing prosperity in rural China.

Recent debates about rural development have analysed large scale rural to urban migration as a major phenomenon which made peasantry enter the cities in large numbers. The reforms have freed huge amounts of rural labour as they are no longer tied to the land and village collectives. Farmers in China are often seen as entrepreneurs, wage workers, tourists and contract labour in the farmland.

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Earlier, there used to be frequent readjustments of land allocation practices to the peasant households given the changes in the size of the household in case of loss or addition of a new member. Now given the less availability of arable and shrinking of fertile land, the land got consolidated in large cases through conversion, renting or transfer practices and farm production is often controlled by the agro-business firms.

The case study of Chenggong county in Yunnan province however, shows the reversing trends. Scholars' field work to this county over the years has indicated a new trend where the rural peasant population is not migrating to the cities. Rather than inter-provincial migration from backward to prosperous regions, there is intra-provincial migration happening in this not so poor and undeveloped province. In Yunnan, Chenggong county has shifted from grain to cash crop cultivation and the agricultural production is now focused on green house cultivation with advanced technologies where the spray of seeds, fertilizers, water and irrigation is all done with highly mechanized processes. It largely takes place under the supervision of agro-business firms. Chenggong has been mainly engaged in flower, fruits and vegetable production.

The main idea was to increase the farmers' income which was quite evident in housing and lifestyle patterns of peasant families. The cash crop cultivation has not only generated employment opportunities for farmers in these areas but has also attracted migrant populations from Zhaotong and other towns and counties which are not so developed on a per-capita income basis. Farmers are often seen working as wage labour in cold storage, processing factories and also able to acquire some land to engage in farming occupations. The county government has been converted into an urban district which has been a frequent practice in most of the rural areas of China. The conversion of county into urban district and development of county level cities showed the new rural urbanization process in the countryside. This rural urbanization has converted the vast amount of arable land as an attractive venue for direct investment for the development of scientific and technological zones in China. However, the Chenggong county has delayed the urbanization process in Yunnan by transferring the land rights to the commercial firms and prevented the migration of large-scale rural population to urban areas in search of jobs and other employment opportunities. Farmers are no longer motivated to work hard on the land as they have shifted to cash crop cultivation which has made their agricultural production specialized and opened avenues to enter into the supply value chain to gain advantages in the competitive market. It has further differentiated the peasantry in terms of access to inputs, fertilizers, and market information to sell their produce for better profits.

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**CIVIL SOCIETY, CENSORSHIP AND MANAGING PUBLIC OPINION IN PROVINCES**

Censorship in China operates differently at the centre and in provinces depending on several other factors, including political expediency and the leadership/regime's current economic, political, and ideological priorities. It is evident from the following anecdote; during an international conference on the theme of rural development issues in China that was held in Hainan many years ago before Xi Jinping came to power, the host of that conference at the outset openly reassured all Chinese and foreign participants to not fear and speak freely as they are 2000 km away from Beijing and no "big brother" is watching in Hainan. However, as we move closer to Beijing, censorship and restrictions on freedom of speech seem to intensify.

In contemporary China, which is described as increasingly becoming more authoritarian and managed under Xi Jinping's "dictatorship", flow of information and knowledge as well as free movement is severely restricted. In this regard, Xi Jinping seems to have learnt from Soviet experience and thus, firmly believes that the Party must not loosen the grip over the society. However, there are some places where we get to see varied opinions as well as debates on issues which are critical for Chinese citizens. Although it is a daunting challenge for sinologists living outside China to know everything about what is happening inside China, the information regarding several issues which are crucial for policymaking as well as for politics of the Party leaders is still available freely. For instance, an article was published in Chinese media recently which criticized social welfare policies in China and questioned whether old age pension is a social welfare scheme or an exploitative mechanism for the State and Party.

Thus, it is not entirely true that every article published in Chinese media is first vetted by the Party and state apparatus. Another article was also allowed to publish which ridiculed healthcare system in

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China to a private club of government cadres and officials as it does not help common people. Such kinds of opinions being allowed to be expressed in public, tells us that censorship system in China may not be as robust as it is portrayed by non-Chinese sinologists. Finally, the monumental failure of stringent censorship regime in China was witnessed last year after the Party Congress when protestors staged a protest carrying the placards “down with Xi Jinping”, “down with Communist Party”. This can be seen as the rise of Generation Z in China which is more patriotic (not nationalist) and much more committed to Marxist ideology.

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## THE PARTY POST XI - CONTINUATION OR DEPARTURE FROM THE SUPREMO'S LEGACY

### KEYNOTE ADDRESS BY MR. NEIL THOMAS

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#### Concept of talk by ORCA

*Xi Jinping's stronghold over China and the CPC in the last decade has grown at the cost of established norms for the succession of leaders. Personnel appointments made at the 20th Party Congress have revealed no potential heir-apparent to Xi, which creates greater uncertainties over how the Party will shape itself and China in the post-Xi period. Uncertainty over the future of China and the CPC under the leadership of anyone other than Xi Jinping puts to question the future of initiatives, norms and the overall vision of the 'Chinese Dream' that the current Party 'Supremo' has sold to his people – and the world. This will also have major implicatio-*

*-ns for existing Chinese policies ranging from economy to international relations. This Keynote ideated the future of China and the Party beyond Xi, focusing on the continuation –or departure– from the legacy Xi Jinping has worked hard to build.*

Arguments about the future of the Party under Xi Jinping are necessarily speculative by nature, but we should at least inform such speculation by grounding it on what we do know something about regarding Chinese politics, such as Xi's track record, the Party's rules, and the history of CCP succession struggles. The most analytically rigorous response to the question of who will succeed Xi Jinping is: "We don't know." It is the ultimate "known unknown" of Chinese politics. It is unclear who will succeed Xi, when he will leave office and, more significantly, how he will leave office. There is no certainty about how or if a successor to Xi will be chosen. Without knowing the circumstances of Xi's departure and his replacement, it's difficult to predict whether the Party will continue or depart from Xi's legacy. My argument, based on informed speculation, is that:

- Xi is unlikely to anoint a successor.
- His successor is unlikely to be predictable; and
- His legacy will depend on China's situation when he leaves office.

The most likely scenario is that Xi leaves office when he "goes to meet Marx"—as the Chinese saying goes—in communist heaven without anointing a successor, or perhaps after anointing a weak successor near the very end. Xi is unlikely to appoint a successor for three reasons. The first is power; Xi's control over the Party and military makes it hard for rivals to remove him even if policies are bad. And if Xi designates a successor, he will become a "lame duck" leader. Second, Xi will also look to maintain unity in the Party and choosing a successor means favoring some allies but alienating others. Additionally, choosing an outsider would alienate all allies and make Xi vulnerable. And the third reason is legacy; handing over control could put Xi and his family at risk of retribution from rival factions or even his own successor. Also, importantly, Xi believes he is the best person to achieve China's national rejuvenation.

It is unlikely that outsiders will be able to predict Xi's successor. However, we can inform our speculat-

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-ion on this subject by applying lessons from the transition from Mao Zedong to Hua Guofeng and then Deng Xiaoping in the late 1970s, which offers three key insights into what matters in succession struggles in Leninist one-party regimes, according to the scholar Joseph Torigian. **First** is prestige, wherein victory depends on interpersonal authority more than policy differences or economic interests. Today, two main sub-factions of Xi supporters are emerging in his third term that could vie for power in a near-term succession. The first is a network of officials connected to Fujian province, led by Cai Qi, while the other is a network of officials connected to Zhejiang province, led by Li Qiang. **Second** is coercion: victory depends on gaining the support or control of the military, police, and other power ministries to enforce the succession. The Fujian network could be well-placed to leverage power ministries, as it may include top security officials like Chen Wenqing and Wang Xiaohong, and top generals like He Weidong and Miao Hua (although Chen Yixin is affiliated with the Zhejiang network). **Third** is manipulation. What matters is the ability to control the process of selection rather than on playing to a defined “selectorate.” In this regard, Cai Qi and the Fujian network appear in prime position to manipulate the succession process. He leads the Central Secretariat, and he could rely on a self-serving interpretation of the Party Constitution and the Central Committee Work Regulations to convene a special Politburo meeting to convene a Plenum to decide a new General Secretary.

On the question of why Xi’s legacy will depend on China’s domestic situation and international position, the history of CCP succession suggests the Party is more likely to continue his legacy if China is doing well when he leaves office, and more likely to depart from his legacy if China is not doing well. Examples include the policy changes that followed Mao’s death in 1976 and Hu Jintao’s departure from office in 2012. More specifically, what might happen if a succession occurs soon?

In politics, when a succession does occur, Xi’s successor is highly likely to support continued CCP rule. However, they are unlikely to enjoy the same level of authority as Xi, which could diffuse power between different political networks. This may create a looser ideological environment and decentralized governance that could improve policymaking. From an economic perspective, mounting growth challenges could provide the successor with fertile ground for departing from Xi’s policies. There could be a consensus that emerges for more market-oriented policies, but the successor’s less concentrated power could make it harder to implement structural reforms like a property tax or *hukou* reform. Foreign policy is less likely to undergo major changes, especially due to ongoing US-China strategic competition. In fact, a new Chinese leader may feel the need for a show of force to boost their political status and prove their control of the military. An invasion or blockade of Taiwan is unlikely but heightened military actions cannot be ruled out.

In conclusion, Xi’s legacy may endure with only minor tweaks. But there’s also a risk of more militarism, instability, and control. Yet there is additionally a chance the Party moves toward a more tolerant politics, a more market-oriented economics, and a more positive diplomacy. The scholar Julian Gewirtz has warned of the need to avoid “historical determinism” about China’s future. It’s a mistake to conclude China in the future will always be like how China is today.

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