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# DAILY CONVERSATIONS IN CHINESE MEDIA



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## NEWS IN CHINA

- The People's Bank of China (PBOC) officially launched the northbound channel of the Swap Connect; an interest rate swap scheme, on Monday. In yet another move to open up its financial markets, it facilitates international investors to conduct renminbi (RMB) interest rate swaps, in turn, allowing the trading of yuan contracts on the mainland via institutional links with Hong Kong Special Administrative Region (HKSAR). The scheme is officially expected to help reiterate Hong Kong's status as an international financial center while improving global participation in the Chinese onshore bond market. On the first day of the scheme, more than 40 domestic and overseas institutions participated- carrying out a total of 162 RMB interest swap transactions amounting to a notional value of 8.259 billion yuan. Further fine-tuning of operational arrangements and the introduction of a southbound channel; from the mainland to HKSAR, are expected based on the results of the initial operations.
- Taiwan's annual Han Kuang war exercises, stimulating Taiwanese armed forces responses to potential Chinese invasions by the PLA, were kicked off on Monday. The first phase of the exercises involve computerised war games run around the clock over five days. These games are conducted using the US-built Joint Theatre Level Simulation (JLTS) platform. The second phase which involves live-fire segments, will be conducted later in July. Taiwanese Defence Minister Chiu Kuo-cheng had confirmed earlier this month that US military personnel would join both segments of the Han Kuang exercises. A recent statement by the Ministry's spokesperson however refused to comment on whether the U.S. had sent observers to the online drills, in line with the 2023 National Defence Authorisation Act.
- The China Meteorological Administration reported that the first set of images from Fengyun-3G (FY-3G) were released on

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Monday. The FY-3G is China's first precipitation measurement satellite and is expected to improve the efficiency of monitoring and forecasting of precipitation. The satellite is reported to be capable of observing the internal three-dimensional structure of natural phenomena like rainstorms, typhoons, and blizzards, among others. The first images captured by the satellite show the three-dimensional structure of precipitation at different levels.

- John Shing-wan Leung, a US-based Hong Kong permanent resident was sentenced to life on Monday, after being convicted of committing espionage in China. He was additionally issued a fine of 500,000 yuan and stripped of his 'political rights for life.' The 78-year-old Leung- who was arrested in 2021 according to the Suzhou Intermediate People's Court, is believed to be the same person who had facilitated several business and cultural exchanges between US and China. The court has not released details about his background except his Hong Kong ID and US passport number; shrouding the national security case in secrecy and fuelling speculations. This conviction comes against a backdrop where China is looking to encourage foreign investors while simultaneously cracking down on spies from the US and its allies.
- Chinese entry-and-exit points fully resumed fast-lane services on Monday, facilitating ease of cross-border travel. With this commencement, the four travel optimisation measures previously announced by the National Immigration Administration (NIA) are now in effect.

Residents with Chinese passports, entry-exit permits from and to Hong Kong, Macao, and Taiwan, can now avail an expedited border inspection process. The implementation of such measures is expected to boost cross-border trade and tourism related activities.

## SOCIAL MEDIA CHATTER IN CHINA

- **'Is a monthly salary of 5000 really low?'** **trends on Weibo:** #月薪5000真的很低吗# trended on Weibo on the 15th of May, as netizens yet again took to one of their favourite online discussions – discourses on income. Spurred on by the reveal of the monthly income of a CEO in Beijing, several users shared their own monthly incomes and debated on whether the typical income of 5000 yuan was adequate or not. Several users shared memes to highlight their precarious economic situation, while some others chose to systematically pick apart the situation. Such users argued that while a monthly income of 5000 may not be enough to live in first-tier cities, it would be adequate for a second or third-tier city lifestyle, provided the individual did not have a family to support.

## INDIA WATCH

- Although interest rate swap arrangements between mainland China and HKSAR are certainly not new, this particular edition comes after the opening up of the Chinese economy post the COVID-19 pandemic. It encourages greater international participation in the Chinese onshore bond market. The introduction of newer risk
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management arrangements for foreign investors as well as China's capitalisation of the yuan as the transaction currency in 2023, prompts one to examine the trajectory that the Indian market is simultaneously headed along. At present the bond yield in India is higher than that of both China and Hong Kong- it stands at approximately 7 per cent as opposed to 2.72 per cent and 3.14 per cent in China and Hong Kong, respectively. This alone however does not determine the success of the bond market. There clearly are other factors; particularly institutional, at play too. India for instance is yet to be inducted into any of the major global bond indices- Bloomberg Global Aggregate Index, JPM GBI-EM Global Diversified Index, and FTSE WGBI Index. Inclusion in a global index can boost the image and reliability of the Indian market, increasing fund flows. In February 2023 however, Indian Finance Secretary T.V. Somanathan stated that India will not "bend backwards" to be included in the global bond indices. "We will not change our domestic policies to suit foreign investors," he said as he addressed an audience in Mumbai. The official stance in India appears to be that the global market is too uncertain for the country to take on risks posed by volatility and other non-domestic factors upon entry into these indices. In contrast, China is part of all three major global indices. Chinese policy making has managed to root their core interests into the heart of schemes like the Swap Connect keeping in mind, the need to further activate the bond market for domestic interests.

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