





# China Yearbook 2013

Editor  
Naval Jagota



Copyright © Institute for Defence Studies and Analyses, 2014

Institute for Defence Studies and Analyses  
No.1, Development Enclave, Rao Tula Ram Marg,  
Delhi Cantt., New Delhi - 110 010  
Tel. (91-11) 2671-7983  
Fax.(91-11) 2615 4191  
E-mail: [idsa@vsnl.com](mailto:idsa@vsnl.com)  
Website: <http://www.idsa.in>

ISBN: 978-93-82512-24-0

First Published: November 2014

Cover image from <http://online.thatsmags.com/uploads/content/1311/1081/750px-plenum-word-cloud.png>

Disclaimer: The views expressed in this Report are those of the authors and do not necessarily reflect those of the Institute or the Government of India.

Published by: Magnum Books Pvt Ltd  
Registered Office: C-27-B, Gangotri Enclave  
Alaknanda, New Delhi-110 019  
Tel.: +91-11-42143062, +91-9811097054  
E-mail: [info@magnumbooks.org](mailto:info@magnumbooks.org)  
Website: [www.magnumbooks.org](http://www.magnumbooks.org)

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photo-copying, recording or otherwise, without the prior permission of the Institute for Defence Studies and Analyses (IDSA).

# Contents

<i>Introduction</i>	5
<b>Section I: Internal Issues</b>	<b>7</b>
1 China's Political Transition Phase II; Consolidation of Power and Contours of the New Ideology <i>Avinash Godbole</i>	9
2 Overview of Ethnic Unrest in China in 2013 <i>Dolma Tsering</i>	17
3 The People's Liberation Army: Debates of a Bygone Year <i>Bijoy Das</i>	23
4 2013—The Re-drawing of Media Red lines in a Transient China <i>Shruti Pandalai</i>	37
5 Nuclear Developments in China during 2013 <i>M.S. Prathibha</i>	47
<b>Section II: External Relations</b>	<b>59</b>
6 Roller-coaster Sino-Indian Relations Oscillate Between Trust Deficit and CBMs <i>Rup Narayan Das</i>	61
7 China and South Asia <i>South Asia Centre</i>	69
8 Japan-China Relations in 2013: Treading Through Difficult Waters <i>Pranamita Baruah</i>	91
9 China's Relations with the Korean Peninsula in 2013: Coping with an Errant North and Engaging with a Dynamic South <i>Pranamita Baruah</i>	101
10 Cross-Strait Relations in 2013 <i>Prashant Kumar Singh</i>	113

11	China's Central Asia Reach: Advancing the Great Power Profile <i>Jagannath Panda</i>	129
12	US-China Relations: An Overview <i>Stuti Banerjee</i>	137
13	China and West Asia in 2013: Moving Closer <i>Neha Kohli and Tsupokyemla</i>	145
14	Contested Islands: The Senkaku/Diaoyu Challenge <i>Titli Basu</i>	155
	About the Authors	163

# Introduction

China's role on the world stage has increasingly become more pronounced. In 2013, the rapid consolidation of the new Chinese leadership in the domestic sphere, along with its aggressive foreign policy outreach has made the world focus greater attention on China. The Third Plenum of the 18th Party Congress outlined the vision and direction of the new leadership on the domestic and international front. The internal focus during the year was on eradicating corruption, connecting with the masses, as well as making economic structural changes. In the international arena the emphasis remained closer to home with the centrality of China's maritime and territorial disputes with neighbours determining a major part of its foreign policy orientation. The declaration of the ADIZ (Air Defence Identification Zone) in the East China Sea and its aggressive political outreach for investments were some of the highlights of the year.

This Yearbook, the third in the series, seeks to document and analyse important developments related to China in the year 2013. Chinese politics, media, military, nuclear and important foreign relations are the subject matter of the 14 chapters that comprise this yearbook. This review of developments across spheres is undertaken with a view to understanding the future trajectory of China's development.

The first section of the yearbook consists of five chapters which delve into issues impacting China's domestic arena as well its impact on the international front. The first chapter reviews the

consolidation of power and examines internal political developments in China under President Xi Jinping's first year of Presidency. The chapter also studies in detail three of his major political campaigns including the China Dream and the Great Chinese Rejuvenation, Mass Line and Anti-corruption.

Chapter two examines the incidents arising out of ethnic tensions and instability in Xinjiang and Tibet autonomous regions of China and their causes. In chapter three, debates regarding the requirement of modernising, evolving and changing the People's Liberation Army's (PLA) organisational structure and internal systems to be in tune with future requirements are examined.

The new regime has ushered in an era of economic and social reform, which will set the course of China's future. China has also consciously sought to project its new major power relations that resonate with its foreign policy posturing. Chapter four reviews the role of the local media as a tool for projecting this transition in China.

Chapter five examines China's modernisation of its nuclear forces and its entry into the field of nuclear commerce as it widens cooperation with other countries to strengthen its institutional framework.

The second section of the yearbook examines external relations as well as the Senkaku/Diaoyu Islands challenge. The sixth chapter look at the complex relationship between India and China

and its management by the two countries over the year. The seventh chapter delves into the increasingly multi-faceted relations that China has initiated with South Asia in 2013, as well as its increasing focus on Sri Lanka, Nepal and the Maldives.

China's relationship with Japan is the subject matter of chapter eight. The debates regarding domestic policy change in Japan, the leadership styles and challenges in the East China Sea are catalogued in this chapter.

Chapter nine deals with China's relations with the Republic of Korea and the Democratic People's Republic of Korea. The growing economic and political engagement with South Korea versus the friction in Beijing-Pyongyang relations with regard to the latter's nuclear tests are examined in this chapter.

Chapter ten looks at Cross-Strait Relations. It examines the subterranean political tensions between the Mainland and Taiwan, and Taiwan's domestic conflict between the ruling Kuomintang (KMT) and the opposition Democratic Progressive Party (DPP) on Cross-Strait relations.

Countries of Central Asia are vital for China due to strategic reasons and to further China's greater Asian outreach. In chapter eleven, equal emphasis has been accorded to China's political, economic and strategic outreach in this region.

The relationship between the US and China is both close and complex. The two nations have

built partnerships on a number of common interests, but they have equally divergent views on some others. These issues are brought out in chapter twelve.

Chapter thirteen looks at China's engagement with West Asia in 2013, in the areas of foreign relations, defence and technology, and energy and trade. It highlights the decisive role China played in the Syrian Crisis, Arab-Israeli Peace Process and the Iran Nuclear Issue in particular. This chapter also underscores the importance of energy and trade in making China's interaction with West Asia more dynamic.

Chapter fourteen focuses on the trajectory of developments in 2013 with regard to the Diaoyu/Senkaku Islands. It analyses the development of the Chinese ADIZ, the US response, and Japanese positioning around the disputed territories.

This publication would not have been possible without the commitment and support of scholars at the East Asia Centre of the Institute of Defence Studies and Analyses (IDSA), as well as contributing pieces from scholars of the South Asia Centre and other academia. Many thanks are also due to Vivek Kaushik and the publication section of IDSA for their support. Although by no means exhaustive, the chapters in this edition review the important developments within China and its relations with other countries with a view to get a deeper understanding about China. It is hoped that the reader will find the 2013 yearbook useful.

**New Delhi**  
**November 2014**

**Naval Jagota**  
**Editor**

# **Section I: Internal Issues**



# 1

## China's Political Transition Phase II; Consolidation of Power and Contours of the New Ideology

*Avinash Godbole*

Xi Jinping became the President of the People's Republic of China (PRC) during the National People's Congress (NPC) held in March 2013. Earlier in October 2012, he had assumed the top position as Secretary of the Communist Party of China (CPC) at the 18<sup>th</sup> Congress of the party. After two years when domestic politics in China was in a state of uncertainty because of the ongoing political transition, the NPC of March 2013 marked the culmination of generational transition in China's domestic politics. On the other hand, the Third Plenum of the 18<sup>th</sup> Congress that took place in November 2013 showed that the ideological transition too was nearly complete as it marked the beginning of the Xi Jinping era's political discourse. This chapter considers the formal shift of power as the first phase of power transition in China and the emergence of the new leadership's ideology as the second and final phase of the transfer of power within the CPC.

While the NPC and the Third Plenum were the highpoints of domestic Chinese politics in 2013, other incidents and processes could also be seen driving the Chinese political landscape. For example, the treatment meted out to Zhou Yongkang, the pattern of Xi Jinping's speeches wherein he remembered Mao Zedong rather more fondly than his recent predecessors and the idea of the *China Dream* that has reignited contemporary Chinese nationalism along with

the concept of the mass-line that reasserts the centrality of the CPC in building of the modern Chinese nation-state—all form part of Xi Jinping's power consolidation. In the following sections these processes are studied in greater detail to analyse how they are likely to influence politics in the era of consolidation and new ideology.

One important question that baffles China watchers is the direction Xi Jinping's China is likely to take. On one hand, he has begun attacking corruption, even making some big arrests, like that of the once powerful Mayor of Nanjing, Ji Jianye.<sup>1</sup> In addition, if developments continue as per the recent pattern, Zhou Yongkang, who is under the scanner for suspected corruption, could also be arrested soon.<sup>2</sup> Xi is also initiating more

---

1 It is believed that Ji Jianye belongs to the Jiang Zemin group in the CPC. His trial and the expose of his alleged crimes coupled with the treatment given to Zhou Yongkang are seen as part of the pattern where following Bo Xilai, other leaders close to former President Jiang Zemin are being targeted. Xi's special interest in appointing mayors and provincial leaders from Beijing is also seen as a part of his efforts to consolidate his power base.

2 Zhou Yongkang was the member of the Politburo Standing Committee until 2012. More importantly Zhou was also the head of the Central Political and Legislative Committee during 2007-2012. This committee is responsible for internal security, policing, courts, paramilitary organs and internal intelligence units.

reforms in China's financial sector and making it more prudent and apolitical. He has also shown an inclination to rein in non-performing state owned enterprises (SOEs) as suggested in the outcomes of the Third Plenum. However, on the other hand, there are greater restrictions on social and traditional media—foreign press journalists underwent yet another round of scrutiny and assessment that was akin to harassment and even the Hong Kong press is protesting against the new regulations that are restricting its scope and rights. Xi Jinping's worries about 'winning the ideological war' are driving these restrictions on the media in China.

### **Complete transfer of power: Is Xi more in command than his predecessor?**

The recent power transition in China suggests that Xi is more in control than his predecessors as he became the Chairman of the Central Military Commission (CMC) almost immediately after becoming the President of the PRC. In contrast, Hu Jintao had to wait two years for his predecessor Jiang Zemin to relinquish the top post before he could head the CMC. The core question is whether this gives President Xi comprehensive control over the power structure or puts more stress on his leadership because a fine balancing act is required to manage so many diverse interests so early in his tenure at the top. There is also a belief that Xi has been so active early in his tenure because he does not have everything under his control in the way he would like. That is why his efforts at reforms are designed to put him at the centre of it all. As of now Xi heads not only the party, government and the military but also the new National Security Committee and the Central Leading Group on Comprehensive Deepening of Economic Reforms.

Others also see a pattern in the way Xi is consolidating his power along with the strengthening of a new grouping, the Shaanxi gang, at the top. Members of this group were either born in Shaanxi or held a crucial political appointment in the province. Xi Jinping, Yu Zhengsheng and Wang Qishan, all three members of the Politburo Standing Committee, have spent an important part of their early CPC career in Shaanxi. Xi Jinping's father, Xi Zhongxun, had spent a major part of his early political life in Shaanxi which gives this grouping its historical lineage, apart from their own connections with the province.<sup>3</sup>

### **The Great Chinese Dream**

The 12<sup>th</sup> NPC began with presentation of the work report by the outgoing Premier Wen Jiabao. While this report highlighted China's national achievements in the previous five-year period, the speech by the new President Xi Jinping enunciated the pillars of his governance strategy for the future. President Xi's vision of the future rests on achieving the targets set by the China Dream, a concept that was first iterated at the end of the 18<sup>th</sup> Party Congress in 2012 where he had said, 'Realising the great renewal of the Chinese nation is the greatest dream for

---

3 For more see Cheng Li (2014), 'Xi Jinping's Inner Circle: The Shaanxi Gang', *China Leadership Monitor*, 30 January 2014, <http://www.brookings.edu/~media/research/files/papers/2014/01/30-xi-jinping-inner-circle-li/xi-jinping-inner-circle.pdf> accessed 3 February 2014.

the Chinese nation in modern history'.<sup>4</sup> At the NPC in March 2013, President Xi promised the Chinese people something even bigger—a Chinese dream, for which he committed himself to work hard during his tenure as the President. He said, 'We must make persistent efforts, press ahead with indomitable will, continue to push forward the great cause of socialism with Chinese characteristics, and strive to achieve the Chinese dream of great rejuvenation of the Chinese nation'. However, he also went on to caution that, 'In face of the mighty trend of the times and earnest expectations of the people for a better life, we cannot have the slightest complacency, or get the slightest slack at work'.<sup>5</sup> While the first part of the statement focuses on the China Dream, the second part is aimed at revamping the internal work culture and ethics of the CPC. These have been the two core ideas during the first year of the Xi Jinping regime in China.

Xi Jinping gave another detailed interpretation of the China Dream when he spoke at the Boao Forum in April 2013, where he said, 'By 2020, China's GDP and per-capita incomes for urban and rural residents will double the 2010 figures,

and the building of a moderately prosperous society in all respects will be completed. By the mid-21<sup>st</sup> Century, China will be turned into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious; and the Chinese dream, namely, the great renewal of the Chinese nation, will be realised. Looking ahead, we are full of confidence in China's future'.<sup>6</sup> The first of the two centennial goals is to be achieved by the 100-year anniversary of the CPC and the second by the time of the centennial anniversary of the founding of the PRC.

## CPC's Mass Line Campaign

As mentioned above, Xi's call for mass-line is the second most important driver of his policy in the first year of his CPC leadership. Mass line is a Maoist concept and it was invoked specifically to address the growing gulf between the party and the people. The mass line campaign came into being in the backdrop of the recurring cases of corruption by high-level officials of the CPC. While the Bo Xilai case epitomised this syndrome, other cases like the Ling Gu scandal and death, and the Liu Zhijun case were equally responsible for raising the leadership's anxieties with regard

---

4 However, Xi is not the first proponent of the idea of the China Dream; its earlier iterations have been attributed to various other people from Sun Yat-sen to Chiang Kai-shek and to Thomas Friedman in more recent times. Others also link this idea to the neo-nationalist discourse inside China that has been expounded in popular literary works such as *China is Unhappy* (中国不高兴) among others. For more see, Fewsmith, Joseph (2013), 'Xi Jinping's Fast Start', *China Leadership Monitor*, No. 41, 6 June 2013, at <http://media.hoover.org/sites/default/files/documents/CLM41JF.pdf> accessed 5 January 2014.

5 'President vows to move ahead with the Chinese Dream', *Xinhua Online*, 17 March 2013, URL: [http://news.xinhuanet.com/english/china/2013-03/17/c\\_132239786.htm](http://news.xinhuanet.com/english/china/2013-03/17/c_132239786.htm) accessed 15 December 2013.

---

6 Xi Jinping (2013), 'Full Text of the Speech at Opening Ceremony of the Boao Forum', 8 April 2013, at <http://english.peopledaily.com.cn/102774/8198392.html> accessed 5 January 2014.

to the general indiscipline among CPC officials.<sup>7</sup> In the January 2013 CDIC meeting on the issue of corruption and discipline, Xi had said, 'If we do not resolutely rectify unhealthy practices and allow them to develop unchecked, they will develop into an invisible wall separating our party from the masses and our party will lose its foundation, lifeline and strength'.<sup>8</sup>

Earlier, at the end of the 18<sup>th</sup> Party Congress in November 2012, Xi had said, 'There are many pressing problems within the party that must be resolved, especially such problems as corruption and taking bribes by some party members and cadres, being out of touch with the people, placing emphasis on formality and bureaucracy that must be addressed with great effort'.<sup>9</sup> This was followed by the Politburo meeting of 4 December where it was decided to ban eight undesirable practices or abuses of power by party officials and to undertake an annual follow-up to ensure compliance with these guidelines. A similar

version of these guidelines was adopted by the People's Liberation Army (PLA).<sup>10</sup>

The official mass-line campaign that began on 18 June 2013 underscored Xi's message that the campaign was aimed at 'fighting against formalism, bureaucratism, hedonism and extravagance' and that it advocated criticism and self-criticism for the purpose of reflection and the reassessment of work styles by using the CPC constitution as the reference point, to revive memories of the early days of Cultural Revolution.<sup>11</sup> The CPC at the start of the campaign 'encouraged officials to make more effort to expose faults and improve themselves based on criticisms, calling for a long-term and effective system to consolidate the positive effects of the campaign'.<sup>12</sup> In addition President Xi and Premier Li have been touring extensively to review the implementation of the campaign at the province level.

An important outcome of the Bo Xilai trial and its conclusion is the perception at large that the rule of law is advancing in China. As a consequence of the corruption and misuse of power at the highest levels of the CPC, the top leadership is also discussing the concept of rule of law whereby law reigns supreme, at the same time it is appealing to the members of the CPC to first

---

7 Ling Gu died on the spot in a Ferrari crash in March 2012. This accident also allegedly involved two young Tibetan women and banned substances. Ling Gu's father, Ling Jihua, was close to former President Hu Jintao and this case, although hushed up, was seen as an example of the exploitation of power by the highest leaders who enjoyed all the privileges that their party position could offer. Liu Zhijun, former railway minister, on the other hand, was given a suspended death sentence in various corruption and bribe cases.

8 Fewsmith, Joseph, 'Xi Jinping's Fast Start', *China Leadership Monitor*, No. 41, 6 June 2013, at <http://media.hoover.org/sites/default/files/documents/CLM41JF.pdf> accessed 5 January 2014 accessed 5 January 2014.

9 *Xinhua*, 15 November, quoted in Alice Miller 'The Road to the Third Plenum', *China Leadership Monitor*, No. 42, URL: <http://media.hoover.org/sites/default/files/documents/CLM42AM-2013.pdf> accessed 3 January 2014.

---

10 Ibid.

11 Xi: Upcoming CPC campaign a 'thorough cleanup' of undesirable practices', *Xinhua Online*, 17 June 2013, URL: [http://news.xinhuanet.com/english/china/2013-06/18/c\\_132465115.htm](http://news.xinhuanet.com/english/china/2013-06/18/c_132465115.htm) accessed 21 June 2013.

12 'Officials urged to promote Mass Line Campaign', *Xinhua* 17 July 2013, at <http://english.cpc.people.com.cn/206972/206976/8329485.html> accessed 13 January 2014.

abide by these laws themselves.<sup>13</sup> In early 2014, Xi said, 'People's demands of lawful interests must be properly handled. The authority of the law in solving conflicts should be strengthened'. He further added, 'Officials at all levels are forbidden to overstep the limitations of laws, to abuse their power, or to bend the law for personal gain'.<sup>14</sup>

## President Xi's Maoist avatar: Going back to the future

One of the biggest questions or contradictions observed by China watchers over the past one year is President Xi Jinping's use of the language

of Chairman Mao Zedong, the Great Helmsman.<sup>15</sup> Xi seems to have done this in order to reorganise and revitalise the party apparatus in the very first year of assuming the top position in the party. This is in stark contrast to the pragmatic and forward looking persona that was associated with President Xi in the days before he assumed power at the top. Baffling as it may be, Xi's apparent efforts at using Maoist thought while at the same time promoting reforms to ensure greater accountability and better delivery of public goods is part of the familiar struggle that all post-Mao leaders have faced. The CPC leaders have to stress on reforms without denigrating the contribution of Mao Zedong because it is accepted by the leadership that, 'If we abandon the standard of Mao Thought, we are in fact negating the party's illustrious history'.<sup>16</sup> This works perfectly for the CPC and Xi Jinping alike as the liberation of 1949 and the Sinification of the Marxist-Leninist ideology are accepted as the undeniable contributions of Mao Zedong and these notions form the basis of the revival of the Chinese nation and of contemporary Chinese

---

13 One of the common points of debate on the legal system in China is between 'rule of law' and 'rule by law'. China's recent efforts at strengthening the legal justice system has been seen as an effort towards controlling corruption, favouritism and nepotism in government affairs without directly using the phrase 'rule of law' which in a classical Western sense denotes the separation of power between the executive and the legislative wings of the state, something which is not applicable in its entirety in China. Rule by law, on the other hand, vests enormous interpretative capacity in hands of the executive, which many feel has led to the rampant misuse of power by those in control in present day China. Therefore, expansion of the notion of rule of law, without saying as much, is significant for fighting corrupt practices and officials, the central tenet President's Xi's idea of mass line.

14 'CPC must lead Enforcement of Law' *Global Times* 9 January 2014, at [http://www.globaltimes.cn/content/836489.shtml#UvNO\\_GK4Xcl](http://www.globaltimes.cn/content/836489.shtml#UvNO_GK4Xcl) accessed 10 January 2014.

---

15 In fact, at one point President Xi also quoted Chiang Ching-kuo's favourite and famous idiom when speaking in Indonesia. President Xi had said, 'When counting profit, you should count the profit for the whole world; when seeking fame, you should seek a fame that could last for thousands of generations', Amy Li (2013), 'What message is Xi Jinping sending by quoting former Taiwan leader Chiang Ching-kuo?', *SCMP*, 4 October 2013, at <http://www.scmp.com/news/china-insider/article/1324280/xi-jinping-quotes-democracy-champion-taiwan-chiang-ching-kuo>. This had also led to wide ranging speculation as to whether it signalled anything like a new direction in Cross Strait relations.

16 *People's Daily*, 24 March 2010, cited in Willy Lam 'Xi invokes Mao's Image to Boost his Own Authority', *China Brief*, 14 (1), [http://www.jamestown.org/uploads/media/China\\_Brief\\_Vol\\_14\\_Issue\\_1.pdf](http://www.jamestown.org/uploads/media/China_Brief_Vol_14_Issue_1.pdf), accessed 14 January 2014.

nationalism which is as one of the core pillars of legitimacy for the CPC in the last two decades. For example, at the end of the 18<sup>th</sup> Party Congress, Xi Jinping had paid tribute to Mao's principles of independence and self-determination and had added that, '(the) Chinese should boost their 'self-confidence in our path, our theories and our institutions'. This evocation of the Great Helmsman puts him in line with Chinese national rejuvenation without having to juggle whether Chairman Mao was right or wrong, as the previous Chinese leaders have had to do. Therefore, despite the apparent contrast in the reform rhetoric, it is not inconsistent with the process of further opening up of the economy. In general, Xi Jinping's appraisal of Chairman Mao is consistent with the CCP's approach to Mao that 'his contributions were primary, his errors secondary', which was set in motion by Deng Xiaoping himself. Xi also showed his respect for Mao by saying that Chairman Mao's work had no precedent and that his work took him into uncharted territories.<sup>17</sup> The same spirit was in evidence during the 120<sup>th</sup> birth anniversary celebrations of Mao Zedong on 26 December, 2013 when Mao was remembered for having established the 'basic socialist system'.<sup>18</sup>

On another level, Mao's ideas also help the mass line campaign that aims at socialist re-education of the cadre. It has distinct parallels with the Maoist idea of *continuous revolution* while at the same time avoiding the excesses of the

Cultural Revolution. In a sense, what President Xi Jinping has done is to accept what Mao once feared—that instead of changing the relations of production, the party would become content and eventually complacent while operating and benefitting from the capitalist mode of production, has now come true and the mass line aims to bridge this gap between the CPC and the Chinese citizen. Thus, Xi quotes Mao, 'We will never become Li Zicheng' in order to remind the cadre that systems fail when aristocratic lifestyles overpower responsibilities.<sup>19</sup> However, President Xi Jinping's aim is to achieve this purification of the CPC *without* abandoning capitalism, which is understood in contemporary China under the rubric of socialist market economy.

Some like Cohen have argued that Xi's recurrent invocation of Mao is inspired by the *New Left* ideological grouping, which puts party at the core of affairs, as against Charter 08 that called for a radical democratic shift in Chinese polity.<sup>20</sup>

---

17 Willy Lam 'Xi invokes Mao's Image to Boost his Own Authority', *China Brief*, 14 (1), [http://www.jamestown.org/uploads/media/China\\_Brief\\_Vol\\_14\\_Issue\\_1.pdf](http://www.jamestown.org/uploads/media/China_Brief_Vol_14_Issue_1.pdf), accessed 14 January 2014.

18 David Cohen, 'Xi evokes New Left' vision of China's Future', *China Brief*, 14 (1), 9 January 2014, [http://www.jamestown.org/uploads/media/China\\_Brief\\_Vol\\_14\\_Issue\\_1.pdf](http://www.jamestown.org/uploads/media/China_Brief_Vol_14_Issue_1.pdf) accessed 13 January 2014.

---

19 Li Zecheng was the 17<sup>th</sup> Century charismatic leader of a peasant rebellion who lost power after he took on an aristocratic life style. Mao always used his example to warn the cadre about avoiding the aristocratic trap. Lam, No 17.

20 In December 2008, a large group of relatively influential Chinese scholars promulgated what is known as the Charter 08, which called for substantial legal and political reforms as well as the expansion of the structure of Human Rights inside China. Its publication coincided with the 60<sup>th</sup> anniversary of the Universal Declaration of Human Rights. The government came down harshly on this move, promptly imprisoning Liu Xiaobo who was later awarded the Nobel Peace Prize in 2010. It also closed down some of the microblogging sites allegedly associated with the charter and nearly a 100 of the 300 signatories have faced some form of police interrogation since then. On the other hand, the New Left in China is largely an intellectual grouping that has called for revival of socialism and ideology and has criticised pro-market policies in general.

Thus, in all likelihood, the Xi regime will restructure governance to the extent that it stops short of direct democratisation.

## Conclusion

According to the report by the European Council on Foreign Affairs (ECFR) titled China 3.0, affluence, stability and power are the three tenets of legitimacy for the CPC and source of power and identity for the new China.<sup>21</sup> However, these three areas have posed the biggest challenges over the last few years as growth has floundered, corruption and other forms of exploitation have raised their heads leading to mass unrests and numerous related incidents which have challenged internal stability. At the same time external assertiveness has created question marks over the kind of great power the new China would become. In this context, Xi Jinping has not had it easy right from the early stages of his leadership. Therefore, his anxiety about maintaining the centrality as well as the relevance of the CPC while at the same time establishing the rule of law in China, is understandable.

Looking at the trajectory of the processes unleashed in the first year of the Xi regime, it can be said that while democratic reforms in China would remain a pipe dream, further *democratisation* of the Chinese state by way of participation, ideological reorientation, stress on accountability and better delivery of state services, while controlling corruption, exploitation and misuse of power will remain the cornerstones of domestic Chinese discourse in the years to come. While Xi Jinping is in no hurry to become

a Maoist in the classical sense of the term, the ideas of Mao Zedong will be invoked so long as they promote unity and support popular nationalism. Another important feature of the Xi Jinping ideology is that there is not much space for individual expression as the idea of the Chinese Dream remains a collective construct under the central guiding force of the CPC. This can be assessed from popular Chinese interpretations of the great rejuvenation; for example, one commentator argues, 'The great rejuvenation of China is in essence the rejuvenation of its culture and civilisation. Chinese people believe in self-discipline and social commitment, seeking truth from facts, and seeking common ground while putting aside differences'.<sup>22</sup>

Finally, Xi's position in the party is slightly better than being 'first among equals' like his immediate predecessors. The short time in which he has come to control all the three dimensions of power, coupled with his familiarity with the top military leadership, makes one believe that he holds authoritative power within the party. This was evident in some of the bold reforms that were rolled out during the Third Plenum last year. Although those reforms had been in the making for a while, Xi seems to have added a sense of urgency to their implementation and this highlights his power in the People's Republic.

---

21 Leonard, Mark , 'What does the New China think?', China 3.0, *ECFR Special Report*, November 2012; p. 10.

---

22 Hu, Angang , 'One World, One Dream', *Beijing Review*, 7 December 2013, [http://www.bjreview.com.cn/special/2013-12/07/content\\_582678.htm](http://www.bjreview.com.cn/special/2013-12/07/content_582678.htm) accessed on 15 January 2014 .



# 2

## Overview of Ethnic Unrest in China in 2013

*Dolma Tsering*

The Xinjiang Uyghur Autonomous Region and Tibet<sup>1</sup> are, undoubtedly, the two most restive regions in China. In the six decades of the Communist Party's leadership in China, the country's worst security threats have emanated from these two regions. These include: the Tibetan armed rebellion in 1950, followed by Tibetan mass protests in 1989-1992, which led to the imposition of martial law in Tibet; the 2008 Beijing Olympic protests and rising numbers of self-immolations in the recent past have generated debates regarding human rights violations by the Chinese government. As far as Xinjiang is concerned, the Uyghur resentment against Chinese leadership has become a bone of contention. In 1990, riots broke out at Baren, southern Xinjiang. The protestors called for a 'jihad' against the Chinese government and demanded the establishment of

an independent East Turkistan state. The Chinese government believes that the Uyghurs pose a direct challenge to the national sovereignty and territorial integrity of China.

Clearly, the escalation of violence in these two regions is one of the biggest obstacles to China's ambition to become a leading power in international politics. Moreover, these protests and the aggressive response of the Chinese government are having a damaging effect on Chinese 'peaceful development' theories at the international level. These events in Tibet and Xinjiang are raising questions as to whether China would be a responsible international stakeholder if it overtakes the US. In fact, the Chinese response to the protests has drawn scathing international criticism. On many occasions, the Chinese government has been urged to end human rights violations.

Apparently, the Chinese government has taken various steps to maintain stability in these two regions. It has adopted all possible measures such as military enforcement, suppression of human rights and economic measures but resentment, riots and protests continue to grow.

There were major demonstrations in both regions in 2013 too. From the riots in Xinjiang,

---

1 Tibet refers to all Tibetan areas in China including the Tibet Autonomous Region (TAR) and the Tibetan areas that have been incorporated into the provinces of Qinghai, Gansu, Sichuan and Yunnan. To elaborate further, in this article, Tibet stands for both the administrative definition of China, that only encompasses TAR, and the indigenous definition that includes regions of Utsang (Central Tibet, Jangthang and Nagri (Western Tibet) located in TAR, and Kham (Eastern Tibet) which includes part of TAR, Qinghai, Sichuan and Yunnan and finally Amdo (North-eastern Tibet) which includes part of Qinghai, Gansu and Sichuan. Notably, more than half the Tibetan population is located outside TAR.

it is clear that the relationship between the Han Chinese and the Uyghur in Xinjiang is still far from peaceful—the Uyghurs continue to feel discriminated against. With regard to Tibet, despite the Chinese government's multi-billion dollar infrastructure projects, it has failed to win the loyalty of Tibetans who are living in Tibet or in exile. Manifestly, the riots which continued to gather momentum are an indication of the failure of a popular hypothesis—that there is a direct relationship between development and stability.<sup>2</sup>

## Overview of ethnic unrest in Xinjiang during 2013

The first major riot broke out in Xinjiang in March 2013. Although the cause of the riot is still not clear, it was widely reported that it was triggered by a fight that broke out at a video game arcade. There are however two versions of the story—according to one version a young Uyghur man who had lost all his money at the games, demanded that the manager, who happened to be a Han, should return some of the money, as per another version, the young Uyghur won a lot of money in the games and the manager refused to give him his winnings. However, it is clear that the riots were a consequence of a clash between a Han and Uyghur over money. The incident took place in the city of Korla, a centre for oil production. It led to the death of four people and eight injured. This riot is indicative of the prevailing

mistrust and hatred between ethnic Uyghur and Han Chinese. Instead of acknowledging the root cause for the violence, city officials repeated their old response '...the region would continue to oppose the "three evil forces" of separatism, extremism and terrorism.'<sup>3</sup> Instances like these make it underline the state's core thinking about minority provinces like Xinjiang.

The next incident of serious violence took place in the county of Bachu in the Kashgar Prefecture on 24 April 2013. This tragic event came into the limelight because Gary Locke, the US Ambassador to China was touring Xinjiang at the time with a delegation of energy, railway and transportation executives with the aim of expanding investments in the province.<sup>4</sup> According to media sources, this incident resulted in 21 deaths. Local sources have claimed that the violence was triggered when a Uyghur youth was shot dead by the police during what the locals termed as an illegal search of homes. On the other hand, the official version is that the house being searched was hosting jihadi elements who were preparing for a big attack in Kashgar later in the summer. Officials also claim that the alleged extremist group had been actively planning this action since September 2012. International media agencies have reported that the residents of the said house were involved in a long-standing dispute regarding their religious practices with the local authorities.

---

2 The main indicator of economic development in Tibet and Xinjiang is the GDP figure because of which, instead of focusing on improvement of education, health care facilities and human resource development, the government is opting to invest in large infrastructure projects. Although Tibet and Xinjiang rank 8<sup>th</sup> and 11<sup>th</sup> in GDP terms among 33 provinces, the human development index of both the region ranks Tibet the lowest and Xinjiang at 28.

---

3 Wong (2013), 'Killings stir Fears of Ethnic Tensions in Chinese Region', *New York Times*, 8 March 2013, at <http://www.nytimes.com/2013/03/09/world/asia/killings-in-china-stir-fears-of-ethnic-tensions.html/> Accessed 29 June 2013.

4 'China urges U.S. to condemn Xinjiang 'Terrorism'', *Voice of Russia* 25 April 2013, at [http://english.ruvr.ru/2013\\_04\\_25/China-urges-U-S-to-condemn-Xinjiang-terrorism/](http://english.ruvr.ru/2013_04_25/China-urges-U-S-to-condemn-Xinjiang-terrorism/) Accessed 29 June 2013.

On 26 June 2013, violence flared up once again in Xinjiang. This time, bigger riots took place in the Lukchun Township of Shanshan County about 200 km from Urumqi. This clash resulted in 35 deaths with many more being injured, though private news agencies reported that there had been 46 deaths. Dilxit Raxit, a spokesperson for the World Uyghur Congress said that 'the violence has been caused by the Chinese government sustained repression and provocation of Uighur community'.<sup>5</sup> This particular incident stands out for the large number of security personnel killed. A week before the June riots, 19 Uyghurs were sentenced to various jail terms ranging from 15 days to six years on charges of inciting ethnic hatred. This was seen by the Uyghurs as a warning in the lead up to the 2009 riots anniversary.

Following the incidents, armed patrolling was ordered in major cities and towns of Xinjiang as the government wanted to avoid further violence in the immediate future.

The last two incidents in 2013 occurred in the months of November and December. On 17 November Reuters reported that 11 people were killed and two injured in China's troubled far-west region of Xinjiang when a group of people armed with axes and knives attacked a police station.<sup>6</sup> Soon after the November violence an armed clash took place in Shufu County which lead to

the deaths of 16 people.<sup>7</sup> The cause of violence remained unclear with the government official line tagging the violence as a separatist and terrorist act; and Uyghur supporters describing it as a reaction to the government's repressive policy towards the Uyghur people. According to an article in the Diplomat, the police force was attacked by machete wielding rioters throwing homemade explosives. It was further reported that the rioters killed two policemen following which the police opened fire, killing 14 people. Two unnamed suspects were arrested after the incident.

The last case of violence occurred on 30 December in Yarkand County when attackers armed with knives threw explosives and set a police car on fire. Of the nine assailants, eight were killed by the police and one taken into custody.<sup>8</sup> The Xinhua's official report used the word 'terrorist' to describe the attackers and the foreign ministry spokesman Qin Gang also termed the incident a 'violent terrorist attack' and reiterated that the 'Chinese government cracks down on these forces in accordance with law.' According to the World Uyghur Congress President, Rebiya Kadeer, the recent deaths of Uyghurs are part of 'a recent trend of state-sponsored violence used to quell Uyghur dissent, whereby authorities ignore due process of the law, shoot and kill Uyghurs, label them terrorists, and then use counter-terrorism to justify the unlawful killings.'<sup>9</sup>

5 'Xinjiang Death toll higher than reported', *Asia Times Online*, 28 June 2013 at <http://www.atimes.com/atimes/China/CHIN-01-280613.html>/ Accessed 30 June 2013.

6 <http://www.reuters.com/article/2013/11/17/us-china-xinjiang-violence-idUSBRE9AG02G20131117><http://www.reuters.com/article/2013/11/17/us-china-xinjiang-violence-idUSBRE9AG02G20131117>

7 'China, Uyghur Activists Dispute Nature of Latest Xinjiang Violence', <http://thediplomat.com/2013/12/china-uyghur-activists-dispute-nature-of-latest-xinjiang-violence/> accessed on 25 January 2014.

8 'More Violence in Xinjiang Leaves 8 Dead' <http://thediplomat.com/2013/12/more-violence-in-xinjiang-leaves-8-dead/> Accessed 25 January, 2014.

9 Ibid.

The hatred, distrust and resentment among Uyghurs against the Chinese government continue to grow. There are a number of reasons for this. First, in order to strengthen its control over the region, the government is imposing restrictions on religious activities. Second, the arrests of Uyghurs on the basis of mere suspicion of intentions to stoke extremist and separatist sentiments in the region are also reasons for growing resentment. Another reason is their economic marginalisation because of the rising numbers of Han migrants. Ethnic violence in Xinjiang in 2013 has resulted in approximately 115 deaths of which 72 deaths occurred in Kashgar alone. Violence and the death toll will continue to rise until Beijing decides to review and change its policies.

## Instability in Tibet during 2013

Tibet is another area along with Xinjiang where a large numbers of forces particularly the paramilitary has been stationed to suppress protests and demonstrations since 2008. Besides this, a number of projects have been initiated to improve the living conditions of Tibetans. Interestingly, these projects are seen as buying strategies of the government. It is perceived that the government wants to win over Tibetans by initiating such projects. Protests in Tibet continued in 2013 despite the huge presence of troops and surveillance. These protests and demonstrations conveyed a clear message to the Chinese government that such measures will not help buy the loyalty of Tibetans.

While Tibet witnessed several riots in the year 2013, the first major riot broke out on the occasion of the 78<sup>th</sup> birthday of the 14<sup>th</sup> Dalai Lama. Celebrating the Dalai Lama's birthday or possession of his portraits is banned and

illegal in China. Tibetans in Tuwa County who celebrated the Dalai Lama's birthday were fired upon by the armed forces. Around 500 Tibetans including monks and nuns participated in the Tuwa gathering. Reuters reported that two monks were shot in the head and several others seriously injured.

The loyalty of Tibetans to the Dalai Lama is considered to be a major challenge for the Chinese leadership. Moreover, mass gatherings are not allowed in Tibet since the 2008 Beijing Olympics.

Another notable episode of violence started in September and continued till mid October. On 28 September 2013, a serious confrontation took place between Chinese security forces and local Tibetans in Mowa village in Driru County. It was triggered by the forcible imposition of the 'Nine Must Haves'<sup>10</sup> campaign which requires every Tibetan family to put the Chinese flag on their roof top. Local Tibetans in Mowa had refused to do so because it is a space traditionally reserved for sacred prayer flags. It was reported that local Tibetans threw the flags into a nearby river to express their disapproval which consequently led to a clash between the Chinese police and local Tibetans. Chinese security forces shot four Tibetans dead and wounded 50 others in the crackdown. Local residents at Driru said that 'Driru is now flooded with Chinese paramilitary police, and Tibetans are being stopped from

---

10 Nine Must Haves are: to have portraits of four leaders, national flag, roads, water, electricity, TV, films, library, and newspapers. The campaign is aimed to strengthen CCP's control over the region and garner local Tibetan loyalty.

### Overview of Ethnic Unrest in China, 2013

Incident	Place	Date	Casualties	Causes
Ethnic conflict between Han Chinese and Uyghur	Korla, Xinjiang	7 March 2013	4 dead and 10 injured	Economic
Armed police fire against ethnic Uyghur	Bachu County of Kashgar Prefecture	24 April 2013	21 deaths	Illegal search over Uyghur house
Riots between local police and ethnic Uyghur	Lukchun Township	26 June 2013	35-46 deaths including some security personnel	Government's repressive policy and provocation for Uyghurs.
Ethnic conflict between Uyghur and local police	Bhatu County	16 Nov 2013	11 killed and 2 injured	Attack on police station
Ethnic tension	Shufu County	15 Dec 2013	16 dead including 2 policemen	Attack on police seeking to apprehend unnamed criminal suspect
Firing on local Tibetans	Tawu County	6 July 2013	2 dead and several injured	Mass gathering celebrating 78th birthday of the Dalai Lama
Firing on local Tibetans	Driru County	Sept-Oct 2013	4 died and 50 wounded	Imposition of Nine Must Haves' Campaign
Self-immolations	Tibet	2013	27	China's repressive policy against Tibetans

travelling with no reason given.<sup>11</sup> Apart from these two major protests, self-immolations continue in Tibet.

### Self-immolations in Tibet

Self-immolations in Tibet have become the fieriest forms of protest and <sup>12</sup> are creating doubts with regard to the Chinese concept of 'Peaceful Rise and Harmonious Society' and 'Harmonious World'. Since 2011, 125 Tibetans have immolated themselves. In fact, 27 self-immolations took place in 2013 alone. While the Chinese government says these are violent activities, Tibetans believe that they come under the purview of peaceful protests and are the best ways of protesting against the repressive policies of the Chinese government.

The two demands of these protesters are: freedom for Tibet and return of the Dalai Lama.<sup>13</sup> China is not only encouraging Han immigration into Tibet and denying Tibetans the benefits accruing from the economic boom in their homeland, but it is also imposing restrictions on their way of life and keeping their movements under surveillance. Rampant mining in the region and its impact on

their environment have also driven the Tibetans to protest against the Chinese government.

### Conclusion

Ethnic tensions and instability in Xinjiang and Tibet have been major causes of concern for the Chinese government since its inception as a modern nation-state. Although the tension in these two regions is categorised under the banner of the Three Evils: Separatist, Extremist and Terrorist, the nature of conflict and approach to resolving it are different. Therefore, rather than describing unrest in these two regions as terrorist and separatist, China needs to address the root causes of the problems mentioned above. Whether China will be able to maintain its control over these two regions is subject to debate and also depend on the kinds of policy it draw towards these two regions.

---

11 Four Tibetans Shot Dead as Protests Spread in Diru County, available at <http://www.rfa.org/english/news/tibet/shoot-10112013200735.html> Accessed on 24 January 2014.

12 More details on self immolation, visit <https://www.savetibet.org/resources/fact-sheets/self-immolations-by-tibetans/>

13 Samphel, Thupten, 'Self Immolation/Tibet/China', available at [http://www.huffingtonpost.com/thubten-samphel/self-immolation-tibet-china\\_b\\_4537565.html](http://www.huffingtonpost.com/thubten-samphel/self-immolation-tibet-china_b_4537565.html) Accessed on 5 February 2014.

# 3

## The People’s Liberation Army: Debates of a Bygone Year

*Bijoy Das*

The year 2013 was the first year of governance by China’s fifth generation leaders who had assumed the reins of power at the 18<sup>th</sup> Party Congress held in Beijing during 8–12 November 2012. This chapter attempts to highlight all the debates that continued through 2013, within and around the People’s Liberation Army (PLA) which uniquely functions under the absolute command of the Communist Party of China.

The various strands of debates relating to the PLA in 2013 can be divided into four main categories:

ideological, operational, military reforms and civil-military relations. However, there are issues within these categories that overlap and are the subject of deeper research and debate.

Apart from the various debates and discussions, one of the most notable developments for the Chinese military was the formulation and declaration of the Communist Party of China Central Committee’s (CPCCC) ‘Decisions on Major Issues related to the Deepening of Defence and Military Reforms at the Third Plenum of

PLA’S DEBATES IN 2013			
<u>IDEOLOGICAL</u>	<u>OPERATIONAL</u>	<u>MILITARY REFORMS</u>	<u>CIVIL-MILITARY RELATIONS</u>
Dream of Strong Country = Dream of a Powerful Military?	Joint Warfare Military Capability	Discipline Corruption HR Policies Morale RMA Force Strength & Structure Relation with other reforms	Economic development Psychological

the 18<sup>th</sup> Party Congress<sup>1</sup> hereafter referred to as ‘CPCCC’s Decisions.’ Based on the degree of implementation, these decisions are bound to have far reaching impacts on the form and nature of the Chinese military. Many of the issues debated earlier in the year have been mentioned in the ‘CPCCC’s Decisions’ and have been duly acknowledged in this paper.

## The ideological divide that wasn’t: Strong Country = Powerful Military?

Among the four strands of the debate, the most significant, as also the most pertinent for China’s neighbouring countries and the world at large, was the debate on whether the ‘Dream of a strong country’ is synonymous with the ‘Dream of a strong military’.

It is well known that Xi Jinping, who became the most powerful man in China after he took over charge as Party General Secretary in November 2012 enunciated his vision of the ‘China Dream’. Two alternate versions—the ‘Dream of a strong country’ and the ‘Dream of a strong military’ also surfaced about the same time.<sup>2</sup> These initiated a debate within China as to whether these three ‘Dreams’ are entirely similar or not. Later on these three versions crystallised into two, i.e., ‘Dream of a strong country’ and ‘Dream of a powerful military’. The terms were not new since

‘Prosperous country and powerful military’ had been coined during Xi’s predecessor, Hu Jintao’s term.<sup>3</sup> Its roots can in fact, be traced back to recommendations made by 19<sup>th</sup> century pro-reformists like Li Hongzhang, Zeng Guofan, Wen Xiang and Zuo Zongtang, and more recently to Deng Xiaoping.<sup>4</sup> For the purpose of this essay, this debate was actually restarted with Xi Jinping’s own address to the military on his first visit to frontline army and navy formations in Guangzhou. On this occasion, while addressing divisional commanders and senior military officers, Xi reportedly said that the rejuvenation of the Chinese nation is the ‘Dream of a strong country’ which, for the military is the ‘Dream of a powerful military’.<sup>5</sup>

This debate soon got polarised between two camps: the first camp believed that there was a synergy between the two dreams, while the second camp argued against it. According to the first camp, national security and development cannot be guaranteed without a powerful military. Besides, national interests expand with economic and social development thereby making a powerful military imperative. However they maintained that irrespective of how powerful the military gets, it should remain under the absolute command of

---

1 ‘CPCCC’s decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms’ (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

2 ‘China Dream’: (中国梦: Zhongguomeng); ‘Dream of a strong country’: (强国梦: Qianguomeng); ‘Dream of a powerful military’: (强军梦: Qiangjunmeng).

---

3 ‘Prosperous country and Powerful military’: (富国和强军: Fuguo he Qiangjun).

4 Chu, Samuel C., and Kwang-Ching Liu. *Li Hung-chang and China’s Early Modernization*. Armonk, NY: M. E. Sharpe, 1994. Print; and Li, Hsiao-chün. *The Long March to the Fourth of June*. Trans. E. J. Griffiths. London: Duckworth, 1989. Print. pp 140-142.

5 ‘Sincerely study and implement the important speech of Xi Jinping delivered during survey of Guangzhou operational area’ (in Chinese), *PLA Daily Online*, 13 December 2012, at <http://chn.chinamil.com.cn/2012xjpjh/> Accessed 15 December 2012.

the Party, the Central Military Commission (CMC) and Chairman Xi.<sup>6</sup>

On the other hand, the second camp contended through a representative piece that the two 'Dreams' are quite different semantically and in discourse. Commentator Shang Wei says that, 'A strong China does not solely mean a strong military, but also includes a civilised China, a harmonious China and a beautiful China.' Besides, 'strong' relates to a number of arenas like the economy, politics, military, diplomacy, culture, science and technology, human capital etc., and their potential for interplay. The military is an important component in the comprehensive national power matrix and hence a 'strong country' does mean a 'strong military' but is not limited to military alone, says Shang. Thus the military should facilitate the 'Dream of a strong China' and to the goals of national prosperity and rejuvenation. Shang also warns that using both the 'Dreams' interchangeably and inadvertently, may cause misunderstandings and provide fuel for the 'China Threat' theory to the detriment of China's strategic interests.<sup>7</sup>

In order to judge which camp's ideology held sway, it would be necessary to study the conduct and development of the Chinese military during 2013 and the Party leadership's dispensation towards it. The military exercises, manoeuvres,

training programmes and actions of the PLA during the year indeed show that China would not hesitate to utilise its military power to serve its national security interests. The navy has been patrolling the seas, protecting fishing rights, and undertaking rescue operations in the East China Sea and the South China Sea. It also went to the extent of locking its weapon tracking radar on to a Japanese naval vessel in the East China Sea. It has also challenged the *USS Cowpens* in the South China Sea. Similarly, the PLA Air Force has declared the Air Defence Identification Zone (ADIZ) over an extensive area in the East China Sea and has started to boldly patrol the area. The army and the Second Artillery Force too have carried out intensive and extensive exercises in high altitude areas demonstrating integrated and precision operations. From India's point of view, the PLA's attempts to change the status quo in Depsang Valley in April-May 2013, an area in the disputed territory of Aksai Chin was a clear indication that the PLA is not inclined to compromise for the sake of resolving the boundary dispute and it could make occasional pre-emptive moves.

Apart from this, the various CPCCC Decisions taken at the Third Plenum also hint at a capital account driven reform direction for the Chinese military.<sup>8</sup> Hence, it may be safe to conclude that for the Chinese leadership 'Dream of a strong country' primarily refers to the economy, yet the military will remain an area of abiding interest and its modernisation and enhanced capabilities are being tuned to serve their strategic interests amid transforming global geopolitics.

---

6 'Sincerely strive to support the dream of a powerful military' (in Chinese), *PLA Daily Online*, 20 May 2013 at [http://chn.chinamil.com.cn/2013qjmpic/2013-05/20/content\\_5348035.htm](http://chn.chinamil.com.cn/2013qjmpic/2013-05/20/content_5348035.htm) Accessed 25 May 2013.

7 Shang Wei, 'Exercise caution while saying Dream of a strong country is but the Dream of a powerful military' (in Chinese), *Consensus Online (Gongshi Wang)*, 01 August 2013 at [http://www.21ccom.net/articles/dlpl/szpl/2013/0801/article\\_88871.html](http://www.21ccom.net/articles/dlpl/szpl/2013/0801/article_88871.html) Accessed 15 August 2013.

---

8 For details see 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

## The Mass Line Campaign: Invoking the past to amend the present and future

On 19 April 2013, the Politburo of the Central Committee of the Communist Party of China convened a meeting and announced its important decision to launch the Mass Line Education and Implementation campaign.<sup>9</sup> The duration of this countrywide campaign was to be from the second half of 2013 till July 2014. The focus of the campaign was to bring about 'real honesty for the sake of the people'.<sup>10</sup> It was further elaborated that the campaign would target those problems on which popular reactions are strongest and resolve them mainly through 'looking in the mirror, correcting their attire, taking a bath and curing the diseases'.<sup>11</sup>

The purpose of launching the campaign was to root out corruption and other unhealthy trends and practices in the party, government, politics and law. Though civilian administration was the major arena for the campaign, it soon became clear that the Mass Line campaign would be implemented equally within the PLA and the People's Armed Police Force given the wide party membership in both these organisations.

In a subsequent speech delivered on the occasion of a Mass Line Work Meet on 18 June 2013,

---

9 'Politburo of Party Central Committee holds meeting chaired by Xi Jinping' (in Chinese), *People's Daily*, 19 April 2013, at <http://cpc.people.com.cn/n/2013/0419/c64094-21205977.html> Accessed 20 April 2013.

10 Bring about real honesty for the sake of the people = '为民务实清廉'.

11 Look in the mirror, correct the attire, take a bath and cure the diseases = '照镜子、正衣冠、洗洗澡、治治病'。

Mr Xi Jinping mentioned that the Party's basic ideology of maintaining intimate contact with the masses has not changed under the 'new circumstances'.<sup>12</sup> He pointedly admitted the existence of the Four Malpractices of formalism, hedonism, extravagance and bureaucratic work style which are anti-people. Xi also served a wake up call to all Party officials to adopt good work styles in order to achieve the basic goal of making China a well-off country by 2050.

The Politburo held a meeting from 22-25 June 2013 to lay out the future road map of the campaign. The PLA took a cue from these events and organised its own Democratic Lifestyle Meet on the Mass Line campaign for one-and-a-half days from 7-8 July 2013.<sup>13</sup> This meet was convened by the CMC in which Xi Jinping chaired and delivered an important speech, which saw come concrete outcomes on the campaign's roll out within the PLA. It was also decided to strengthen Party control over the PLA, improve value systems, address major problems, consider practical issues and increase vigilance. The ultimate goal during the execution of the campaign would be to improve combat efficiency and capabilities of the military. Also mentioned were decisions to respect the officer and care for the soldier and foster unity amongst these two

---

12 'Xi Jinping delivers speech at Party's Mass Line Education and Implementation Campaign' (in Chinese), *People's Daily*, 26 July 2013, at <http://qzlx.people.com.cn/n/2013/0726/c365007-22344078.html> Accessed 31 July 2013.

13 'Central Military Commission convenes special Democratic Lifestyle meet: Xi Jinping delivers important speech' (in Chinese), *People's Daily*, 09 July 2013, at <http://qzlx.people.com.cn/n/2013/0709/c364565-22125005.html> Accessed 15 October 2013.

classes, and the need to attend to the rank-and-file soldiers first.

In his speech, Xi Jinping made five direct demands from the PLA, which were as under:

1. The PLA should remain under the Party's command.
2. The PLA should be able to plan, fight and win any combat as per the CMC's directive.
3. The PLA should be able to innovate.
4. The PLA should possess substance and honesty.
5. The PLA should have a clean image and self-discipline.<sup>14</sup>

Since the Mass Line had a pronounced tilt towards grassroots, an author of a People's Daily article opined that 'masses' for the purpose of the PLA are none but the rank-and-file soldiers whose opinion on the Four Malpractices and amending work styles need to be sought.<sup>15</sup>

---

14 'Central Military Commission convenes special Democratic Lifestyle meet: Xi Jinping delivers important speech' (in Chinese), *People's Daily*, 09 July 2013, at <http://qzlx.people.com.cn/n/2013/0709/c364565-22125005.html> Accessed 15 October 2013.

15 'Mass Line should seek directions from masses' (in Chinese), *PLA Daily*, 09 July 2013, at [http://chn.chinamil.com.cn/gd/2013-07/09/content\\_5402178.htm](http://chn.chinamil.com.cn/gd/2013-07/09/content_5402178.htm) Accessed 15 October 2013.

## Operational Issues of strategic import

### Joint operations and integrated command structures

A major topic of military debate is the establishment of an integrated command structure. China has reportedly been making changes in its higher defence management as well as conducting military training for this purpose for many years now. The CPCCC Decisions stated in considerable detail that it was necessary to undertake military reforms for building an efficient integrated command system.<sup>16</sup> Among the areas mentioned in this regard is the setting up of an integrated command structure in the Central Military Commission and battlefield integrated command bodies, as well as reform of joint operations military training and logistic services.

An opinion piece by Maj Gen Yang Yunzhong, who is a serving officer and professor of political economy and international relations in the Integrated Training Base of the Jinan Military Area Command revealed progress in 'jointness' within the Chinese military.<sup>17</sup> The opinion piece was actually in response to a news report that the Chinese ministry of national defence had on 5 January 2014 disclosed to the media that

---

16 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

17 Yang Yunzhong, 'The obstructions to military reforms may lead to labour pains' (in Chinese), *HuanqiuShibao (Global Times)*, 06 January 2014, at [http://news.xinhuanet.com/mil/2014-01/06/c\\_125959638.htm](http://news.xinhuanet.com/mil/2014-01/06/c_125959638.htm) Accessed 8 January 2014.

'the Chinese military would set up an integrated command headquarter at an appropriate time', a report which was later denied.<sup>18</sup> According to Yang, despite 30 years of reforms, China's war machinery is 'still a relic of the mechanised era'; changes though major, are yet not in keeping with the requirements of modern information based warfare; the 'jointness' achieved by the various arms too is 'small in ratio and low in grade'. The focus of military reform is still on streamlining the forces and rationalising the administration.<sup>19</sup> A strong case for joint operations has been made citing the examples of all major military powers like the US, Russia, the UK, France, Germany and Japan. Thus both Yang and the CPCCC Decisions give the impression that the establishment of the integrated headquarters and the concept of joint operations is a work in progress. However Yang adds that it would be a challenge for China to set up an integrated command structure based on the particular national requirements and military reforms, but which is a path the Chinese military has to follow, and is one which cannot be covered in a single step.<sup>20</sup>

18 'International media pays attention to PLA testing waters on joint operations headquarters' (in Chinese), *Xinhua*, 05 January 2014, at [http://news.xinhuanet.com/world/2014-01/05/c\\_125958039\\_2.htm](http://news.xinhuanet.com/world/2014-01/05/c_125958039_2.htm) Accessed 16 January 2014; and 'Defence Ministry refutes reports on Chinese military building joint operations headquarters' (in Chinese), *HuanqiuShibao (Global Times)*, 05 January 2014, at <http://mil.huanqiu.com/china/2014-01/4724283.html> Accessed 16 January 2014.

19 Streamlining forces and simplifying administration (精兵简政) is a theme which has its origins in the inception of the present day PLA in 1927. Its objectives as commonly understood are: reducing expenditure, increasing production, decreasing manpower, overcoming material shortcomings, improving quality of manpower and enhancing operational efficiency.

20 Yang Yunzhong, op. cit.

## Military capability

The other topic of debate is the improvement of combat capability, which is also one of the core CPCCC Decisions. Accepting that large-scale reforms in the military would not be feasible in China, the focus should be on combat troops who can serve as examples for the rest of the Chinese military, said Senior Colonel Gong Fangbin, who is a professor at the National Defence University (NDU) of China, during an interaction of the *People's Forum* (a media affiliate of the *People's Daily* network of the Communist Party of China). In this context he cited Xi Jinping's dictum, that the PLA 'should dare to fight, know how to fight, and should know how to win'.<sup>21</sup> Inverse logic suggests that President Xi might not be quite satisfied with the current state of the PLA's combat morale. This inference was in fact drawn from a book authored in 2013 by a serving Major General of the PLA, Maj Gen Jin Yinan, who is regarded as one of China's hardliner military ideologues and is the head of the Institute for Strategic Studies of the National Defence University of China. In his book '*Conquering the Heart*' he is of the opinion that China may have made some material achievements, but on the psychological front it still has many shortcomings. He says that as the typical Chinese individual is unduly humble, the PLA lacks virility. He supports this by citing a directive of the PLA's Military Area Commands (MAC) that during any military exercise 'neither men's skin nor vehicles' paint

21 Gong Fangbin, 'China ruling its military with strictness, Situation improving' (in Chinese), *China Review News*, 02 August 2013 at <http://www.zhgpl.com/doc/1026/6/0/0/102660003.html?coluid=4&kindid=16&docid=102660003&mdate=0802111556> Accessed 2 August 2013.

should be scraped'.<sup>22</sup> Writings of Jin Yinan do give an insight into the assertive and aggressive mindset of some sections of China's military and political leadership for dealing with regional challenges.

## Military reform—The painful change

Military reform has been a live subject in China for a couple of decades and officially since 2003-2004.<sup>23</sup> However, the nomenclature and nature of reforms have undergone changes while

the debate is still on.<sup>24</sup> One of the concerns in Chinese strategic circles is how to judge the effectiveness of China's reforms without being tested in the crucible of war. Chinese military strategists in this context envy the United States for their dynamism in military reform based on the continuous repository of combat experience gained by major military operations in Iraq, Afghanistan and Pakistan in recent times. Nonetheless, there is unanimity within the country on the need for military reforms that are often referred to as 'RMA (revolution in military affairs) with Chinese characteristics'.

---

22 'Major General draws lesson from Qing-era naval debacle to say Chinese need virility' (in Chinese), *Huanqiu Wang (Global Times Online)*, 07 August 2013, at <http://mil.huanqiu.com/observation/2013-08/4214598.html> Accessed on 05 September 2013) Also, the PLA MACs' military training policy of 'Neither men's skin nor vehicles' paint should scrape off' (人不掉皮, 车不掉漆) was criticized by Jin also in an interview comparing with the US military's decision to sacrifice numerous fighter aircrafts to ultimately reach the status of a carrier battle force, 07 August 2013 at [club.china.com/data/thread/1013/2762/97/35/6\\_1.html](http://club.china.com/data/thread/1013/2762/97/35/6_1.html) Accessed on 05 September 2013. The book '*Conquering the Heart*' authored by Maj Gen Jin Yinan is '心胜', Changjiang Literature & Art Publishing House.

23 Dennis J. Blasko, *The Chinese Army Today: Tradition and transformation for the 21<sup>st</sup> century*, London, Routledge, 2006, p. 13.

---

24 China's military reforms in the past decade have had the following broad themes: Operationally they include developing joint warfare skills and leadership, developing capabilities to win 'local wars in the information age' and to protect its 'Core Interests', and a push on MOOTW like surveying, patrolling, disaster relief and military diplomacy. Strategically, the themes include the three phased (San Bu Zou) development from mechanisation to computerisation, defence indigenisation of key and strategic equipment and technologies, thrust on infrastructure development etc. Organisational reforms included efforts towards force downsizing, normative management, better training, higher educational quotient, generational change at leadership levels, promoting inter-service exchange and cross-regional service experience etc. For more see, Bijoy Das, 'China's Defence Modernisation Plans: Between the Lines of China's Seventh Defence White Paper', Policy Research Group, 04 June 2011. Web. 12 Dec. 2013. [http://policyresearchgroup.com/myanmar-china/china\\_s\\_defence\\_modernisation\\_plans\\_between\\_the\\_lines.html](http://policyresearchgroup.com/myanmar-china/china_s_defence_modernisation_plans_between_the_lines.html); *East Asian Strategic Review* 2013 Chapter 5 'China: The 18<sup>th</sup> Party Congress Focuses on the Next Generation of Leadership', The National Institute of Defence Studies and the *Japan Times*, Tokyo, 2013; and *East Asian Strategic Review* 2012 Chapter 3 'China: Preparing for the 18<sup>th</sup> Party Congress', The National Institute of Defence Studies and the *Japan Times*, Tokyo, 2012.

Senior Colonel Gong Fangbin, who is a professor at the National Defence University (NDU) of China, shared his views on three broad areas of military reforms in China on the occasion of PLA Day during an interaction on the *People's Forum* (a media affiliate of the *People's Daily* network of the Communist Party of China). According to him, the first focus of reforms should be 'discipline' and enforcing a 'stricter rule of law' which Gong says is already being followed by each officer and soldier of the PLA. Interestingly according to Gong, the laxity now visible within the PLA is a natural outcome of the continuing phase of peace. However, the new CMC leadership, agrees with Xi Jinping with regard to imposing a strong rule of law on the military, eliminating tardiness and putting an end to extravagance. Speaking on the basis of his experience at the NDU he said that a positive change is indeed underway on these issues.<sup>25</sup>

The third and last area of military reforms according to Gong is systemic—efficient administration and plugging long-standing loopholes to ensure optimum utilisation of defence expenditure.<sup>26</sup> This is one area that was addressed in considerable detail in an interview with Maj Gen Xue Baoguo who is the Political Commissar of the Xi'an Institute of Politics of China's National University of Defence Technology. Incidentally, the CPCCC Decisions also specifically mention the need for reform in defence expenditure management and the need for demand based planning, resource

allocation, financial and material management, budgeting, centralised collection and payment, and procurement.<sup>27</sup>

According to Xue, policy reform in human resources has already become the number one priority for the PLA.<sup>28</sup> Incidentally, the CPCCC's Decisions also include improving the PLA human resources policy as per national standards and practices as one of the major items in the reform agenda of the Party.<sup>29</sup> In this regard Maj Gen Xue said that the primary task of human resources policy reforms in the Chinese military is to create a work environment that enables personnel to handle new technologies and equipment, and which is just, dynamic and facilitates personnel development.<sup>30</sup> Xue also candidly states that comprehensive reforms are needed to make the military—especially the officer cadre—into a truly professional service and to achieve the goal of building a powerful military. This becomes clearer with Xue listing numerous areas where irregularities are rampant. These relate to the terms

---

25 Gong Fangbin, 'China ruling its military with strictness, Situation improving' (in Chinese), *China Review News*, 02 August 2013 at <http://www.zhngpl.com/doc/1026/6/0/0/102660003.html?coluid=4&kindid=16&docid=102660003&mdate=0802111556> Accessed 2 August 2013).

26 Gong Fangbin, op. cit.

---

27 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

28 Xue Baoguo, 'Pushing reforms and innovation in PLA's human resources policies has become the first task for building a modern military' (in Chinese), *PLA Daily Online*, 16 December 2013 at [www.chinamil.com.cn/jfjbmap/content/2013-12/16/content\\_61068.htm](http://www.chinamil.com.cn/jfjbmap/content/2013-12/16/content_61068.htm) Accessed 17 January 2014.

29 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

30 Xue Baoguo, op. cit.

and conditions for active service of various arms and trades of personnel, selection and posting of personnel, training and exchanges, and even in salary, allowances, retirement and resettlement. Reforms are also needed to promote military specialisation in the non-commissioned officers' (NCO) system. Recruitment policies too need to be changed to attract talented candidates through multiple entry schemes. Xue believes that reforms are also required with regard to civilian experts—within the PLA in particular, as regards their status, career progression, and rights and duties, in order to attract the best.<sup>31</sup>

The CPCCC Decisions also identify a number of areas relating to the PLA's human resources management and the PLA structure that require reforms. These include the CMC general headquarters, nurturing fresh military talent, professionalising the officer cadre, regularising the military's senior authority structures, civilian cadres, NCO services, the leadership structures of various arms, force structure, ratios between: various arms, field and staff organisations, and between officers and men; reduction of non-combat personnel; military academies, education and training of personnel, retirement and resettlement policies.<sup>32</sup>

However, despite recommending a large number of reforms, Maj Gen Xue maintains that the basic principle of the Party's control over appointments

of authority should not be altered.<sup>33</sup> Perhaps mindful of the various anomalies within the PLA, Xue reiterates that the Party's control over the military can only be enhanced and not diluted. It is only under the control and guidance of the Party that reforms relating to men, initiative and innovation can be assured.<sup>34</sup>

### Problems at the grassroots

An article authored by four members of the Research Centre for Socialism with Chinese Characteristics, of the People's Armed Police Political Studies Institute carried by the *PLA Daily* (the principle media organ of the People's Liberation Army) and *Qiushi* (the policy journal of the Communist Party of China) provided valuable insights into the current debate on the problems plaguing the PLA (and presumably the People's Armed Police) at the grassroots level.<sup>35</sup> It says that the key to building a powerful Chinese military is to begin at the PLA grassroots and lists 'four basics' to realise it. The authors thus favour a bottom up approach. By choosing to begin at the grassroots and not the higher defence management of China, the authors might have toed a safe line since it is the CMC leadership that according to the CPCCC Decisions has been identified for reform because of serious cases of corruption, abuse of

---

31 Ibid.

32 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

---

33 The policy of Party control over senior appointments (党管干部) is implemented such that the Party Committees at each level maintain absolute control over the appointments to ensure Party policies are carried out and the Party's authority remains supreme.

34 Xue Baoguo, op. cit.

35 Zhao Pingchang, Wang Jinli, Liu Mingtao and Zhang Hao, 'The Four Basics for building a powerful military' (in Chinese), *Qiushi*, 17 December 2013, at [http://www.qstheory.cn/gf/gfjisyfz/201312/t20131217\\_303366.htm](http://www.qstheory.cn/gf/gfjisyfz/201312/t20131217_303366.htm) Accessed 19 December 2013.

power and irregularity (as in the case of Lt Gen Gu Junshan) in the General Logistics Department of the CMC.<sup>36</sup> However, the authors say it is the grassroots that is crucial for the PLA's internal stability and where administration has slackened over years giving rise to serious problems like demoralisation, inefficiency, abuse of power, corruption, indiscipline, hedonism, officiousness and extravagance. It is pertinent to note here, Xi Jinping, the Party Chief and Chairman of the Military Commission issued the 'Regulations for the Military for Establishing an Accountability System on Clean Governance' in July 2013 to address these problems.<sup>37</sup>

The first of these four basics is to ensure that the Party remains in command of the PLA. In this context it was deemed essential to provide value-based education to the Chinese military and ingrain the 'Three Confidences' into the

grassroots military personnel of China.<sup>38</sup> This shows the Party's preoccupation with monitoring and mentoring the PLA in order to ensure regime stability and national development. In order to gain more acceptability at the PLA grassroots, the Party organs and officials were asked to address and manage the psychological challenges faced by PLA combatants. This is because most young Chinese soldiers are the single issue of their parents, imbibing them with a strong awareness of their self-interests, as well as making them mentally and emotionally fragile. In order to better accomplish this psychological task, the article also recommended better synergy between ideological education and policy measures such as controlling new media such as the Internet and mobile networks and monitor their impact on the thinking and conduct of soldiers.

The second basic task recommended by the article is to rectify organisational problems relating to appointments and military training. One of these is to thoroughly revamp the post of deputy party secretary, who happens to be the personnel management authority at PLA grassroots. The steps recommended reveal that there are several problems plaguing this important position, viz., irregularity in appointments, political unreliability, professional incompetence, lack of trust among personnel and laxness in

---

36 Bijoy Das, 'Xi Jinping carries out first General rank promotions in PLA', *IDSa Web Comment*, 25 September 2013 at [http://idsa.in/idsacomments/XiJinpingCarriesPLA\\_bdass\\_250913](http://idsa.in/idsacomments/XiJinpingCarriesPLA_bdass_250913)

37 The 'Regulations for the Military for Establishing an Accountability System on Clean Governance' (军队实行党风廉政建设责任制的规定) is the latest order passed in mid-July 2013 by the CMC at the instructions of Xi Jinping which has some strong provisions to prevent and punish corruption within the Chinese military. However attempts were also made by similar orders passed in 1999 and 2010 apart from many more minor rules and regulations issued through the years.

---

38 The term Three Confidences (三个自信) was coined by Hu Jintao, the outgoing chief of the Communist Party of China during the 18<sup>th</sup> Party Congress in November 2012. The Three Confidences is a new order to be followed by the entire Party and the people of China. Briefly they are Confidence in the Path, Confidence in the Theory, and Confidence in the System (chosen for development). For more see Tao Wenjie, Exploration of the Historical Inevitability of 'Three Confidences' – Study on the Report of the 18<sup>th</sup> National Congress of the CPC, *Journal of Anhui Administration Institute*, March 2013.

military training. The other problem concerns maladministration and individual misconduct. The measures recommended by the article include: adherence to the principles and systems of administration, tighter supervision, and raising legal consciousness to improve both institutional and individual conduct. The PLA units at the lowest tiers have been advised to be at the forefront of China's efforts towards building up a powerful military by imbibing the Four Individual Empowerments, namely: self-purification, self-improvement, self-innovation and self-capability.<sup>39</sup> Most of these areas were identified for reforms in the CPCCC Decisions.<sup>40</sup>

The third basic task underscored by the article is to improve the combat and winning capabilities of the PLA grassroots units. The means for realising this objective are: standardisation and improvement in military ideology, military training, personnel administration, equipment management and logistical services. The ideology referred to was political in nature, possibly relating to Party-PLA issues, though without any specific mention. As regards military training, the task was more specific. It was pointedly mentioned that military training should conform to the 2009 Military

Training Evaluation Programme.<sup>41</sup> It reiterated others' views, that PLA units at all levels should take military training with due seriousness without any laxity, superficiality, absenteeism, dilution of content, time or effectiveness. In fact this list itself is a pointer to the problems perceived to exist in PLA's military training. There is an express need, it says, to bring regular military training especially at PLA grassroots up to required standards with the objective of reducing the response time and improving the ability to react. Again human resources management within the PLA has been earmarked for reforms in the CPCCC Decisions.<sup>42</sup>

The fourth and last basic task relates to motivation, values and discipline. The authors have stressed the need to motivate today's PLA personnel by revisiting the glorious traditions and history of the PLA. They believe that by motivating the personnel by selective use of history it will be possible to reset values and prevent corruption within the PLA. The authors admit candidly that currently the PLA suffers from a definite weakening of battle spirit along with an erosion of morale, camaraderie and conduct codes. There are also problems of extravagance and bullying.

---

39 Four Individual Empowerments: 四自能力 – This was mentioned for the first time by the outgoing Party General Secretary Hu Jintao during his address to the 18<sup>th</sup> Party Congress in November 2012 and has since been incorporated as an important tenet to be studied by Party cadres.

40 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

---

41 This latest Military Training Evaluation Programme came into effect on 01 January 2009. It is PLA's training doctrine for the current 'informationised' warfare conditions. Though it has both joint training and arms training, the focus is on improving joint warfare capabilities. This doctrine is believed to have covered several new topics like simulated training on various new and advanced weapons and equipment like aircrafts, warships and missiles, net-centric warfare, warfare in complex electro-magnetic environments, night warfare and MOOTW.

42 'CPCCC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

It has been suggested that military education should combine the ideal military spirit with a proper blending of military tactics, psychology, moral values and rules.

As mentioned earlier, Chinese leaders and its strategic thinkers are unsure about the effectiveness of their chosen path of military reforms. China's military reforms are unique in the sense that they are being carried out without being tested in war. However, there is a wide consensus within the country that China should not start any war. The only way to gauge the correctness of China's military reforms in such an ideological framework, according to Maj Gen Yang, is by putting them through a few tests. These are: whether Chinese military has followed the global trends of scientific and technological changes; whether the Chinese military has been in sync with the global changes in the Revolution in Military Affairs (RMA); and finally whether the reforms have enhanced the Chinese military's deterrence or not.

China's war doctrine has also been roundly criticised by Yang who terms it as 'old' and 'compartmentalised' when compared to the modern net-centric warfare which follows an integrated approach incorporating all relevant military actors. This again is a reason for China to set up a joint warfare system in keeping with its requirements, says Yang. In this context President Xi Jinping's reiteration of the 'Two Incompatibles'

was quoted to justify existing shortcomings of PLA's capabilities.<sup>43</sup>

However, one crucial issue often unstated in China relates to the link between political reforms and military reforms. Political reform has acquired renewed mass appeal since the Arab Spring and it took considerable propaganda and coercive efforts by the Chinese state to curb its intensity. However, it was hinted, albeit obliquely, by Maj Gen Yang that there is a link between military and political reforms.<sup>44</sup> Military reforms like political reforms have entered a crucial phase, says Yang. The much needed organisational reforms will have a strategic, all-encompassing and structural bearing on the Chinese military. They will clash with many concepts and vested interests which are major challenges for China's military reforms process, akin to labour pains, says Yang cryptically. This statement actually encapsulates the assessment of the Two Incompatibles from the organisational point of view: one that the PLA would emerge with a whole new form and character provided it can undertake the required organisational reforms; and second that China's military reforms are intricately linked with the sustainability of the current system is also acknowledged by Maj Gen Xue Baoguo.

---

43 The assessment of Two Incompatibles (两个不相适应) in the Chinese military is: (a) the level of China's military modernisation is incompatible with the needs of winning a localised war under 'informationised' conditions; and (b) China's current military capabilities are incompatible with the demands of the historical tasks before the Chinese military in the new era and conditions. This assessment was the outcome of a June 2008 Seminar on Innovation in Military Management and was reported by the *PLA Daily* on 19 June 2008 (URL: [http://www.chinamil.com.cn/site1/xwpdxw/2008-06/19/content\\_1323072.htm](http://www.chinamil.com.cn/site1/xwpdxw/2008-06/19/content_1323072.htm)). The Two Incompatibles is still endorsed by the Chinese leadership.

44 Yang Yunzhong, op. cit.

According to Xue, military reforms in China should be carried out in tandem with reforms in major sectors at a pace suited to the military along with innovation to ensure a smooth well-coordinated sustainable system.<sup>45</sup> This was further qualified by Senior Colonel Zhang Youming, a Fellow at the Department for Research on Construction of the Military in the National Defence Technology University of China, who said that it is necessary for China to have an integrated plan for the coordinated development of the economy and defence. According to him, the basic objective behind the deepening of China's reforms is to maintain and sustain national development, which encompasses economic, social, defence and military development. Hence, according to Zhang, China needs to strengthen coordination between economic and defence planning.<sup>46</sup>

## Civil-military relations – the testing ground

Civil-military relations in China are a less researched area owing to factors like the pre-eminence of the Chinese military, lack of media freedom on the issue, the limited civil rights vis-à-vis the PLA and the paramount importance of security and stability in China. Nonetheless, the *PLA Daily* published an opinion piece stating that the deeper the reforms in defence and military the further will they serve the interests of the Chinese people. It actually reveals the two forms of civil-military interaction at work in China: one, the socio-economic

development, and the other, the psychological. The *PLA Daily* article admits that in the absence of any war in the last 50 years and the absence of any real military manoeuvres in the last 30 years, there has been a definite loss of affection between the Chinese people and the military. Besides the nature of socio-economic growth has also caused minor frictions to develop between the military and the population, though such frictions were not elaborated. Coupled with this is the extravagance and corruption in the Chinese military, which has already been discussed. Together these have created negative impressions about the Chinese military, which should be dispelled by active propaganda in the media, advocates the article. That would presumably check the negative public image of the Chinese military and revive the psychological support of the people needed constantly by the Chinese military.<sup>47</sup>

The socio-economic aspect of civil-military interaction relates to the PLA's role in carrying out developmental work in various regions, especially the backward areas of China. For example to benefit and stabilise China's border regions the PLA has undertaken various socio-economic development works including improvement of strategic infrastructure. The party leadership advocates a more active role for the PLA to meet local demands and engage in activities welcomed by the local populations.<sup>48</sup> The CPCCC Decisions lay down the future path of reforms in China's civil-military sphere and state that they should be further deepened. To achieve this aim, the CPCCC favours setting up of a national level

---

45 Xue Baoguo, op. cit.

46 Zhang Youming, 'Third Plenum has given clear direction on deepening defence and military reforms' (in Chinese), *Qishi*, 29 November 2013 at <http://theory.people.com.cn/n/2013/1128/c148980-23685383.html> Accessed 01 December 2013.

---

47 'Deeper the reforms in defence and military the more shall it be for the people' (in Chinese), *PLA Daily Online*, 05 December 2013 at [http://chn.chinamil.com.cn/gd/2013-12/05/content\\_5678227.htm](http://chn.chinamil.com.cn/gd/2013-12/05/content_5678227.htm) Accessed 06 December 2013.

48 Ibid.

body with a common authority for military-local level coordination and common utilisation of resources.<sup>49</sup>

## Conclusion

The debates on the Chinese military reveal the various strands of thought prevalent in China. Within the decision making level of the Party Central Committee, the focus is on enhancing military capability, and regularising and disciplining the force. Within the PLA too the thinkers are on the same page though they have their individual points of view. The concept of joint warfare or

the need for stricter administration does not seem to enjoy broad support within the PLA institution. Finally, public intellectuals seem to favour a professional role for the Chinese military and seem weary of projecting a militarist image of China. Nonetheless, the PLA seems set for a few major operational changes such as the establishment of an integrated command and enhancing military capabilities to facilitate China's position with regard to its security objectives. At the organisational level too the range of reforms outlined may enable the PLA emerge as a more regular, professional organisation by the end of Xi Jinping's term.

---

49 'CPC's decisions on major issues related to comprehensive deepening of reforms: Deepening of defence and military reforms' (in Chinese), *Xinhua*, 15 November 2013, at <http://cpc.people.com.cn/n/2013/1115/c64094-23559163-15.html> Accessed 16 November 2013.

# 4

## 2013—The Re-drawing of Media Red lines in a Transient China

*Shruti Pandalai*

It is presumed that the press in China always plays to the gallery—that its primary role is to advance official propaganda and ensure that none of its messages ever threaten regime stability. The year 2013 both shattered and reinforced this stereotype. This paper attempts to examine the dominant themes in China's domestic and international discourse and seeks to analyse what was projected in the media and the writing between the lines.

Since the internet revolution, many China watchers have argued that the Chinese media is no longer a monolith. While it is still largely 'state-managed', commercialisation of the media and explosion of the internet have unleashed a war between the market and the CCP's control over media content and a blurring of lines as to who represents the credible voice of China.<sup>1</sup> Pulls and pressures in 2013 saw this battle get ugly.

The context too is important. China is in transition. The new regime has ushered in an era of economic and social reform which will set the course of China's future. China has also consciously sought to project its new major power relations that resonate with its foreign policy posturing. The media, therefore, for the Chinese regime, has been a tool for projecting this

transition. Any media discourse that goes against this projection and expresses dissent has not been tolerated. We see a spike in the control exercised on the freedom of press and reining in of China's popular online forums, as a systematic plan by the new regime to re-establish the need for 'guided public opinion' in Chinese society. The jury is still out on whether this guidance was coerced, since civil activism in China has never been louder.

### Taking back the 'press' agenda

The uneasiness of state control in the commercial Chinese media, surfaced at the start of 2013 with a standoff, infamously known as 'The Southern Weekend, New Year's Incident'<sup>2</sup>. The Guangdong based paper's traditional New Year's editorial that originally expounded on constitutional rights, was watered down by state censors to ultimately include

---

1 Susan L. Shirk ed. *Changing Media, Changing China*, USA, OUP, 2011.

---

2 For more see: 'A Press Renaissance? The legacy of China's southern weekend', Helen Gao, *The Atlantic*, 11 January 2013: <http://www.theatlantic.com/international/archive/2013/01/a-press-renaissance-the-legacy-of-chinas-southern-weekend/267081/>, Qian Gang 'Why Southern Weekly', *The China Media Project*: 18 February 2013, <http://cmp.hku.hk/2013/02/18/31257/> accessed on 1 March 2014 And Qian Gang, 'Why Southern Weekly said No', 1 November 2013, *The China Media Project*, URL: <http://cmp.hku.hk/2013/01/11/30623/>, accessed on 1 March 2014.

no mention of constitutionalism. In addition, the Guangdong propaganda authorities embellished the article with officious declarations, including some factual errors that set off a mass uproar. The editorial staff went on strike and took on the censors, but surprisingly, it was the mass support that the movement garnered both in online forums and street protests that shook up the authorities. 'If I don't stand up today, I won't be able to stand up tomorrow,'<sup>3</sup> was posted outside the newspaper's headquarters. The incident led to mass soul searching among the fraternity and let loose thousands of Chinese free speech advocates carrying slogans demanding freedom of expression and constitutional rights. In a country where censorship is a way of life, this was a telling story.

The Chinese leadership responded to this activism in the only way it deems fit—by pushing for more control.<sup>4</sup> At the end of the 'Third Plenum' of the CCP in November 2013 for decisions on social, political and economic reform, Chinese intellectuals were instructed to avoid speaking on seven sensitive issues: universal values, freedom of the press, civil society, civil rights, past mistakes by the Chinese Communist Party (CCP), crony capitalism and

judicial independence.<sup>5</sup> The text of the decisions of the plenum, reiterates that the term 'public opinion guidance' or 'yulundaoxiang' (舆论导向), remains the cardinal principle for governing media and cultural practice and their relationship to the Party and public. The idea of 'guidance' is that the Party must control the media, and therefore public opinion in order to maintain social and political stability.<sup>6</sup>

In practical terms this meant greater media censorship and increased muffling of public dissent. The year 2013 saw many such instances. Take the headline grabbing case of news reporter Chen Yongzhou.<sup>7</sup> It started as a simple story of a newspaper appealing publicly for the release of its reporter, who had been detained by police on slander charges for a series of investigative reports against a giant conglomerate and its nexus with the local police. As public support built up, in a sudden U-turn, the state-run China Central Television ran an on-camera 'confession' in which Chen said he had accepted money to run a series of false reports. The day after the 'confession' was aired, Chen's newspaper, the *New Express*, published a front-page apology, saying it had not adequately reviewed his reports. The All China Journalists

3 Helen Gao 'A Press Renaissance? The legacy of China's southern weekend', , *The Atlantic*, 11 Jan 2013: <http://www.theatlantic.com/international/archive/2013/01/a-press-renaissance-the-legacy-of-chinas-southern-weekend/267081/> accessed on 5 February 2014.

4 'Southern Weekly issue prompts soul-searching over media's role', *Global Times* 8 January 2013: <http://www.globaltimes.cn/content/754392.shtml> accessed on 5 February 2014.

5 For more see Cheng Li and Ryan McElveen 'Can Xi Jinping's Governing Strategy Succeed?' 26 September 2013, URL <http://www.brookings.edu/research/articles/2013/09/26-xi-jinping-china-governing-strategy-li-mcelveen> And David Bandurski 'What are Xi's plans for China's media?', *China Media Project*, 18 November 2013, <http://cmp.hku.hk/2013/11/18/34679/>, both accessed on 5 February 2014.

6 David Bandurski, n.6.

7 For more see David Hearst, 'From Chen Yongzhou to Weibo, China struggles to keep a lid on stories,' *The Guardian* 2 November 2013: <http://www.theguardian.com/commentisfree/2013/nov/02/chen-yongzhou-weibo-china-struggles-media> accessed on ? and, David Bandurski. n.6, accessed on 1 March 2014.

Association (ACJA) which had initially pledged to look into Chen's detention, immediately capitulated and condemned the reporter's 'behaviour'. It was back to business as usual.

Even in Hong Kong which continues to enjoy considerable press freedom, some commentators and journalists have said that they are under increasing pressure to tone down their criticism of the Hong Kong and Chinese governments after the editor of a popular newspaper was replaced overnight for allegedly taking a critical view of the government.<sup>8</sup>

**'The Marxist view of Journalism':** The Chinese government's efforts to clamp down on domestic media became more conspicuous following a report in the state run *Global Times*, according to which<sup>9</sup> over 250,000 Chinese journalists were made to attend weekly training sessions, ahead of an examination that certified them as having the legal authority to conduct interviews or report news. The certification was to be renewed every five years, and was aimed at reinforcing the 'Marxist view of journalism'. Defined as one that emphasises both

'objectivity' and 'the leading role of the [Communist] Party in publicity [...]'. The media is a 'field and weapon to address the Party's thinking and political ideas.'<sup>10</sup> The message to the media was loud and clear.

**Hold off the foreign press:** The year was equally tough on the foreign press. The Xi Jinping administration, in response to a series of investigative reports on the huge fortunes amassed by top CCP leaders in the *New York Times* and *Bloomberg*, blocked the websites of both organisations and denied visas for newly hired journalists to China.<sup>11</sup> Additionally, the Chinese government, according to the foreign press, threatened to block the advertising revenue generated by the *New York Times'* Chinese-language service, launched in 2012, and also ordered Chinese financial institutions not to buy *Bloomberg's* terminals.<sup>12</sup> But the extent of Beijing's shadow dealings with the foreign press were exposed when journalists at *Bloomberg* accused their employer of withholding investigative pieces in order to preserve the company's access to China, especially *Bloomberg's* lucrative financial terminals. *Bloomberg* denied the charges but suspended one of its China specialists, Michael Forsythe—the author of the investigative report.<sup>13</sup> Foreign journalists covering China feel that:

---

8 For more see: Cyril Pereira 'China Leans on Hong Kong's Press', *Asia Sentinel*, 7 February 2014: <http://www.irrawaddy.org/asia/china-leans-hong-kongs-press.html> accessed on ?? And 'Editors removal sparks worries about press freedom in Hong Kong', *The Wall Street Journal*, 9 January 2014: <http://blogs.wsj.com/chinarealtime/2014/01/09/editors-removal-sparks-worries-about-press-freedom-in-hong-kong/> accessed on 1 March 2014.

9 Wen Ya, 'Learning The News', *The Global Times* 17 December 2013: <http://www.globaltimes.cn/content/832671.shtml#.UrE5HvQW1HV> And 'Mass re-education for China's reporters', *The Wall Street Journal*, 18 December 2013: <http://blogs.wsj.com/chinarealtime/2013/12/18/mass-re-education-for-chinas-reporters/> accessed on 5 February 2014.

---

10 Ibid.

11 Matt Schiavenza 'The Most Notable China Stories of 2013', *The Atlantic*, 6 December 2013: <http://www.theatlantic.com/china/archive/2013/12/the-most-notable-china-br-stories-of-2013/282092/> accessed on 1 March 2014.

12 Evan Osnos 'What will it cost to cover China?' *The New Yorker* 19 November 2013: <http://www.newyorker.com/online/blogs/comment/2013/11/what-will-it-cost-to-cover-china.html> accessed on 1 March 2014.

13 Ibid.

...this is the Chinese government's broadest effort in decades to roll back unwelcome foreign coverage—and that raises the stakes for news organizations that are struggling to figure out how to handle China.<sup>14</sup>

China of course has officially denied all these allegations, accusing the US government of not having its facts in place and demanding that the foreign press fall in line with the laws of the land.<sup>15</sup>

## The Chinese dream in China's political discourse

There was a lot of euphoria around Xi Jinping's presidency in China in the beginning of 2013—his presidential campaign had run on the central theme of reform with a comprehensive crackdown on graft and he was expected to be more liberal than his predecessors. The 'Chinese dream' was adopted as the country slogan, to reiterate national greatness as the central ideology with a massive thrust on reforms. These reforms were to target the nexus between business and politics, considered to be the CCP's biggest fault line. The issue has been the root cause for a majority of demonstrations, online campaigns, legal challenges and the filing of millions of petitions over grievances. However, contrary to expectations, Xi Jinping's war on corruption only put civil society activists on trial, many of whom had been working to fight the very corruption, the president had promised to root out.

---

14 Ibid.

15 'FM spokesman: China refutes statement by US State Department on press freedom', *Global Times*, 31 January 2014: <http://www.globaltimes.cn/content/840376.shtml> accessed on 5 February 2014.

The case of Xu Zhiyong grabbed international headlines. He was the legal activist who went from being a government-honoured reformist within the system, to getting four years in prison after being tried for 'gathering a crowd to disrupt public order'.<sup>16</sup> Xu who was a poster boy of the Chinese official media—an example of how pluralism can exist within the boundaries of party rule—was condemned for launching the New Citizen's Movement, 'which called for transparency and crackdown on official corruption'.<sup>17</sup> His immense popularity on Weibo, China's twitter platform, won his campaign which encouraged grass root political efforts and his numerous supporters—it became so popular that the state decided to strike it down.

The move to consolidate the party's control over the ideological and political apparatus became clear when the Supreme Court declared that to 'control unruly elements on the web', 'false/defamatory comments viewed or forwarded five thousand times, could attract a three year prison sentence'.<sup>18</sup> Since then Weibo, which was the only free platform of expression in China is said to have lost nine per

---

16 Chang Meng and Jiang Jie, 'Xu Zhiyong trial prompts debate', *Global Times* 28 January 2014: <http://www.globaltimes.cn/content/839938.shtml> accessed on March 1, 2014 And Evan Osno 'The Trial of the Chinese Dream', *The New Yorker* 17 January 2014 URL: <http://www.newyorker.com/online/blogs/comment/2014/01/the-trial-of-the-chinese-dream.html> accessed on 1 March 2014.

17 Ibid.

18 Ibid.

cent of its users and most of its vibrancy.<sup>19</sup> Weibo 'provided a valuable window into the often-opaque country for foreign journalists and a steam valve for aggrieved citizens.'<sup>20</sup> Since the crackdown on China's virtual squares in August 2013, and the detention and arrest of hundreds of micro-bloggers as well as penalties for online speech crimes, Chinese political discussion has retreated into private corners once again.

In fact the *China Media Project*, a study by Hong Kong University experts on Chinese political discourse in 2013 in party newspapers and mass media, suggests that there is a deliberate attempt to project issues like 'universal values' and 'constitutionalism/ constitutional rights' negatively, and criticising them as Western ideas of form and governance that are contrary to China's reform project.<sup>21</sup> Even the use of terms like 'intra-party democracy' were discouraged in 2013 and was replaced by the term 'deliberative democracy' which leaves open a narrow window of consultation with no promise of reform.<sup>22</sup> All this clearly indicates a shift towards further consolidation of power and a reduced tolerance for dissent.

---

19 'David Wertime 'Closing Time, China's social media crackdown has hit Weibo hard', *Tea Leaf Nation, China blog* 30 January 2014: <http://www.tealeafnation.com/2014/01/closing-time-chinas-social-media-crackdown-has-hit-weibo-hard/> accessed on Feb 5, 2014 And Jiang Jie, 'Confusion in online rumour crackdown' *Global Times* 1 Sep 2013: <http://www.globaltimes.cn/content/807899.shtml> accessed on 5 February 2014.

20 Ibid.

21 Qian Gang 'China's Political Discourse in 2013', *China Media Project*, 6 January 2014 <http://cmp.hku.hk/2014/01/06/34866/> accessed on 5 February 2014.

22 Ibid.

**CCTV's soft investigations panned:** On the other hand the state run China Central Television (CCTV) tried to soft-peddle the reform agenda and crackdown on corruption with a series of investigative reports on the allegedly poor customer service by Apple in China, the high prices of Starbucks coffee, and the government crackdown on the sex trade in Dongguan. Contrary to expectations the reports backfired and were criticised by the viewers as petty and one-sided.<sup>23</sup> Chinese media watchers believe that while CCTV is being projected by the state as the watchdog of investigative journalism in the country, it is producing half-baked investigative reports that target small time crooks and not high profile corrupt officials.<sup>24</sup> The phrase 'swatting flies when the tigers run free' is being used to describe how commercial media is suffering as it is being discouraged to pursue hard-hitting journalism.<sup>25</sup>

## China's 'scripted' Bo Xilai trial

China's efforts to project internationally its efforts at economic reform and anti-corruption found a face in the high profile trial of disgraced politician—the Chongqing Communist Party chief Bo Xilai.<sup>26</sup> He was convicted on charges of bribery to the tune of 20.4m Yuan (£2m; \$3.3m), embezzlement of 5m Yuan, and abuse of power, in a trial which seemed to be a classic orchestrated case of hair-splitting.<sup>27</sup>

---

23 David Bandurski 'Taking Back the Agenda', *China Media Project* 21 February 2014 <http://cmp.hku.hk/2014/02/21/34896/> accessed on 5 February 2014.

24 Ibid.

25 Ibid.

26 'China Media discuss Bo Xilai Sentencing', *BBC News China*, 23 September 2013: <http://www.bbc.com/news/world-asia-china-24200752> accessed on 4 February 2014.

27 Ibid.

Despite the exercise being branded an 'open trial' the coverage in traditional media was closely controlled. Foreign journalists were refused entry and only 19 'vetted' Chinese state media journalists were among the 100 people present in the courtroom.<sup>28</sup> CCTV did not report the trial until its third day while newspapers in Chongqing kept it off the front pages, though newspaper coverage was prominent in other parts of China.<sup>29</sup>

In line with propaganda directives,<sup>30</sup> news reports consisted primarily of wire copy from the official *Xinhua* news agency or other state media sources as journalists were prevented from independently reporting on the case. The live video feed of the proceedings did not materialise but in a shocking move the court released periodic updates and excerpts of the trial via its SinaWeibo microblog account.<sup>31</sup> The media in its coverage praised the state for upholding the rule of law and painted Bo as the demon who had wrecked the system.<sup>32</sup>

---

28 'Bo Xilai Trial in Pictures', *Global Times*, 25 Aug 2013 <http://www.globaltimes.cn/content/806190.shtml> And Tania Branigan 'Bo Xilai trial coverage: controlled by the court, but extraordinary', *The Guardian*, 22 August 2013, URL:<http://www.theguardian.com/world/2013/aug/22/china-open-bo-xilai-trial>, accessed on 5 February 2014.

29 China Media discuss Bo Xilai Sentencing', *BBC News China*, 23 September 2013, URL: <http://www.bbc.com/news/world-asia-china-24200752> accessed on 5 Feb 2014.

30 For more see 'Despite Bo Xilai defiance, media coverage of trial is closely controlled', *China Media Bulletin* Issue 92, 6 September 2013, Freedom House, : [http://www.freedomhouse.org/cmb/92\\_090513#1](http://www.freedomhouse.org/cmb/92_090513#1) accessed on 5 February 2014.

31 Ibid.

32 Jiabao Du 'Actor, Trickster, Rogue: Chinese Discuss the Many Faces of Bo', *Tea Leaf Nation*, blog 27 August 2013, URL <http://www.tealeafnation.com/2013/08/the-many-faces-of-bo-xilai/>

*Xinhua*, *Global Times* and other party-managed media published commentaries praising the trial's transparency and fairness.<sup>33</sup> Media critics believe that the trial focussed on relatively minor allegations 'avoiding matters that might touch on broader official corruption, party infighting, or human rights abuses.'<sup>34</sup> As if on cue, Bo himself 'acknowledged the legitimacy of the proceedings, investigation, and judicial system rather than straying into critiques of the party or top leaders.'<sup>35</sup> Ding Xueliang, a professor of Chinese politics in Hong Kong, likened the trial to a martial arts demonstration in which 'you hit somebody in the face, he hits you back, but eventually nobody gets badly injured and the result has been previously discussed and managed.'<sup>36</sup> Another insight into how the Chinese system functions.

## The spin on smog, dead pigs and environmental scares

Beijing's hazy skies caught the attention of the world media, quite literally, at the beginning of 2013, when pictures of smog polluted skies over 33 cities set alarm bells ringing regarding the environmental cost of China's economic progress.<sup>37</sup> Termed the

---

33 n. 30 China Media discuss Bo Xilai Sentencing', accessed on 5 February 2014.

34 'China's Bo Coverage: Extensive and Selective', *Wall Street Journal* 24 August 2013: <http://stream.wsj.com/story/bo-xilai/SS-2-42626/SS-2-308457/> accessed on 5 February 2014.

35 Ibid.

36 Tania Branigan n.6.

37 David Stanway 'Beijing's Toxic Smog was years in the making, many sources', *Reuters*, 16 January 2013, <http://www.reuters.com/article/2013/01/17/us-china-pollution-sources-idUSBRE90G00V20130117> accessed on 5 February 2014.

'airpocalypse', the toxic smog issue became a source of real anger across the country. The issue forced stricter environmental laws and unusually frank discussions and criticism in the Chinese state media urging for alternative solutions to the country's pollution woes.<sup>38</sup> However CCTV continued to stun with a controversial feature entitled 'Five unexpected gains the haze has brought'<sup>39</sup> which was widely mocked. A CCTV reporter argued that:

...while Chinese people might hate the pollution, it was not a completely useless phenomenon. For while filthy air was a dangerous enemy, it was simultaneously bringing major benefits including making people more united, more sober, more equal, more humorous and better informed.<sup>40</sup>

This report was later taken off all media.

In March, thousands of pigs turned up dead in Shanghai's Huangpu River, raising questions about the safety of the country's water supply. Stories of rat meat being passed off as lamb appeared in the Chinese media, as also a scandal involving recycled

cooking oil which caused widespread panic and revulsion, making issues of food security a priority for the CCP.<sup>41</sup> Unlike the toxic milk scandal that was covered up in 2008 and resulted in many more casualties, critical writing on the subject was used by authorities to initiate a national debate on food security and Shanghai's water supply woes, which were seen as an issue that could unite a divided population.<sup>42</sup>

## China's cyber wars and the Snowden Saga

China's secret cyber espionage made international headlines after American media reports of the 'China's People Liberation Army Unit 61398 systematically hacking into American government and corporate interests from a nondescript apartment complex outside Shanghai.'<sup>43</sup> Amidst denials from Beijing, an informal US-China presidential summit was held to repair the damage. Yet, as soon as Edward Snowden surfaced in Hong Kong with a trove of US government secrets, including information relating to

38 Tania Branigan, 'Beijing smog continues as Chinese state media urge more action', *The Guardian*, 14 January 2013, <http://www.theguardian.com/world/2013/jan/14/beijing-smog-continues-media-action> accessed on 5 February 2014.

39 'Smog not to smother road toward Chinese Dream: experts', *Global Times*, 8 December 2013 <http://www.globaltimes.cn/content/830869.shtml> accessed on 4 February 2014 And Emily Rauhala 'China: Here Are Some Great Things About Toxic Air', *TIME.com*, 09 December 2013, <http://world.time.com/2013/12/09/china-here-are-some-great-things-about-toxic-air/> accessed on 5 February 2014.

40 Tom Phillips, 'The Smog makes you funnier and smarter; Chinese media claim', *The Telegraph*, 9 December 2013, <http://www.telegraph.co.uk/news/worldnews/asia/china/10505309/Smog-makes-you-funnier-and-smarter-Chinese-media-claims.html> accessed 4 February 2014.

41 Matt Schiavenza 'The Most Notable China Stories of 2013', *The Atlantic*, 6 December 2013, <http://www.theatlantic.com/china/archive/2013/12/the-most-notable-china-br-stories-of-2013/282092/> accessed on 5 February 2014.

42 Naomi Rovnick 'Chinese media coverage of Shanghai's floating dead pigs shows the government is learning new PR tricks', *Quartz*, 22 March 2013, <http://qz.com/65957/chinese-media-coverage-of-shanghais-floating-dead-pigs-shows-that-the-government-is-learning-new-pr-tricks/> accessed on 5 February 2014.

43 Cheryl K. Chumley and Shaun Waterman, 'Meet China's super-secret military hacking unit' *The Washington Times*, 19 February 2013, <http://www.washingtontimes.com/news/2013/feb/19/chinese-military-unit-blame-141-hackings-virginia/> accessed on 1 March 2014.

American spying on China, the state media in China did a volte face.<sup>44</sup>

The state media let loose a barrage of criticism decrying the double standards of the US with regard to cyber surveillance. The English-language *China Daily* featured a large cartoon of a shadowed Statue of Liberty, holding a tape recorder and microphone instead of a tablet and torch.<sup>45</sup> In a passionate editorial dripping with sarcasm, the CCP run *Global Times* demanded an explanation on behalf of the Chinese government which had made no official comment on the issue.<sup>46</sup>

## The assertive China rhetoric

The Chinese regime, through its media propaganda in 2013 made it amply clear that the 'peaceful rise' rhetoric in political discourse had been replaced with an aggressive and assertive posturing with regard to what China defined as its national interests. Editorials and blogs focussed on themes such as, 'restoring Taiwan to China'; 'regaining the Diaoyu or Senkaku islands from Japan'; 'taking back sovereignty of the South China Sea'; 'reclaiming of south Tibet' (the Indian state of Arunachal Pradesh); and the 'terrorist threat China faces from the unrest in Tibet

and Xinjiang' etc.<sup>47</sup> The three-week border stand-off with India too was curiously downplayed until the Chinese state media warned the Indian media against the non-stop coverage of what India viewed as a territory grab, labelling it as 'unnecessary provocation' and a clear 'misunderstanding'.<sup>48</sup> Yet the language in the editorials of the *People's Daily* and the *Global Times* was not restrained but steeped in nationalism and veiled threats along with calls to the Indian government to 'rein in its chaotic media'.<sup>49</sup> Experts believe there is little appetite in Beijing for blunting the edge of China's 'reactively assertive' foreign policy. Fu Ying, the vice minister for foreign affairs summed it up succinctly saying: 'When facing provocations, the Chinese public 'hopes that China will be even more assertive'.<sup>50</sup> In essence, the nationalism steeped media rhetoric is here to stay. As a Chinese journalist put it off the record 'China has lost its interest in soft power projection externally.'<sup>51</sup>

---

44 n. 42 '

45 For more see : ' China deserves explanation of PRISM' *Global Times*, 14 June 2013: <http://www.globaltimes.cn/content/788734.shtml> accessed on 4 February 2014 And Barbara Demick 'Chinese state media chide U.S. over Edward Snowden's allegations', *The LA Times* , 13 June 2013, <http://articles.latimes.com/2013/jun/13/world/la-fg-wn-chinese-media-snowden-20130613> accessed on 1 March 2014.

46 Ibid.

---

47 Survey of 55 headline stories by the author of state run papers, conducted on the Wise News Database.

48 For more see, Shruti Pandalai, 'Spoiler or the Fall Guy: Media in the India-China Relationship', forthcoming IDSA publication.

49 Ibid.

50 Stephanie Kleine-Ahlbrandt 'China: New leaders, same assertive foreign policy', CNN, 8 March 2013, <http://edition.cnn.com/2013/03/08/opinion/china-foreign-policy-kleine-ahlbrandt/> accessed on 1 March 2014 and Liu Zhun 'Minister's remarks convey essence of foreign policy' *Global Times*, 9 March 2014, <http://www.globaltimes.cn/content/847220.shtml> accessed on 9 March 2014.

51 Interview with visiting Chinese journalists, held off record, with author on 25 February 2014.

## Only on China's terms

The year 2013, has been labelled by the Western press as 'the Chinese government's most dramatic attempt to insulate itself from scrutiny in the thirty-five years since China began opening to the world.'<sup>52</sup> In the aftermath of the Arab Spring, candid quotes from top Chinese officials saying 'there can be no freedom without order'<sup>53</sup>; or 'if we waver, the state could sink into the abyss'<sup>54</sup>, reveal their fear that a combination of technology, information, and dissatisfaction could pose a grave threat to its regime stability and undermine the stable image it projects to the world. It's no surprise then that President Xi's administration in the course of the last year, has sought to project more avenues for economic growth and reform but there is less talk of political and intellectual opportunity, further narrowing the range of free expression on the Internet and tightening media control.

A popular Chinese author HaoQun, writing under the pen name *Murong Xuecun*, blogged that the average lifespan of a microblog account in China is now just about 10 hours. Exactly 26 minutes and 17 seconds later, censors had already wiped

the post from the Internet.<sup>55</sup> The speed with which posts are deleted is just one indicator of the Chinese government's paranoid need to control information, a trend that is on the rise. By the end of 2013, China's Big Vs—influential verified microblog users, some of whom have millions of followers—had for the most part disappeared from the Internet as a result of this pressure.<sup>56</sup> Major social media, such as Facebook, Twitter, Wikipedia, and LinkedIn, cannot be accessed in China and advanced software is used to search and destroy 'sensitive' words on the Internet.<sup>57</sup>

While the foreign press was warned to either 'co-operate or get out', the domestic media has suffered a bigger blow. Newspapers trying to professionalise reportage by taking risks had earlier attracted more advertising but because of the new rules they have no economic support but more censorship. According to the *Neiman Report* published by the Harvard University on the state of the media in China, at the end of 2013:

...32 Chinese journalists—which includes online commentators as well as mainstream journalists—were in prison, placing China No. 3 on the list of the worst nations for journalists in which to work [...] China once had a blossoming corps of investigative

---

52 Evan Osnos 'The Meaning Of China's Crackdown On The Foreign Press', *The New Yorker* 6 December 2013, URL: <http://www.newyorker.com/online/blogs/newsdesk/2013/12/the-meaning-of-chinas-foreign-press-crackdown.html> accessed on 5 February 2014.

53 David Wertime 'Closing Time, China's social media crackdown has hit Weibo hard', *Tea Leaf Nation*, China blog, 30 January 2014, URL : <http://www.tealeafnation.com/2014/01/closing-time-chinas-social-media-crackdown-has-hit-weibo-hard/> accessed on 5 February 2014.

54 n. 53.

---

55 Paul Mooney 'Command and Control: The state of journalism in China, 25 years after Tiananmen', *Winter 2014 Report*, Neiman Foundation of Journalism, Harvard University: <http://www.nieman.harvard.edu/reports/article/103051/Command-and-Control.aspx> accessed on 1 March 2014.

56 Ibid.

57 'Media Control in China: A Model of Complexity and Thoroughness', *Freedom House Report*, 6May 2013 URL: <http://www.freedomhouse.org/blog/media-control-china-model-complexity-and-thoroughness#.UyKR7j-SySo> accessed on 1 March 2014.

journalists who did groundbreaking stories, but many of them gave up their profession under pressure, with some leaving journalism to turn to other careers.<sup>58</sup>

China watchers believe freedom of information could in-fact be the solution for China's myriad problems like local corruption, land grabs, property demolition, abuse of power, stark income inequality, ethnic trouble etc., which when brushed under the carpet, create an undercurrent of pressure. Yet there is optimism among the Chinese people because the clampdown has given rise to a fresh wave of citizen journalists and netizens. Chinese Internet users routinely 'employ homonyms, homophones, and other creative tactics to defy censorship on domestic micro-blogging sites and the information sometimes spreads among users before censors are able to deem it 'sensitive' and intervene.'<sup>59</sup> It appears that while the Chinese leadership is trying hard to survive by replacing the giant smokescreen on information, they have inadvertently exposed to the world their fears of the challenges that lie ahead.

---

58 n.56.

59 n. 58.

# 5

## Nuclear Developments in China during 2013

*M. S. Prathibha*

Throughout 2013, China continued to accord priority to nuclear modernisation. It tested, inducted and continued to deploy nuclear forces to ensure the credibility of its deterrence. China also constructed and expanded nuclear reactors within China to boost its civilian nuclear energy production. In 2013, entering the field of nuclear commerce became a priority, as it widened cooperation with other countries to strengthen the institutional framework for nuclear safety to gain credence as a reliable global exporter.

China does not publish any data relating to the size of its nuclear forces: warheads, stockpiles or the number of delivery vehicles. Nor does it expound on its nuclear strategy and doctrine. This deliberate attempt at secrecy obscures any estimation of its nuclear forces, missile tests and drills, and deployment.<sup>1</sup> China perceives that limiting transparency is essential for protecting its nuclear arsenal. Therefore, information is often contradictory and based on news and intelligence reports.

The Chinese media has been relatively open about the country's civilian nuclear production and foreign collaboration. There are also snippets of information available regarding the training drills of the People's Liberation Army Second Artillery Forces (PLASAF) and nuclear submarines, emphasised as being 'ready' for any nuclear contingency. This suggests that China selectively enforces transparency to highlight the credibility of its nuclear deterrence while obstructing data on the size of its nuclear forces and strategy. Transparency regarding developments in civilian nuclear energy illustrates its desire to gain a good reputation as a reliable exporter.

### Nuclear forces

China is modernising the land, air and sea component of its nuclear forces. However, the use of land-based nuclear forces to ensure China's nuclear deterrence forms the bulwark of its strategic forces. The Dong Feng (DF) missiles comprise of land-based delivery vehicles. In 2013, China continued to test newer missiles such as the DF-31A and DF-41. The missile modernisation was aimed at transforming it from being liquid-fuelled to solid-fuelled propellant. After 2000, it was also aimed towards acquiring capabilities for penetrating missile defences and other counter-

---

<sup>1</sup> While China could be regarded as being secretive about its nuclear arsenal, it does not differ in this from other nuclear weapon states.

measures. China reiterated in its 2013 defence white paper that the Second Artillery is meant for:

...enhancing the safety, reliability and effectiveness of its missiles, improving its force structure of having both nuclear and conventional missiles, strengthening its rapid reaction, effective penetration, precision strike, damage infliction, protection and survivability capabilities.<sup>2</sup>

As of 2013, China is reported to have deployed older missiles such as DF-3/3A, DF-5/5A and DF-4 and solid-fuelled missiles like DF-21 and DF-31.<sup>3</sup> Hans Kristensen and Robert Norris estimate that China has about 150 land-based delivery vehicles for its nuclear weapons.<sup>4</sup> The older missiles provide for an initial retaliatory strike. China tested the newer missiles to improve the flexibility and survivability of its delivery vehicles. The DF-31A and DF-41 are longer-range missiles, for strengthening its deterrence against the United States.

According to a report that emerged in 2013 China had already tested the DF-31A and DF-41.<sup>5</sup> Both missiles were supposed to replace the older Inter-Continental Ballistic Missiles (ICBMs) such as DF-5A and DF-3 respectively. As mentioned above, China had already deployed DF-21 and DF-31 missiles but unlike these, the DF-31A and DF-41 are longer in range and designed to survive in a nuclear environment of missile defence. The DF-31A has a maximum range of 11,200 kilometres, is road-mobile and Multiple Independent Re-entry Vehicle (MIRV) capable. Currently, China is estimated to have around 20 DF-31As.<sup>6</sup> The DF-41 is a rail and road-mobile missile that has an estimated range of 12,000 to 15,000 kilometres. While land-based missiles constitute China's primary strike force, the modernisation of sea-based nuclear missiles is also a priority. In October 2013, Chinese newspapers published pictures of its nuclear submarines demonstrating China's sea-based nuclear strike capability.<sup>7</sup> The People's Liberation Army Navy (PLAN) uses Julang (JL) missiles in its strategic nuclear submarines. The 094 Jin-class submarines are to be equipped with JL-2 Submarine Launched Ballistic Missiles (SLBMs). The JL-2 is an intercontinental range,

---

2 The People's Republic of China, 'The Diversified Employment of China's Armed Forces', Information Office of the State Council, April 2013, at [http://news.xinhuanet.com/english/china/2013-04/16/c\\_132312681.htm](http://news.xinhuanet.com/english/china/2013-04/16/c_132312681.htm) (Accessed 30 April 2013).

3 When it started modernising its DF missiles, it wanted to replace DF-3A and DF-4 with newer missiles i.e. the DF-21 and DF-31 respectively. See Table 1 for details.

4 Hans Kristensen and Robert Norris, 'China's Nuclear Forces in 2013', *Bulletin of Atomic Scientists*, 69: 79.

---

5 Bill Gertz reported that China tested a DF-31A on 24 July 2013 at the Wuzhai Missile and Space Test Centre. This information is not confirmed by any other source. See, Bill Gertz, 'China Conducts Another ICBM Test', *The Washington Free Beacon*, 14 August 2013, at <http://freebeacon.com/china-conducts-another-mobile-icbm-test/>. (Accessed 12 September, 2013).

6 Hans Kristensen and Robert Norris, no. 4. The US Department of Defence (DOD)'s Annual Reports to the Congress have stopped highlighting the number of missiles of each version that China has in deployment.

7 Yang Jingjie, 'China Unveils Nuke Submarine Fleet', *Global Times*, 29 October 2013 at <http://www.globaltimes.cn/content/820977.shtml> (Accessed 30 November 2013).

three-stage, solid propellant, single warhead missile. The 094 submarine has 12 missile launch tubes. The JL-2 missile has a range of more than 7,000 kilometers and uses the Beidou navigation system.

The widespread attention given by the Chinese media to the nuclear submarines highlights the policy of selective transparency. Their capabilities<sup>8</sup> are on display but without disclosing any relevant data. The media reports featured military experts, who in turn opined on the credibility of China's nuclear deterrence. A *Global Times* report said the nuclear submarine force and its attack capabilities give China the 'capability to launch a counterstrike after the main nuclear bases are destroyed'.<sup>9</sup> A *People's Daily* report cited Li Jie, a military expert of Military Academy Research Institute under PLAN, about the quality of Chinese submarines. He assessed it to be close to global standards except on power plant and noise.<sup>10</sup> China had improved upon the 'mute effect, invisibility (could mean stealth), material application (may mean sound dampening of the hull), underwater hitting power (speed) and ballistic missiles.<sup>11</sup> Cao Weidong, another expert of the PLA Naval Military Studies Research Institute added that Chinese nuclear submarines have the 'potential resistance to attack of 90 per cent, and can launch a counterattack when themselves under nuclear

attack, thus serving as a deterrent to enemy use of nuclear weapons'.<sup>12</sup> However, such appraisals fail to give any clues regarding the actual capability of the nuclear submarines or their counter-attack capability. The 2013 White Paper however only declares that:

If China comes under a nuclear threat, the nuclear missile forces will act upon the orders of the CMC, go into a higher level of readiness and get ready for a nuclear counterattack to deter the enemy from using nuclear weapons against China. If China comes under a nuclear attack, the nuclear missile force of the PLASAF will use nuclear missiles to launch a resolute counterattack either independently or together with the nuclear forces of the other services.<sup>13</sup>

Not much has been reported about the nuclear role of the PLA Air Force (PLAAF) or its modernisation, and the approximations of their nuclear forces are not clear. Both the *SIPRI* data and the *Bulletin of Atomic Scientists* estimate that Chinese nuclear forces total 250.<sup>14</sup> Even though, both estimates are conservative, and they suggest that China has a modest arsenal. However, there are still doubts with regard to China's No-First Use (NFU) policy, especially when it released its defence White Paper in 2013 without the NFU declaration. Major

8 'Demystifying Nuclear: Subs A Welcome Move', *Global Times*, 29 October 2013, at <http://www.globaltimes.cn/content/820956.shtml>. (Accessed 30 November 2013).

9 Yang Jingjie, no. 7.

10 Yan Meng and Zhang Qian (eds) (2012), 'Expert: China's submarines close to World Level', *People's Daily Online*, 17 December 2012, at <http://english.peopledaily.com.cn/90786/8060235.html>. (Accessed 3 February 2013).

11 Ibid.

12 'Chinese Nuclear Submarine Has High Resistance to Attack', *People's Daily Online*, 1 November 2013, at <http://english.people.com.cn/90786/8443968.html>. (Accessed 4 December 2013).

13 The People's Republic of China, 'The Diversified Employment of China's Armed Forces', Information Office of the State Council, April 2013, at [http://news.xinhuanet.com/english/china/2013-04/16/c\\_132312681.htm](http://news.xinhuanet.com/english/china/2013-04/16/c_132312681.htm) (Accessed 1 May 2013).

14 and *SIPRI Yearbook 2013*, Armaments, Disarmament and International Security, Stockholm: SIPRI.

General Yao Yunzhu of the PLA had to clarify in a newspaper column that China still adheres to the NFU policy.<sup>15</sup> China usually reiterates its NFU pledge in the section on national defence policy, whereas the 2013 White Paper does not make any mention of this. Major General Chen Zhou's clarification in the *People's Daily* supports this. He pointed out that the paper followed a thematic format, unlike what was the practice in the previous years.<sup>16</sup>

## Nuclear commerce

China continued to expand its use of nuclear energy to meet commercial demands. During the year 2013, there were 28 nuclear power plants under construction within China, of which 20 are already operational now.<sup>17</sup> The expansion is based on the view that nuclear energy would fulfil its energy demands and reduce its reliance on coal.<sup>18</sup> China also renewed construction of some of its nuclear reactors. It had suspended approvals for new power plants following the Fukushima nuclear disaster. The renewal was

instituted after it conducted safety inspections and drew a safety plan

The Hongyanhe nuclear power station Unit 1 was connected to the grid in February 2013 and started commercial operation in June 2013.<sup>19</sup> Hongyanhe 2 was connected to the electricity grid in November 2013.<sup>20</sup> In April 2013, it was reported that the AP1000<sup>21</sup> reactor project in Unit 1 of Haiyang, Shandong was 'one-step' closer to completion.<sup>22</sup> Construction also began on Tianwan 4 in September 2013, which is expected to be ready for power generation in February 2018. The sixth unit of the Yangjiang Nuclear power plant in Shandong province is also expected to be ready by December 2013 while the cold testing of Unit 3 of Hongyanhe plant in Liaoning province got underway. Ningde 2 in Fujian went critical on 20 December 2013 even as construction on the nuclear

---

15 Yao Yunzhu, 'China Will Not Change Its Nuclear Policy', 22 April 2013, at <http://www.chinausfocus.com/peace-security/china-will-not-change-its-no-first-use-policy/> (Accessed 3 December 2013)

16 'Major General Chen Zhou: Defence White Paper Clarifies Doubts, Navy Operational Style Appears to Change', *People's Daily*, 17 April 2013 at [military.people.com.cn/n/2013/0417/c1011-21170074.html](http://military.people.com.cn/n/2013/0417/c1011-21170074.html) (Accessed 3 December 2013).

17 See Table 2 for details.

18 Lyu Chang, 'Nuclear Power to fall short of demand', *China Daily*, 26 November 2013 at [http://www.chinadaily.com.cn/china/2013-11/26/content\\_17130652.htm](http://www.chinadaily.com.cn/china/2013-11/26/content_17130652.htm), 'China Reveals New Plans to Reduce Air Pollution', September 12, 2013 at [http://www.china.org.cn/environment/2013-09/12/content\\_30007807.htm](http://www.china.org.cn/environment/2013-09/12/content_30007807.htm). (Accessed 30 November 2013).

---

19 'Hongyanhe 1 Enters Commercial Operation', 7 June 2013, at [http://www.world-nuclear-news.org/NN-Hongyanhe\\_1\\_enters\\_commercial\\_operation-0706134.html](http://www.world-nuclear-news.org/NN-Hongyanhe_1_enters_commercial_operation-0706134.html). (Accessed 20 December 2013).

20 'New Chinese Nuclear Grid Connection', 26 November 2013, *World Nuclear News*, at <http://www.world-nuclear-news.org/NN-New-Chinese-nuclear-grid-connection-2611131.html>. (Accessed 20 December 2013).

21 AP 1000 is a nuclear power plant design by the Westinghouse Electric.

22 Zhuan Ti, 'Nuclear Site One Step Closer to Completion', *China Daily*, 3 April 2013, at [http://usa.chinadaily.com.cn/business/2013-04/03/content\\_16373607.htm](http://usa.chinadaily.com.cn/business/2013-04/03/content_16373607.htm). (Accessed 20 December 2013).

reactor site using AP1000 technology located in Sanmen continued.<sup>23</sup>

Such developments underscore China's plans to boost its electricity production. Jian Jingwen of the State Nuclear Power Technology Corporation (SNPTC) stated in a report that China would need about 200 nuclear power plants to meet its power requirements.<sup>24</sup> The plans for further development of nuclear energy were clearly laid out in the report of the National Development and Reform Commission (NDRC) that planned to increase China's nuclear power capacity by 20 per cent in 2013.<sup>25</sup>

This expansion of civilian nuclear production is accompanied by its quest to engage in nuclear commerce with other countries. It is also perceived as an important part of Chinese diplomacy which will enable it to increase its influence.<sup>26</sup> The advancements in nuclear power technology in China are viewed as an enabler for

it to become a global exporter.<sup>27</sup> Its ambitions extend to Africa where corporations such as the China National Nuclear Corporation (CNNC), State Nuclear Power Technology Corporation (SNPTC), and China Guangdong Nuclear Power Holding Corporation (CGNPHC) are making efforts to procure orders.<sup>28</sup> The nuclear reactors likely to be exported are of CAP-1400 design, for which China has intellectual property rights.<sup>29</sup>

The Chinese foray into global markets was increasingly on display in the past year as it signed several agreements and explored ways to export its ACP 1000 designed reactors to other countries, which it had hinted at earlier.<sup>30</sup> It was reported in December 2013 that China's CNNC had committed \$ 6.5 billion to finance a nuclear power project of the ACP 1000 reactor design in Pakistan. As it had plans to export the ACP 1000, it was also stated that the reactor had passed an industry evaluation with regard to its safety and

---

23 Wang Wendi, 'Westinghouse: Committed to Bring AP1000 Projects Online Safety and with High Quality', *China Daily*, 8 February 2013, at [http://www.chinadaily.com.cn/cndy/2013-02/08/content\\_16214055.htm](http://www.chinadaily.com.cn/cndy/2013-02/08/content_16214055.htm). (Accessed 20 December 2013).

24 Wu Wencong, 'Burning Ambition for Nuclear', *China Daily*, 18 October 2013, at [http://europe.chinadaily.com.cn/epaper/2013-10/18/content\\_17042345.htm](http://europe.chinadaily.com.cn/epaper/2013-10/18/content_17042345.htm). (Accessed 20 December 2013).

25 'China Targets 20% Growth in Nuclear Power Installation', *Xinhua*, 12 March 2013, at [http://www.chinadaily.com.cn/bizchina/2013-03/12/content\\_16302471.htm](http://www.chinadaily.com.cn/bizchina/2013-03/12/content_16302471.htm). (Accessed 3 June 2013).

26 'Nuclear Power a New Front for China's Diplomacy', *Xinhua*, 9 December 2013, at [http://news.xinhuanet.com/english/indepth/2013-12/09/c\\_132952900.htm](http://news.xinhuanet.com/english/indepth/2013-12/09/c_132952900.htm). (Accessed 20 December 2013).

---

27 He Zhicheng, 'Energy for the Future', *China Daily*, 18 October 2013, at [http://africa.chinadaily.com.cn/weekly/2013-10/18/content\\_17042370.htm](http://africa.chinadaily.com.cn/weekly/2013-10/18/content_17042370.htm). (Accessed 20 December 2013).

28 Wu Wencong, 'Energy for the Future', *China Daily Africa*, 18 October 2013, at [http://africa.chinadaily.com.cn/weekly/2013-10/18/content\\_17042368.htm](http://africa.chinadaily.com.cn/weekly/2013-10/18/content_17042368.htm). (Accessed 20 December 2013).

29 Wen Tian, 'Self-developed Nuclear Reactor Ready For Export', *China Daily*, 2 February 2013, at <http://english.people.com.cn/90778/8118709.html> (Accessed 30 June 2013).

30 Wei Tian, 'Nuke Reactor Gets Foreign Contract', *China Daily* 20 April 2013, at [http://www.chinadaily.com.cn/china/2013-04/20/content\\_16425033.htm](http://www.chinadaily.com.cn/china/2013-04/20/content_16425033.htm). (Accessed 30 June 2013).

technology standards.<sup>31</sup> Thus to become a global exporter, China is showcasing its safety standards for public<sup>32</sup> and international approval.

As China wants to become a reliable exporter with high safety standards, its reliance on foreign companies has increased since it does not have the expertise or institutional mechanisms to operate in foreign markets—from supply chain to profit making. Towards this end, China and UK signed a Memorandum of Understanding (MoU) on 15 October 2013 on nuclear cooperation and for the construction of two nuclear plants at Hinkley Point. It plans to construct the plant in Somerset together with France. This offers China an opportunity to learn innovative business practices through foreign collaboration in nuclear power projects in return for Chinese investment. As part of the Hinkley deal, the China General Nuclear Corporation (CGNC) and CNNC would contribute some of the cost and they in turn would acquire technical expertise.<sup>33</sup> Chinese companies also signed several agreements

with private companies to set up new research and development projects. Areva for instance, signed a nuclear agreement with CGNPC. The Areva agreement would help Chinese nuclear companies recover usable materials and recycle them as fuel. The facility is to have the capacity to treat 800 metric tonnes of used fuel per year. In addition, it would also complete the construction of Taishan-1 and Taishan-2 European Pressurised Water Reactors (EPRs).

China's SNPTC and Westinghouse also agreed to develop a small modular reactor (SMR) standard design, according to the MoU signed between the two companies. The design would be based on the Westinghouse Small Modular Reactor design, which is a >225 MWe integral pressurised water reactor.<sup>34</sup> As per the agreement, China can now develop the CAP-1400 nuclear plant, based on the AP1000 design following Westinghouse's construction of AP1000 plants in China. The CAP-1400 that was developed by SNPTC incorporates third-generation nuclear reactor technology. Alstom also signed a cooperation agreement with China's Dongfang Electric Corporation (DEC) for the supply of turbine and generator packages for future Chinese AP1000 projects.<sup>35</sup> This agreement would further China's ambitions for enhancing exports of its nuclear reactors using Alstom's Arabelle technology. This steam turbine

---

31 'China's Self-Developed Nuclear Reactors Passes Industry Evaluation', *Xinhua*, 19 April 2013, at <http://www.globaltimes.cn/content/776209.shtml>. (Accessed 20 December 2013).

32 Public opinion in China regarding nuclear power is becoming important as in 2013, the fuel project in Guangdong province met with local resistance. In mid-2013, the plan to build a nuclear fuel in Jiangmen was cancelled. The nuclear safety law that would be enacted would include provisions to enhance public knowledge about nuclear safety. See Qiu Quanlin, 'Guangdong Nuclear Plant Scrapped', *China Daily*, 14 July 2013 at [http://www.chinadaily.com.cn/china/2013-07/14/content\\_16772794.htm](http://www.chinadaily.com.cn/china/2013-07/14/content_16772794.htm). (Accessed 20 September 2013).

33 'US Signs Nuclear Power Deal with China, France', *Al Jazeera America*, at <http://america.aljazeera.com/articles/2013/10/21/new-nuclear-powerplanttobebuiltinuk.html>. (Accessed 20 December 2013).

---

34 Westinghouse claims that its SMR module is derived and built on the basis of the concepts and technology from its AP 1000 reactor designs such as the passive safety systems.

35 'Alstom Signs Cooperation Agreement with Dongfang Electric on Supply of Turbines and Generators for Chinese Nuclear Projects Using AP-1000 Reactors', Alstom Press Release, at <http://www.alstom.com/press-centre/2013/7/alstom-signs-cooperation-agreement-with-dongfang-electric-on-supply-of-turbine-generators-for-ap-1000-class-reactor-projects/>. (Accessed 20 December 2013).

is suitable for AP1000 reactors and known for higher efficiency, and reduced installation and maintenance costs. Thus, Chinese enterprises would in turn be able to develop next-generation nuclear reactor technologies and acquire overall proficiency in building and operating nuclear power plants.

Apart from this, China has also expanded its links with other countries through nuclear cooperation agreements. For instance, the Saudi Arabian cabinet approved the cooperation agreement between China and Saudi Arabia. This accord was signed in Riyadh in 2012, but was ratified in 2013. Two nuclear cooperation agreements were also signed on 25 November 2013 between China Guangdong Nuclear Corp (CGN) and Romania's Nuclearelectrica to build new reactors at the Cernavoda plant.<sup>36</sup> Most of its agreements with Western companies are designed to help Chinese companies profit in global markets.<sup>37</sup> In order to globalise its image, CGN even changed its name to China General Nuclear Power Corp to broaden its appeal in the global market.<sup>38</sup>

## Nuclear safety and security

China's interest in nuclear commerce has led it to focus on nuclear safety and security. The NDRC report concluded that the reactors are safe after a safety inspection on operational nuclear reactors.<sup>39</sup> It had stopped all its reactors in 2011 for a nine month check-up. Its safety standards would enable it to market itself as a source of cheap yet safe nuclear option. Therefore, the need to up-grade and institutionalise its safety and security standards has been central to Chinese nuclear power policy. As a result, the AP 1000 reactor technology was chosen for third-generation nuclear development as it incorporated the concept of 'passive safety' in its reactors.<sup>40</sup> For instance, in January 2013, the Huaneng Shandong Shidao Bay Nuclear Power Co., Ltd (HSNPC) began constructing the largest nuclear power plant in Shidao Bay in Shandong province using AP 1000 reactors.

The rise in the numbers of nuclear energy projects along with safety concerns following the Fukushima disaster has led to the tightening of

---

36 'Romania, China Ink Nuclear Cooperation Agreement', *Nuclear Power Daily*, 25 November 2013, URL: [http://www.nuclearpowerdaily.com/reports/Romania\\_China\\_ink\\_nuclear\\_cooperation\\_agreements\\_999.html](http://www.nuclearpowerdaily.com/reports/Romania_China_ink_nuclear_cooperation_agreements_999.html). (Accessed 20 December 2013).

37 Zhao Yanan, 'Nations to Jointly Tap Nuclear Markets', *China Daily*, 7 December 2013, at [http://usa.chinadaily.com.cn/china/2013-12/07/content\\_17158799.htm](http://usa.chinadaily.com.cn/china/2013-12/07/content_17158799.htm). (20 December 2013).

38 'China's Largest Nuclear Power Firm Renamed', *Xinhua*, 15 May 2013, at [http://www.chinadaily.com.cn/business/2013-05/15/content\\_16501734.htm](http://www.chinadaily.com.cn/business/2013-05/15/content_16501734.htm)

---

39 'China's Operational Nuclear Power Reactors Safe: Report', *Xinhua*, 4 June 2013, at [http://www.china.org.cn/business/2013-06/04/content\\_29025277.htm](http://www.china.org.cn/business/2013-06/04/content_29025277.htm). (Accessed 21 September 2013).

40 The Passive safety concept is instituted in AP1000 Westinghouse reactor design. This does not require the plant to have electronic feedback in case the plant has to shut down, but relies on gravity and convection. 'Official Stresses Safety in Nuke Development', *Xinhua*, 14 January 2013, at [http://www.chinadaily.com.cn/business/2013-01/14/content\\_16111901.htm](http://www.chinadaily.com.cn/business/2013-01/14/content_16111901.htm). (20 April 2013).

nuclear safety laws in China.<sup>41</sup> Ma Xingrui, Vice Minister of Industry and Information Technology and Chairman of CAEA was quoted in a report saying ‘nuclear safety is the lifeline of the nuclear power industry and the emergency response system is the last firewall to ensure safety’.<sup>42</sup> It further adopted several domestic measures in 2013. *Xinhua* reported that China’s State Council in 2013 had approved the National Nuclear Emergency Plan that includes guidelines for how the ‘national and provincial authorities and power stations should respond in the event of a nuclear accident’.<sup>43</sup> The response plan consists of:

...four levels of emergency response for possible incidents or accidents in civil nuclear stations and lists directions for dealing with accidents that may happen during the transportation of spent nuclear fuel or aerospace vehicles equipped with nuclear devices.<sup>44</sup>

The response team approved by the State Council would rely on military forces for the rescue teams. The *PLA Daily* reported that the Leading Group Office of the Responding to Emergencies of the PLA has already designated organisations for undertaking rescue plans in case of a nuclear accident.<sup>45</sup> Xu Ping of National Nuclear Emergency Office was quoted in the report as saying that the plan would broadly cover ‘all nuclear facilities and activities, including fuel transportation and satellite operation’.<sup>46</sup> The response services also have benefited from China’s system for radiation detection and its close cooperation with the CTBT with regard to seismic activities. The nuclear safety systems have become important also due to health concerns arising in villages near nuclear reactors.<sup>47</sup>

Therefore, Chinese institutions have encouraged cooperation with other agencies to gain experience, especially the international arms control and disarmament forums. For instance, the Nuclear Energy Agency (NEA) and the China Atomic Energy Agency (CAEA) signed the ‘Joint Declaration on Cooperation in the Field of Peaceful Uses of Nuclear Energy’. This agreement has provisions for providing Chinese institutions the knowledge and expertise required for nuclear safety and security. For instance, the agreement underscores cooperation between

---

41 ‘Experts Call For Nuclear Safety Law For Enactment’, *Xinhua*, 6 March 2013, at [http://www.china.org.cn/china/NPC\\_CPPCC\\_2013/2013-03/06/content\\_28153602.htm](http://www.china.org.cn/china/NPC_CPPCC_2013/2013-03/06/content_28153602.htm), Wang Min (Statement), ‘Report of International Atomic Energy Agency’, Permanent Mission of the People’s Republic of China to the UN, URL: <http://www.china-un.org/eng/hyyfy/t1096198.htm>. (Accessed 3 June 2013).

42 Yu Shujun, ‘Safety First’, *Beijing Review*, July 15, 2013, at [http://www.bjreview.com.cn/business/txt/2013-07/15/content\\_555933.htm](http://www.bjreview.com.cn/business/txt/2013-07/15/content_555933.htm). (Accessed 21 September 2013).

43 ‘China Improves Emergency Plan for Nuclear Accidents’, *Xinhua*, 3 July 2013, URL: <http://english.people.com.cn/90882/8309951.html>, *Beijing Review*, ‘Safeguarding Nuclear Safety’, 15 July 2013, at [http://www.bjreview.com.cn/quotes/txt/2013-07/15/content\\_555446.htm](http://www.bjreview.com.cn/quotes/txt/2013-07/15/content_555446.htm). (Accessed 21 September 2013).

44 Zhao Lei, ‘China Boosts Its Handling of Nuclear Emergencies’, *China Daily*, 4 July 2013, at [http://usa.chinadaily.com.cn/epaper/2013-07/04/content\\_16726457.htm](http://usa.chinadaily.com.cn/epaper/2013-07/04/content_16726457.htm). (Accessed 21 September 2013).

---

45 ‘PLA and Local Governments to Build National Nuclear Emergency Rescue Team’, *China Military Online*, 11 July 2013, at <http://english.people.com.cn/90786/8321338.html>. (Accessed 21 September 2013).

46 ‘China Revises Nuclear Emergency Plans’, 4 July 2013, at <http://english.sina.com/china/2013/0703/605215.html>. (Accessed 21 September 2013).

47 Fang Yunyu, ‘The Invisible Price of Nuclear’, *Global Times*, 16 January 2013, at <http://www.globaltimes.cn/content/756106.shtml>. (Accessed 21 September 2013).

the two agencies on nuclear safety, reactor designs, radiological protection and radioactive waste management.<sup>48</sup> The CAEA is an important institution that deals with the policy options for China's nuclear power development, while the China Institute for Radiation Protection (CIRP) undertakes safety assessments.

China's interaction with the US on issues of nuclear security and safety has deepened in 2013. For instance, China's General Administration of China Customs (GACC) and the National Nuclear Security Administration (NNSA) signed an agreement on nuclear smuggling. This showcases China's widening cooperation with the US on issues of nuclear security and safety. The NNSA is now constructing a nuclear security centre in Beijing to be financed by both China and the US and to be completed in 2015.

In addition, China's nuclear enterprises are also enhancing cooperation with private companies to improve their nuclear safety and security. For instance, Lockheed Martin is to develop nuclear safety instrumentation and control platforms, based on field-programmable gate array (FPGA) technology,<sup>49</sup> for new generation reactor protection systems in China—the State Nuclear Power Automation System Engineering Co. (SNPAS) signed this agreement with Lockheed Martin. These protection systems are for China's third generation reactors, and the

agreement tasks Lockheed Martin to 'prototype, manufacture and qualify nuclear power plant reactor protection systems'. This platform based on FPGA technology would 'address safety and regulatory concerns regarding software common-cause failures in digital nuclear safety systems'. These 'systems will autonomously and reliably monitor and detect potential failures in the system, ensuring the safe operation and function of the facility. The platform may be applied both in new plant deployment and in safety system upgrades for existing power plants'.<sup>50</sup>

## Conclusion

The expansion of nuclear power raises concern in other states. The PRC addressed these concerns by reiterating the political value of nuclear weapons. The PRC leadership argued that it deploys nuclear weapons against coercion only and are thus defensive in nature. It argued that since it is modernising its nuclear weapons against nuclear threats, it was non-threatening and counter-coercive. It would seem that Chinese nuclear capabilities are being modernised to send a signal to other states that its nuclear strike capability is robust. The Chinese exploitation of civilian nuclear energy for commercial purposes has been increasing and would continue so. Its foreign collaborations would continue to provide it with valuable experience for exporting and operating in global markets. The legal and institutional arrangements for nuclear safety and security, testify to this policy.

---

48 'The OECD Nuclear Energy Agency (NEA) And The China Atomic Energy Authority (CAEA) Establish A Joint Declaration On Cooperation', at <https://www.oecd-nea.org/press/2013/2013-04.html>. (Accessed 20 December 2013).

49 FPGA technology is preferred over microprocessor in digital instrumentation and control (IC) system applications because it is less reliant on software, simpler and is easily testable.

---

50 'Lockheed Martin and SNPAS of China Sign Agreement for Nuclear Plant Safety Systems Work', Press Release, 12 June 2013, at <http://www.lockheedmartin.com/us/news/press-releases/2013/june/mfc-061213-Lockheed-Martin-SNPAS-China-Sign-Agreement.html>. (Accessed 25 November 2013).

## Annexure

Table 1 China Nuclear Forces 2013

Missiles Designation	Type	Range (km) (FAS)	Missile Deployed Estimates Per Type			
			FAS <sup>1</sup>	SIPRI <sup>2</sup>	IISS <sup>3</sup>	USDOD* <sup>4</sup> (2010 est.)
DF-5A	CSS-4 Mod 2	13,000+	~20	20	~20	~20
DF-3A	CSS-2 Mod 2	3,000	~8	~12	~6	15-20
DF-21/21A	CSS-5 Mod1&2	2,150	~80	~60	~80	85-95
DF-31	CSS-10 Mod 1	7,000+	~8	~20	~12	<10
DF-31A	CSS-10 Mod 2	11,000+	~20	~20	~24	10-15
DF-4	CSS-3	5,500+	~12	~12	~10	15-20
DF-41	CSS-X-10	Testing	n.a.	n.a.	n.a.	n.a.
JL-1	CSS-N-3	1,000+	n.a.	12	n.a.	n.a.
JL-2	CSS-NX-4	7,000+	n.a.	36	n.a.	(Develop.)
H-6K	B-6	3,100+	~20	~20	~20	n.a.
Fighters	-	-	~20	n.a.	n.a.	n.a.
DH-10	CJ-10	1,500	n.a.	150-350	54	200-500
DH-20	CJ-20	-	n.a.	n.a.	n.a.	n.a.

\*The US DOD did not publish a detailed table in 2013. Therefore, the estimate uses the table from 2010.

1 Kristensen and Morris, n. 4.

2 SIPRI Yearbook 2013, n. 15.

3 IISS The International Institute of Strategic Studies, 'IISS Military Balance 2013', Taylor and Francis Ltd: London.

4 US Department of Defense, 'Military and Security Developments Involving the People's Republic of China, 2010, at [http://www.defense.gov/pubs/pdfs/2010\\_cmpr\\_final.pdf](http://www.defense.gov/pubs/pdfs/2010_cmpr_final.pdf) (Accessed 25 July 2012).

**Table 2 Nuclear Power Plants\*<sup>5</sup>**

<b>Units</b>	<b>Province</b>	<b>Gross Capacity</b>	<b>Reactor Model</b>	<b>Owner</b>
Hongyanhe 1	Liaoning	1,120 MWe	PWR (CPR1000)	CGN with CPI
Hongyanhe 2	Liaoning	1,120 MWe	PWR (CPR1000)	CGN with CPI
Hongyanhe 3	Liaoning	1,080 MWe	CPR-1000	CGN with CPI
Haiyang 1	Shandong	1,250 MWe	AP1000	CPI
Yanjiang 6	Guangdong	1,087 MWe	ACPR1000	CGN
Ningde 2	Fujian	1,080 MWe	PWR (CPR1000)	CGN
Sanmen	Zhejiang	1,250 MWe	AP1000	CNNC

\*All plants have few units at different stages of development.

5 IAEA Country Statistics, PRIS, at <http://www.iaea.org/PRIS/CountryStatistics/CountryDetails.aspx?current=CN> (Accessed 20 December 2013).



## **Section II: External Relations**



# 6

## Roller-coaster Sino-Indian Relations Oscillate Between Trust Deficit and CBMs

*Rup Narayan Das*

Sino-Indian relations in 2013 will be remembered for two very significant events. On the positive side, the year witnessed back-to-back visits by the prime ministers of both countries. It may be recalled that the Chinese Premier Wen Jiabao had visited India in December 2010 and in keeping with convention it was the turn of Prime Minister Manmohan Singh to return the visit. Instead the newly elected Chinese Premier Li Keqiang chose to visit India in May and later Prime Minister Manmohan Singh visited China in October. Thus, the two countries for the first time since 1954, exchanged prime ministerial visits within the same year. It may be recalled that the Chinese Premier Zhou En-lai had visited India in June 1954 and later Prime Minister Jawaharlal Nehru had visited China in the October of the same year. On the flip side, the massive border incursion by the PLA in Depsang Bulge on 15 April 2013, into the Indian side of the LAC is symptomatic of the persistent security dilemma that exists between the two countries.

### President Xi Jinping's Five Point Formula

After the leadership transition, in which the baton was passed to President Xi Jinping and Premier Li Keqiang, the Chinese and Indian leaderships have both tried to reach out and understand each

other better. In an overture of goodwill towards India, on 19 March 2013 President Xi Jinping in an interview<sup>1</sup> to the Beijing based correspondent of the Press Trust of India, unveiled a five-point formula to improve relations with India. Addressing the issue of the border dispute between the two countries, he said, 'Pending the final settlement of the boundary question the two sides should work together and maintain peace and tranquillity in the border areas and prevent the border question from affecting the overall development of bilateral relations.' Significantly, he also added that the resolution of the boundary dispute 'won't be easy'. Xi may have been realistic in his assertion, but it also indicated his approach towards the vexed boundary dispute. Spelling out his five proposals, Xi said that first of all China and India, should maintain strategic communications and keep the bilateral relationship on the 'right track'.

Secondly, he added, the two countries 'should harness each other's comparative strengths and expand win-win cooperation in infrastructure, mutual investment and other areas.' His third point was that India and China should strengthen cultural ties, and constantly increase the friendship

---

1 'China unveils 5-point formula to improve ties with India', *Business Line*, <http://www.thehindubusinessline.com/news/international/china-unveils-5point-formula-to-improve-ties-with-india/article4524944.ece>

between the two countries. Fourthly, there should be greater coordination and collaboration in multilateral forums to safeguard the legitimate rights and interests of developing countries. Finally, he stressed that the two sides 'should accommodate each other's core concerns and properly handle problems and differences existing between the two countries'. There is nothing substantially new in President Xi's five-point formula, but coming as it did from the President, and particularly immediately after his assumption of office, it was aimed at creating good atmospherics.

## Meeting between Prime Minister Manmohan Singh and President Xi Jinping at Durban

It was in the backdrop of such positive vibes that the first meeting between Prime Minister Dr. Manmohan Singh and President Xi Jinping took place on the sidelines of the BRICS summit in Durban on 26 and 27 March. National Security Adviser Shiv Shankar Menon and other senior officials were also a part of this meeting. The Chinese team included top Chinese leaders like Li Xiansu and Wang Huning who are politburo members of the Communist Party of China, foreign minister Wang Yi, commerce minister Gao Hucheng, and state councillor Yang Jiechi who has subsequently become the Chinese interlocutor for the India-China Special Representatives Talks. In the meeting, Prime Minister Dr. Manmohan Singh raised the issue of trans-border river systems and requested the Chinese government to create a joint mechanism to enable India to assess the construction activity taking place in the Tibetan Autonomous Region. The prime minister in his interaction with the media on board his aircraft said that President Xi had assured him that

China was quite conscious of its responsibilities and the interests of the lower riparian countries. As regards his proposal for a joint mechanism, President Xi told the prime minister that they would look into it. The prime minister further said that whatever construction activities were being undertaken in the Brahmaputra region in Tibet, they were essentially run-of-the river projects and therefore, there was no cause for worry.<sup>2</sup> The adverse trade imbalance between the two countries also figured in the discussion. The prime minister said that he got a distinct impression that the current Chinese leadership was as serious as the previous Chinese leadership for promoting good neighbourly relations and to find practical, pragmatic solutions to outstanding issues between the two countries. He, however, acknowledged that the relationship between India and China has elements of coordination, cooperation and competition.

## Border incursion at Depsang

The upswing in bilateral relations received a jolt with the border incursion by the PLA troops into the Indian side of the Line of Actual Control on 15 April. Although incursions have been taking place from time to time since the LAC is not well defined and demarcated, the border incursion in Depsang was unprecedented in its magnitude and duration. PLA troops consisting of 50 soldiers intruded 19 km into the Indian side of the LAC and remained in occupation of Indian territory for three weeks. This cast a shadow on the impending visit of Chinese Premier Li Keqiang to India that was scheduled for 19 May 2013.

---

2 5<sup>th</sup> BRICS Summit in Durban, 'Onboard media interaction with PM', <http://www.pib.nic.in/newsite/PrintRelease.aspx?relid=94343>

The Chinese incursion in Ladakh evoked divergent reactions from the government and the army. While the dominant view in the government was that the Chinese incursion was a localised affair and very much part of the pattern in a region where the line of actual control is disputed, the army perceived it as a reflection of Beijing's aggressive intent. There was a perception in a section of the army that India's efforts to upgrade infrastructure in the border might have triggered the Chinese action. India has reactivated advanced landing grounds (ALGs) or airstrips at places such as Daulat Beg Oldie (DBO) which are situated on the strategically sensitive communication links from Ladakh, Fukche and Nyoma to ensure supply lines in case of any eventuality. There was much speculation and various interpretations as to why the PLA transgressed so deep into the Indian side of the LAC. According to one analysis, it was likely that the:

...incursion in Ladakh was an attempt to stake out a revised claim in the western sector as has already been done in the eastern sector. The timing of the move is related to both the need for CPC General Secretary and Chairman of the Military Commission Xi Jinping to establish his hard line credentials vis-à-vis India and the forthcoming visit of Premier Li Keqiang...<sup>3</sup>

Both the governments, however, tried their best to handle the incident with maturity and restraint. While the prime minister in Parliament said it was a localised incident; the defence minister said that India would take every step to protect national integrity and security, but added that 'negotiations are on at various levels to

resolve the issue'.<sup>4</sup> The Chinese foreign ministry spokesperson Hua Chunying told the media in Beijing that India and China had maintained 'close communication', adding that China believed the problem could be resolved through 'friendly consultation... to maintain peace and stability in border areas.'<sup>5</sup> While the standoff continued, strategic communications were maintained at various levels between the two countries. The standard Confidence Building Mechanism (CBM) i.e., flag meetings, were held between the two armies on 26 and 27 April, which did not yield any result. The Joint Mechanism on Coordination and Consultation was also put into operation and telephonic-conferences between the two sides were organised to defuse the military impasse. It is also believed that National Security Adviser Shiv Shankar Menon spoke with the Chinese State Councillor Yang Jiechi on the issue while Foreign Secretary Ranjan Mathai summoned the Chinese Ambassador Wei Wei to the ministry of external affairs to lodge an official protest against the development.<sup>6</sup>

What seems to have finally facilitated the resolution of the impasse was the impression that New Delhi might be inclined to cancel the visit of its foreign minister, Salman Khurshid's to Beijing, scheduled for 9 and 10 May to prepare the ground for the visit of Premier Li Keqiang to New Delhi, which in turn would have cast a shadow over the proposed visit of the Chinese Premier. It was against this backdrop that there were hectic

3 Arvind Virmani, 'How to anticipate China', *The Indian Express*, 8 May 2013, <http://archive.indianexpress.com/news/how-to-anticipate-china/1112731/>

4 Sachin Parashar & Rajat Pandit, 'India won't take aggressive stand', *The Times of India*, 25 April 2013.

5 Ananth Krishnan, 'Both countries have the 'wisdom' to defuse border row, says China', *The Hindu*, 27 April 2013.

6 'Face-off escalates, China envoy called in,' *The Indian Express*, 23 April 2012.

parleys between the army commanders of the two countries at a number of Flag Meetings, and through the Working Mechanism on Consultation and Coordination on India-China Border Affairs of India headed by Joint Secretary Gautam Bambawale and his Chinese counterpart. It is also believed that the Indian ambassador in Beijing, S. Jaishankar was closeted with the Chinese Foreign Office to expedite a fast and early resolution of the border standoff.

### **Assessment of Premier Li Keqiang's visit to India**

On 5 May, almost three weeks after the beginning of the standoff, Chinese and Indian troops simultaneously withdrew from the disputed area paving the way for the visit of Salman Khurshid to Beijing and the subsequent visit of the Chinese Premier to India. In a regular press briefing on 6 May, Chinese spokeswoman Hua Chunying said that the two sides had maintained close communications and consultations on the issue through border-related mechanisms, diplomatic channels and border defence meetings. Subsequently, Premier Li met a group of 100 Indian youths at Zhongnanhai, the headquarters of the Chinese central government in Beijing on 15 May, a few days ahead of his visit to India which was to commence on 19 May.

As expected, however, the April border intrusion dominated discussions between Prime Minister Manmohan Singh and Premier Li, from the very first day of his visit, when the Indian Prime Minister in a thoughtful gesture hosted a private dinner at his residence in honour of the Chinese Premier. Prime Minister Manmohan Singh—both in the restricted and delegation-level talks as well as in his public statements, made it clear that peace

and tranquillity at the border constituted the very 'foundation' of the relationship. According to informed sources Premier Li accepted and understood India's position. Yet another vexed issue that the Indian Prime Minister raised with Premier Li related to the effects on lower riparian countries by activities on the upper reaches by China on our shared rivers. Significantly, the Joint Statement once again did not mention the One-China policy just as it was not mentioned in the Joint Statement issued during the visit of Chinese Premier Wen Jiabao to India in December 2010. What had earlier piqued India were the stapled visas issued by the Chinese embassy in New Delhi to Indian citizens from Jammu and Kashmir and Arunachal Pradesh, which China regards as disputed territories. This time it seems it were the border incursions in Depsang Bulge which preoccupied the Indians.

Regardless of what transpired, the fact that the two could discuss contentious and uncomfortable issues candidly reflects a certain degree of resilience in the relationship. New Delhi conveyed to the visiting Chinese Premier that the relations between the two countries could be sustainable only by respecting each other's sensitivities with regard to their respective core interests. Although the visit of the Chinese Premier provided him an opportunity to establish rapport with Indian leaders, the border incursion reiterated the persisting security dilemma that needs to be addressed by the two countries. Secondly, unlike earlier incidents, the Depsang Bulge incident reinforced the urgency and imperative need for India to beef up its up defence preparedness to face any such future occurrences. The decision of the Government of India to raise a 45,000 strong Mountain Strike Corps at the cost of Rs. 81,000 crores is indicative of a wakeup call.

Thirdly, it is not difficult to fathom the impact of the incident on India's foreign policy postures, in particular as India's defence and security cooperation with Japan and other countries in the Asia-Pacific has acquired added salience in this backdrop. Japan's deputy prime minister Taro Aso visited India on 4 May at the height of the border standoff between India and China and talked of convergence on the issue of 'maritime democracy'<sup>7</sup>. Later, Prime Minister Manmohan Singh, who could not visit Japan earlier due to dissolution of the Japanese Parliament, visited Japan from 27 to 30 May. The Joint Statement issued at the time 'expressed their resolve to further consolidate and strengthen the Strategic and Global Partnership between India and Japan in the years ahead, taking in to account changes in the strategic environment'.<sup>8</sup> The two prime ministers also announced that a bilateral Maritime Affairs Dialogue would be initiated between the two countries. In yet another front, Defence Minister A.K. Antony visited Australia, Singapore, and Thailand. In Singapore, the agreement to impart training to its forces at Indian army establishments was renewed for five years. In Thailand, Mr. Antony reiterated India's support for freedom of navigation and emphasised on maritime security. Incidentally, it may be mentioned that Mr. Antony was the first Indian defence minister to visit Australia.

## Defence Minister A.K. Antony's visit to China

Notwithstanding the strained relations between the two countries because of the border incursion, Defence Minister A.K. Antony paid a three-day visit to China from 4 to 7 July in response to an official invitation. This was yet another significant step in the relationship between the two countries. As his visit took place barely two months after the border intrusion in Depsang it assumed added strategic significance. The defence minister met the Chinese Premier Li Keqiang, his Chinese counterpart Gen. Chang Wanquan and the state councillor Yang Jiechi. The Joint Statement<sup>9</sup> issued on the occasion said that joint counter-terrorism exercises would be resumed. The joint statement also provided for exchange of visits by senior military commanders and visits by border troop delegations to promote dialogue to strengthen trust and cooperation. The defence minister also extended an invitation to his Chinese counterpart to visit India in 2014, which was accepted. The Joint Statement described the talks as cordial and friendly but gave no indication whether they were fruitful or successful. The most important aspect of the visit was the discussion on the proposed Border Defence Cooperation Agreement (BDCA). Regarding this, the Joint Statement said that peace and tranquillity in the border areas were an important guarantor for the growth and development of bilateral cooperation.

---

7 'Japan's Revival and the Japan-India Global Strategic Partnership', Taro Aso, [http://www.mofa.go.jp/mofaj/press/enzetsu/25/pdfs/easo\\_230504\\_2.pdf](http://www.mofa.go.jp/mofaj/press/enzetsu/25/pdfs/easo_230504_2.pdf)

8 'Joint Statement on Prime Minister's visit to Japan: Strengthening the Strategic and Global Partnership between India and Japan beyond the 60th Anniversary of Diplomatic Relationship', <http://pmindia.nic.in/press-details.php?nodeid=1628>

---

9 'Antony's Visit to China: Joint Statement', <http://pib.nic.in/newsite/erelease.aspx?relid=97065>

## Prime Minister Manmohan Singh's visit to China

The positive developments during the visit of Prime Minister Manmohan Singh to China were the signing of nine Agreements/MoUs between the two countries. The most significant outcome of the visit was the Border Defence Cooperation Agreement (BDCA),<sup>10</sup> the initiative for which was taken by the Chinese during the Defence Dialogue in Beijing when the idea was first broached. Another important Memorandum of Understanding signed between the two countries was on strengthening cooperation with regard to trans-border rivers<sup>11</sup>. According to the MoU, the Chinese side agreed to extend the data provision period of the Yaluzangbu/Brahmaputra River from 2014, starting 15 May instead of 1 June to 15 October of the relevant year. The hydrological data sharing period was extended to enable India to have access to the data during the monsoons. Although the Border Defence Cooperation Agreement received a great deal of media attention, the economic agreements were also an important outcome of the visit. The prime minister in his speech at the Central Party School on 24 October said, '...Indeed the most dynamic area of our relationship has been economic, and China has emerged as one

of India's largest economic partners'<sup>12</sup>. Having said this, he hastened to add that, '...naturally, there are concerns on both sides—whether it is incidents in the border region, trans-border rivers or trade imbalance'. Bilateral trade between the two countries which rose to \$74 billion in 2011, declined to \$66.5 billion in 2012.<sup>13</sup> The major import of China from India has been iron ore. The slump in India's export of iron ore has been triggered primarily by mining bans in Karnataka. Indian imports of Chinese power and telecom equipment have been affected because of higher tariffs and security concerns. India has also been complaining of the difficulties faced in accessing Chinese markets for its IT and pharmaceutical products. The issues have been taken up by India from time to time at various levels, including the Economic and Strategic Dialogue.

The MoU on power equipment<sup>14</sup> is expected to address the complaints and demands of the Indian power sector companies who have imported and installed power equipment from China. India has been a strategic market for Chinese power equipment manufacturers. As per the MoU, China is obliged to set up service

---

10 'Border Defence Cooperation Agreement between India and China', <http://pmindia.gov.in/press-details.php?nodeid=1726>

11 'MoU between the Ministry of Water Resources, India and the Ministry of Water Resources, China on strengthening cooperation on trans-border rivers', <http://pib.nic.in/newsite/PrintRelease.aspx?relid=100181>

---

12 'Prime Minister's speech at the Central Party School in Beijing-India and China in the New Era', 24 October 2013, <http://www.mea.gov.in/in-focus-article.htm?22383/Prime+Ministers+speech+at+the+Central+Party+School+in+Beijing+and+China+in+the+New+Era+October+24+2013>

13 'India-China trade: record \$ 31 bn deficit in 2013', *The Hindu*, 10 January 2014, <http://www.thehindu.com/business/indiachina-trade-record-31-bn-deficit-in-2013/article5562569.ece>

14 'MoU between Ministry of Power, Government of the Republic of India and The National Energy Administration, Government of the People's Republic of China on setting up Chinese Power Equipment Service Centres in India', <http://pmindia.nic.in/press-details.php?nodeid=1735>

centres to repair the power equipment installed in India. Since China has considerable expertise in the efficient management of highways and roads, a MoU on cooperation in roads and road transportation<sup>15</sup> was also signed between the two countries. The objective of the MoU was to develop and promote safe, efficient, cost-effective and sustainable road transportation systems.

With regard to macro-economic cooperation the Joint Statement stated that, 'The two sides agreed to look into the prospect of a bilateral Regional Trade Agreement (RTA)'. It further said that both countries will also review the state of the negotiations on Regional Comprehensive Economic Partnership (RECP). As regards the Bangladesh, China, India, Myanmar (BCIM) Economic Corridor the Joint Statement said that both India and China would continue discussions with other parties with regard to this initiative and hold the first BCIM Joint Study Group meeting in December 2013, which was duly held to discuss the specific programme for building the BCIM Economic Corridor.

Agreements were also signed to establish sister relationships between Delhi and Beijing<sup>16</sup>,

Bangaluru and Chengdu<sup>17</sup> and Kolkata and Kunming<sup>18</sup>. The practice of the Chinese embassy in New Delhi of issuing stapled visas to Indians from Jammu and Kashmir and Arunachal Pradesh has been an irritant in the relations between the two countries. As some archers from Arunachal were denied regular Chinese visas for participating in an international sports event in China prior to Prime Minister Manmohan Singh's visit to China, this issue was also discussed.

## Conclusion

In spite of all the pious platitudes and rhetoric, it seems that India-China relations will remain tenuous. The line of actual control will continue to be the line of actual concerns, notwithstanding the claims of peace and tranquillity and the management of the border. China's increasing footprint in India's periphery and its increasing forays into the Indian Ocean region will create concerns for India. As far as the India-China border dispute is concerned, India has adopted a three-pronged strategy. First, to find a longstanding solution to the border dispute through the mechanism of special representatives. Second, to promote confidence building measures and mechanisms so that whenever any border

---

15 'Memorandum of Understanding between the Ministry of Road Transport and Highways of the Republic of India and the Ministry of Transport of the People's Republic of China on cooperation in roads and road transportation', <http://pib.nic.in/newsite/PrintRelease.aspx?relid=100190>

16 'Agreement on the establishment of Sister City Relations between Delhi, Republic of India and Beijing, People's Republic of China', <http://mea.gov.in/bilateral->

---

17 'Agreement on the establishment of sister city relations between Bangaluru, Republic of India and Chengdu, People's Republic of China', <http://mea.gov.in/bilateral-documents.htm?dtl/22375/Agreement+on+the+establishment+of+sister+city+relations+between+Bangaluru+Republic+of+India+and+Chengdu+Peoples+Republic+of+China>

18 'Agreement on the establishment of Sister City Relations between Kolkata, Republic of India and Kunming, People's Republic of China', <http://mea.gov.in/bilateral-documents.htm?dtl/22378/Agreement+on+the+establishment+of+Sister+City+Relations+between+Kolkata+Republic+of+India+and+Kunming+Peoples+Republic+of+China>

incursion, or occasional face-off takes place, both sides can immediately sort it out. Thirdly, since there is asymmetry in infrastructure development in the border areas as China has a head-start in this, India must vigorously strengthen its capabilities there. As far as bilateral trade and economic engagement between the two countries are concerned the two sides have

to find ways and means to diversify the traditional items of bilateral trade. China has to see India not only as a buyer but also as a seller—and China also has to invest in India. To what extent India will allow Chinese investments in infrastructure development and manufacturing will be determined by security considerations. Overall, bilateral relations are likely to improve with regular exchanges of high level visits.

# 7

## China and South Asia

*South Asia Centre\**

South Asia has always been an area of great interest for Chinese foreign policy makers and observers, though they may have never described the region as such. South Asia is important for China because of the Indian Ocean through which a major part of Chinese trade and commerce takes place. Major Chinese energy needs are also met through this route. At the same time the Chinese are also interested in creating new openings in the Indian Ocean so that they can deal with their Malacca dilemma with greater confidence. Thus the Chinese interest in South Asia is largely to safeguard its sea lines of communication (SLOC), and try to keep India off-balance by making greater inroads into South Asian countries.

China's armed forces have also been seeking to foment tensions on the border with India. A major stand-off took place between the Indian and Chinese armies in the Dopsang valley in Ladakh, on 15 April. Around 30 Chinese soldiers intruded 19 km beyond what India perceives to be the Line of Actual Control (LAC), and camped

there for nearly three weeks.<sup>1</sup> In Beijing, however Chinese foreign ministry officials denied that any violation had taken place. Though this localised problem was resolved, the larger boundary dispute between India and China continues.

However, the year also saw China make some friendly overtures. The Chinese Premier Li Keqiang visited India from 19 to 21 May 2013.<sup>2</sup> Prime Minister Manmohan Singh also paid a return visit to China from 22 to 24 October 2013.<sup>3</sup> However

---

\* This report is the result of a collaborative effort by the following members of the South Asia Centre at the IDSA: Dr. Ashok Kumar Behuria, Dr. Anand Kumar, Vishal Chandra, Dr. Nihar Nayak, Gulbin Sultana and Sreyash Deshmukh

1 India calls for steps to avoid incidents like Daulat Beig Oldi, 11 May 2013 at <http://www.timesnow.tv/Incidents-like-Daulat-Beig-Oldi-shouldnt-occur/articleshow/4427209.cms>

2 State visit of Chinese Premier H.E. Mr. Li Keqiang to India, May 19-21, 2013, Ministry of External Affairs, Government of India, at <http://www.mea.gov.in/in-focus-topic.htm?92/State+visit+of+Chinese++HE+Mr+Li+Keqiang+to+India+May+1921+2013>

3 Joint Statement- A vision for future development of India-China strategic and cooperative partnership Ministry of External Affairs, Government of India, October 23, 2013 at <http://mea.gov.in/bilateral-documents.htm?dtl/22379/Jo+int+Statement+A+vision+for+future+development+of+India+China+strategic+and+cooperative+partnership>

China's overall policy of greater ingress into South Asia continued and caused some uneasiness in India. India has traditionally considered South Asia as its area of influence.

## China-Afghanistan

China has been stepping up its diplomatic engagement with Afghanistan, both bilaterally and through multilateral regional mechanisms, in view of the potential threat to security and stability within and along its western borders post-2014. In June 2012, China entered into a Strategic and Cooperative Partnership with Afghanistan, making it the second regional country to establish a long-term strategic partnership after India signed a Strategic Partnership Agreement with Afghanistan in October 2011. The China-Afghanistan strategic partnership declaration clearly emphasised cooperation at both bilateral and multilateral levels. The declaration stated that, 'the two countries should view and develop the bilateral relations from a strategic and long-term perspective.' The declaration identified cooperation in political, economic, cultural and security fields, as well as in regional and international affairs as five pillars of the strategic partnership. Going beyond bilateralism the strategic partnership also included coordination and cooperation between the two countries within SAARC, SCO and the Istanbul Process.<sup>4</sup>

At the third 'Heart of Asia' Ministerial Conference of the Istanbul Process on Afghanistan, held in

Almaty in April 2013, it was announced that the next ministerial conference would be hosted by China. Beijing's willingness to host the Fourth Ministerial Conference of the Istanbul Process in Tianjin in August 2014, the largest multilateral process on Afghanistan, largely stems from Beijing's growing anxiety and concern with regard to the potential impact of developments in Afghanistan on the security of its restive western Xinjiang Uygur Autonomous Region (XUAR), and its growing economic interests across the South Central Asia region. It is also part of Beijing's continuing efforts to support multilateral approaches as opposed to the US-led Western unilateralism in the region. Though Beijing remains averse to prolonged or permanent Western presence in the region, it has taken a relatively nuanced approach on the issue of Western withdrawal as Afghanistan simultaneously undergoes multiple transitions. China may have neither partnered nor facilitated the Western mission in Afghanistan, but it has tactfully avoided calling for the immediate or complete withdrawal of the West, because it is fully aware of the challenges that transition and post-transition will pose for Afghanistan and its consequences for regional security.

On 25 September 2013, when Chinese Foreign Minister Wang Yi met the then Afghan foreign minister Zalmay Rassoul at the UN headquarters in New York, he reiterated China's firm support for the 'Afghan-led and Afghan-owned' reconciliation process and stated that 'China is ready to play a constructive role' in this regard.

## President Karzai visits China

President Karzai visited China in September 2013 to attend the Euro-Asia Economic Forum. On 27 September 2013, Chinese President Xi Jinping met President Karzai in the Great Hall

---

4 'Joint Declaration between The People's Republic of China and The Islamic Republic of Afghanistan on Establishing Strategic and Cooperative Partnership,' Ministry of Foreign Affairs, People's Republic of China, 8 June 2012, at <http://www.fmprc.gov.cn/eng/wjdt/2649/t939517.shtml> accessed 23 February 2014.

of the People. Xi Jinping described China and Afghanistan as ‘traditionally friendly neighbours’ and pointed out that with the signing of the Strategic and Cooperative Partnership in 2012 relations between the two countries ‘have entered a new stage’ and that ‘China firmly adheres to the policy of friendship towards Afghanistan and is ready to deepen strategic cooperative partnership with the Afghan side.’<sup>5</sup>

Chinese President Xi Jinping also stressed that the year 2014 was a ‘critical one for Afghanistan to achieve transition’ and reiterated China’s support for: ‘the development path chosen by the Afghan people in accordance with their own national conditions, supports Afghanistan for achieving smooth transition and for improving and developing relations with other countries in the region’.

Jinping also reiterated Beijing’s support for an ‘Afghan-led, Afghan-owned’ reconciliation process. During this visit an extradition treaty was also signed between the two countries.<sup>6</sup>

President Karzai also met with Chinese Premier Li Keqiang who stated on the occasion that, ‘China and Afghanistan are traditionally friendly neighbours and there are neither historical grievances nor realistic contradictions between both sides, only friendship and cooperation.’

---

5 ‘Xi Jinping Holds Talks with President Hamid Karzai of Afghanistan Stressing to Deepen Bilateral Strategic Cooperative Partnership and to Support Peace and Reconstruction Process in Afghanistan’, Ministry of Foreign Affairs, People’s Republic of China, 27 September 2013, at <http://www.fmprc.gov.cn/eng/wjw/zzjg/yzs/gjlb/2676/2678/t1083933.shtml> accessed 23 February 2014.

6 Ibid.

Keqiang further said that China is ‘ready to deepen bilateral strategic cooperative partnership with Afghanistan, to strengthen trade and investment cooperation, to promote the construction of energy resources and other major projects,’ and that, ‘Security and stability as well as improvement of people’s livelihood in Afghanistan are two “wheels”. China is ready to work with the international community to ensure that the two “wheels” are balanced in order to promote peace, stability and development of the region.’<sup>7</sup>

### Stagnating aid and investment

China’s overall policy and position towards Afghanistan remained largely unchanged during 2013. It continued to focus on China’s concerns relating to the ongoing threat from the Al-Qaeda linked East Turkestan Islamic Movement (ETIM); the Turkic Uygur Muslim militants in the Xinjiang Province with support from Islamist groups that are active in Pakistan’s tribal areas; and the widespread drug trafficking from Afghanistan. China is increasingly concerned about the growing radicalisation and sectarian violence within Pakistan, but has consciously avoided acknowledging it publicly or articulating it even as it faces growing threats from the various Islamist groups actively operating from Pakistan.

Except for increasing its diplomatic interaction with Afghanistan and engagement in multilateral regional forums, no major shift was discernable

---

7 ‘Li Keqiang Meets with President Hamid Karzai of Afghanistan, Stressing to Strengthen China-Afghanistan Traditional Friendship and to Promote Peace, Stability and Development of the Region’, Ministry of Foreign Affairs, People’s Republic of China, 27 September 2013, at <http://www.fmprc.gov.cn/eng/wjw/zzjg/yzs/gjlb/2676/2678/t1083929.shtml> accessed 28 February 2014.

in terms of any additional financial commitment or economic investment in Afghanistan. The total Chinese aid to Afghanistan remained stuck at \$200 million, a negligible contribution even by regional standards and certainly not commensurate with China's global political and economic profile.

In addition, China's economic investments in Afghanistan remain confined to the Aynak Copper Mine in Logar Province and an oil contract in Amu Darya Basin. In fact, due to the increased security threat the Chinese mining project at Mes Aynak has not been able to take off. An ancient — nearly 2,000 year old, huge Buddhist archaeological site has also been found at the same location. There were occasions when China had to shut down its project site due to growing threats to the security of its staff.<sup>8</sup> China, in fact, wants to re-negotiate the mining contract in view of the evolving security scenario in Afghanistan.

Bilateral cooperation in the security sector has also remained minimal and vague. An editorial published in the *Daily Outlook Afghanistan* during President Karzai's September 2013 visit to China, revealed that 70 Afghan military officials were undergoing training in China and 45 police officers were being trained to deal with drug trafficking and

riots. It is expected that the number of officers would rise to 250 by 2015.<sup>9</sup>

However, as the security transition continued through the year and Washington struggled to sign the long pending Bilateral Security Agreement (BSA) with Kabul, China has definitely strengthened its diplomatic engagement in view of growing uncertainty over the future of Afghanistan. Beijing could be bolstering its position in regional diplomacy in anticipation of a post-West scenario, where Afghanistan might again slip into a state of civil war. Though China has been holding a trilateral meeting with Pakistani and Afghan leadership in Beijing, it has still not positioned itself in a way where it could effectively contribute in terms of stabilising Afghanistan or mediating between Pakistan and Afghanistan. However, the very existence of the China-Pakistan-Afghanistan trilateral mechanism could in a way be seen as Beijing's acknowledgement of the fact that Pakistan was behind the instability in Afghanistan. The trilateral could not have been formed to help Pakistan deal with its internal challenges with Afghan assistance.

China may be reluctant to play a bigger role in view of the Western presence that is still quite substantive, but that is no affirmation that China will continue to play a passive role in the years to come. China has all through looked at the issue of terrorism and religious extremism through the narrow lens of poverty and lack of development. Chinese thinking is to go beyond the Cold War constructs of traditional inter-state rivalries and lacks sufficient realisation of the inter-play of

---

8 'Chinese mine workers leave Afghanistan due to instability', *Khaama Press*, 8 September 2012, at [http://www.khaama.com/chinese-mine-workers-leave-afghanistan-due-to-instability-766/?utm\\_source=feedburner&utm\\_medium=email&utm\\_campaign=Feed%3A+khaama+%28KHAAMA+PRESS+%7C+Afghan+Online+Newspaper+%26+Magazine%29](http://www.khaama.com/chinese-mine-workers-leave-afghanistan-due-to-instability-766/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+khaama+%28KHAAMA+PRESS+%7C+Afghan+Online+Newspaper+%26+Magazine%29) accessed 9 September 2012.

---

9 'Afghanistan-China Relationship Entered a new Phase', *Daily Outlook Afghanistan*, 26 September 2013, at [http://outlookafghanistan.net/editorialdetail.php?post\\_id=8359](http://outlookafghanistan.net/editorialdetail.php?post_id=8359) accessed 27 February 2014.

various old and new factors in sustaining trans-national terrorist networks, with a global agenda in the region.

The situation in both Afghanistan and Pakistan is bound to change in the coming years. The direct, actual and ideological threat from a range of militant Islamist and terrorist groupings, both local and foreign, is bound to impact and draw reactions from the region in the coming years. As far as China's likely or future response to the threat from Afghan instability is concerned, it will depend on the extent to which Beijing is willing to recognise the changing nature of terrorism, and whether the growing threat to regional security and stability could be effectively addressed without addressing Pakistan's continuing role and complicity in the regionalisation of militant Islamist ideologies and sustenance of varied terrorist networks.

## China-Bangladesh

The China-Bangladesh relationship has been growing since China recognised Bangladesh in 1974. This growth has often been manifested in the shape of high-level bilateral visits and increased military-to-military cooperation. However, because of the political turmoil in Bangladesh in 2013, there were fewer high-level visits but a high-level Bangladeshi air force delegation did visit China.

China is keenly interested in developing a deep sea port at Sonadia, near Cox's Bazaar. This deep-sea port is one of the mega infrastructure projects undertaken by the Hasina government

and was part of an electoral pledge of the ruling Awami League government.<sup>10</sup> The government constituted a ten-member high-profile committee headed by Sheikh Md. Wahid-uz-Zaman, the principal secretary to the prime minister. This committee is mandated to review the proposals made by the UAE, China and a few other interested countries and development partners.

China had earlier also tried to placate worries relating to this deep sea port by saying that it wanted to construct this solely for 'business reasons' and not for military use. Li Jun the Chinese ambassador stated in Dhaka that China is interested in 'Bangladesh's economic development' and 'wants to see a stable South Asia.'<sup>11</sup> China had earlier offered to finance and construct the port and was open to partnering other countries including India, Germany and the USA.

In last few years China has emerged as the largest trading partner of Bangladesh, replacing India. In FY 2012 bilateral trade between China and Bangladesh was \$8.5 billion which in the first quarter of 2013 rose to \$3.3 billion.<sup>12</sup> There has been a meteoric rise in Chinese exports to Bangladesh since 2002. China also signed an

10 Hasan Jahid Tusher, Govt focuses on deep-sea port, *The Daily Star*, 20 February 2013 at <http://www.thedailystar.net/newDesign/news-details.php?nid=269770>

11 'China placates worries over Bangladesh sea port', *The Financial Express*, 23 December 2013 at <http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMTJfMjNfMTJfMV8yXzE1NDAYNA==>

12 Dan Steinbock, 'Bangladesh plays key role in China's rebalancing in Southeast Asia', *South China Morning Post*, 4 November 2013 at <http://www.scmp.com/comment/insight-opinion/article/1345375/bangladesh-plays-key-role-chinas-rebalancing-southeast-asia>

agreement with the Bangladesh government for a project to connect all government offices across the country under one computer network.<sup>13</sup> It will provide a \$133 million soft loan for the implementation of this project. The Bangladesh government believes that the project will also help implement its vision for a digital Bangladesh by 2021.<sup>14</sup>

The Chinese hospital ship *Peace Ark* visited Bangladesh for a week from 20 August 2013 and was anchored at Chittagong port. It provided free medical services to the people and held academic exchanges with the country's military hospitals. The ship was welcomed by the Information Minister Hasanul Huq Inu.<sup>15</sup>

However, the business dealings of some Chinese companies created controversies in Bangladesh. The Bangladesh government put an agreement signed with the Chinese company, Harbin, on hold because of allegations of foul play in the Barakpuria coal power plant tender.<sup>16</sup> Harbin restarted its activities under the Awami League

government with the blessings of a powerful ruling party parliamentarian.

Similarly, the China National Machinery Import & Export Corporation (CMC) was awarded an unsolicited \$75 million contract by the state-owned North West Power Generation Company (NWPGC) to increase the production capacity of an under-construction power project in Sirajganj.<sup>17</sup>

Another Chinese company to land in controversy was Sino Hydro. This company was given a contract to four lane the Dhaka-Chittagong highway. This company has however managed to construct just 7.5 km in the last 20 months, of the 140 km it was supposed to complete. It is believed that the company is facing financial problems.<sup>18</sup>

Some Chinese and Taiwanese nationals had been operating an illegal internet telephone network in Bangladesh. On 23 December 2013 Bangladesh security forces arrested 37 such persons who were allegedly running the operation in an upscale Dhaka neighbourhood—32 of them were Taiwanese and the rest were Chinese.<sup>19</sup> The VoIP business has been booming in Bangladesh thanks to the more than 10 million Bangladeshi who live and work overseas.

---

13 'China offers Bangladesh \$133 million for govt office linking project', 14 March 2013 at <http://thepeninsulaqatar.com/latest-news/229108-china-offers-bangladesh-133-million-for-govt-office-linking-project.html>

14 Rejaul Karim Byron, 'Networking Govt Offices: Chinese firm to get the job', *The Daily Star*, 6 October 2013 <http://www.thedailystar.net/beta2/news/chinese-firm-to-get-the-job/>

15 'Chinese hospital ship arrives in Ctg with free services', *The Daily Star*, 20 August 2013 at <http://www.thedailystar.net/beta2/news/chinese-hospital-ship-arrives-in-ctg/>

16 Sharier Khan, 'Cancelled weeks after approval: Govt puts off Harbin deal amid allegation of foul play in Barapukuria coal power plant tender', *The Daily Star*, 29 January 2013 at <http://www.thedailystar.net/newDesign/news-details.php?nid=266964>

---

17 Sharier Khan, 'Power Plant Capacity Enhancement: Chinese firm gets \$75m unsolicited contract', *The Daily Star*, 13 May 2013 at <http://www.thedailystar.net/beta2/news/chinese-firm-gets-75m-unsolicited-contract/>

18 Syed Mansur Hashim, '7.5 kilometres completed', *The Daily Star*, 15 October 2013 at <http://www.thedailystar.net/beta2/news/7-5-kilometres-completed/>

19 'Bangladesh police arrest 37 China, Taiwan nationals,' *Agence France-Presse*, December 2013, at <http://www.ndtv.com/article/world/bangladesh-police-arrest-37-china-taiwan-nationals-462002>

The Chief of Staff of the Bangladesh Air Force, Muhammad Enamul Bari ndu, psc, visited Beijing on 2 September 2013 and met Feng Fenghui, member of the Central Military Commission (CMC) of the People's Republic of China (PRC) and Chief of General Staff of the Chinese People's Liberation Army (PLA).<sup>20</sup> He also met Ma Xiaotian, the commander of the Peoples Liberation Army Air Force (PLAAF). Ma sought to further promote and strengthen bilateral friendly cooperation by offering personnel training as well as exchanges between academies, to push forward relations between the two air forces to a new high.<sup>21</sup>

Bangladesh also finalised a deal to buy two submarines from China as part of its plans to develop a three-dimensional navy. The two Ming-class submarines are expected to strengthen the navy's ability to protect maritime resources and territorial waters. This state-to-state deal will cost Bangladesh Taka 1,600 crore or \$203.3 million.<sup>22</sup>

Another interesting development was the meeting between Chinese envoy, Li Jun and opposition leader Begum Khaleda Zia where he expressed his concern over the political stalemate in the country. In the past, China has refrained from making any political statement on the internal issues of another country. The Chinese envoy also

showed his interest in bringing two rival parties in Bangladesh to the negotiating table to resolve the political crisis.<sup>23</sup>

## China-Bhutan

Geographically, Bhutan is strategically located between China and India—the two emerging powers of the world. After signing a treaty with India in 1949, Bhutan has maintained very limited relations with China. However, in 2012 Prime Minister Jigmi Y Thinley met Chinese Premier Wen Jiabao on the sidelines of the Rio+20 summit and expressed a desire to establish formal diplomatic ties between their countries<sup>24</sup>. This move was a departure from the traditional foreign policy of Bhutan where it has tried to keep the five permanent members of the Security Council outside the country. In 2013, Bhutan established status quo as it was obvious that there was no political willingness to continue engaging with the Chinese.

Bhutan saw its second democratic elections take place in 2013, which were won by the 'Peoples Democratic Party' (PDP). The party leader Tshering Tobgay was appointed Prime Minister of Bhutan. The new prime minister appeared very keen to solve the border dispute with China. In a blog in 2012 he had written: 'We cannot ignore our northern neighbour, not if we really want to

---

20 PLA chief of general staff meets with chief of Bangladesh Air Force (China Military Online), 4 September 2013, at <http://english.peopledaily.com.cn/90786/8388326.html>

21 'Chinese and Bangladeshi air forces vow to strengthen cooperation' (China Military Online), 4 September 2013 at <http://english.peopledaily.com.cn/90786/8388323.html>

22 'Bangladesh finalises deals with China for 2 submarines', *Zee News*, 20 December 2013, at [http://zeenews.india.com/news/world/bangladesh-finalises-deals-with-china-for-2-submarines\\_898189.html](http://zeenews.india.com/news/world/bangladesh-finalises-deals-with-china-for-2-submarines_898189.html)

---

23 'Fakhrul, Ashrafal can hold dialogue: Khaleda tells Chinese envoy about political impasse', *The Daily Star*, October 9, 2013 at <http://www.thedailystar.net/beta2/news/fakhrul-ashrafal-can-hold-dialogue/>

24 [http://english.gov.cn/2012-06/22/content\\_2167545.htm](http://english.gov.cn/2012-06/22/content_2167545.htm)

resolve our border with them; not if we want to fully secure our national sovereignty<sup>25</sup>.’

Bhutan and China have a boundary dispute with regard to 764 square km of territory on the northern and eastern borders.<sup>26</sup> The 21<sup>st</sup> round of boundary talks were held in Thimphu on 22 August 2013 in a bid to resolve this issue<sup>27</sup>. This provided an occasion for the Bhutanese Prime Minister, Tshering Tobgay to meet the Chinese Vice-Foreign Minister Liu Zhenmin and both agreed to carry forward informal political and economic cooperation in the absence of formal diplomatic relations<sup>28</sup>. At the same time, the Indian media citing a report of the Research and Analysis Wing stated that China was constructing a road from Gotsa to Lepola via Pamlung which is in Bhutanese territory, but under Chinese occupation.<sup>29</sup>

India-Bhutan relations hit a roadblock before the national elections when India withdrew its subsidy on kerosene and LPG leading to rise in prices in Bhutan. A senior scholar from the Shanghai Institute for International Studies (SIIS) criticised India’s decision. In an article published in the *Global Times* he described Bhutan as a

protectorate of India and alleged that, ‘India won’t allow Bhutan to freely engage in diplomacy with China and solve border issue’.<sup>30</sup> He said that India had withdrawn its subsidy to change the political course of Bhutan. However, the Indian Ministry of External Affairs subsequently explained that the subsidies were withdrawn because of the ‘end of 10<sup>th</sup> five year plan on 30<sup>th</sup> June 2013’.<sup>31</sup>

There has been no major progress on the economic front between China and Bhutan. However, there was significant rise in the flow of tourists from China<sup>32</sup>.

## China-Maldives

The strategic and commercial interests of India were seriously harmed by the developments in the Maldives in 2012. The February political coup had overthrown President Mohamed Nasheed who was widely seen as a friend of India and the West. His successor Vice-President Mohamed Waheed Hassan Manik scrapped the contract of Bangalore based company GMR to build and operate the Male airport subsequently. This decision has been backed by the current President, Abdulla Yameen and Vice-President Mohamed Zamil. Both President Waheed and his Defence Minister, Mohamed Nazim had visited China in 2012. This had made many strategic analysts wonder whether Maldives was distancing itself from India’s strategic influence. However,

---

25 <http://www.tsheringtobgay.com/government/2012/inviting-challenge.html>

26 [http://www.kuenselonline.com/joint-survey-at-pasamlung-next-month/#.UhwuAn-jK\\_I](http://www.kuenselonline.com/joint-survey-at-pasamlung-next-month/#.UhwuAn-jK_I)

27 <http://www.mfa.gov.bt/wp-content/uploads/2013/08/press-release11.pdf>

28 [http://bhutanobserver.bt/7758-bo-news-about-pm\\_meets\\_vice\\_foreign\\_minister\\_of\\_china.asp](http://bhutanobserver.bt/7758-bo-news-about-pm_meets_vice_foreign_minister_of_china.asp)

29 <http://bhutannews.blogspot.in/2013/10/chinas-massive-infrastructure-build-up.html> <http://www.mumbaimirror.com/videos/news/China-building-roads-inside-Bhutan-RAW-report/videoshow/23656686.cms>

---

30 <http://www.globaltimes.cn/content/801348.shtml#.Uwgzs7EInk>

31 <http://www.thehindu.com/news/no-political-message-in-subsidy-withdrawal-india/article4895754.ece?ref=relatedNews>

32 <http://www.kuenselonline.com/boom-in-chinese-tourist-numbers/#.Uwg4Bs7EInk>

as the year 2013 drew to a close, some damage control was done by both India and the Maldives and there was a desire to re-energise flagging bilateral relations.

China now figures prominently in the foreign policy of every Maldivian government. Both Gayoom and his successor Mohamed Nasheed who had come to power after the multi-party elections in Maldives, had courted China over the last few years. Maldives received billions of dollars in Chinese investments which reduced their dependence on India. During the campaign for the presidential polls, Maumoon Abdul Gayoom, Yameen's half brother and former autocrat, had argued that Male should distance itself from the West and India, and move closer to China. Similarly Waheed during his election campaign clearly stated that he planned to strengthen ties with China and increase trade and tourism.<sup>33</sup> It was only Nasheed, who after the first round of elections said, that India was the single most important country for the Maldives. However, after the elections Yameen chose to tone down the political rhetoric in recognition of strategic realities and chose India as the destination of his first foreign visit after assuming office.

China sent the largest numbers of tourists to Maldives in 2013. According to the latest Maldives Monetary Authority (MMA) monthly economic review, tourist arrivals to the Maldives went up by 17 per cent in 2013 in comparison to the previous year, which was mainly due to the large increase in tourist arrivals from China. Tourism ministry statistics show that 331,719 Chinese tourists visited the Maldives last year which marked a

44.5 per cent increase from the previous year. Chinese tourists accounted for 29.5 per cent of all tourist arrivals in 2013. The central bank also noted that the real GDP (Gross Domestic Product) was expected to 'accelerate to 4.5 per cent in 2014, driven mainly by the tourism sector'.<sup>34</sup> This happened despite certain incidents of alleged discrimination against Chinese tourists. The Maldives was promoted as a tourist destination in the Chinese media. The country also benefited from its status as an 'approved destination' by the Communist Party government.<sup>35</sup>

Chinese companies showed keen interest in being a part of many Maldivian infrastructural and communication projects. Interestingly, they also showed willingness to construct a bridge between capital Male and the island of Hulumale using their own funds and maintaining it for an extended period.<sup>36</sup>

The expanding influence of China remained a concern for India. Indian security agencies were reportedly perturbed about Chinese participation in a Maldivian communication satellite project. A report claimed that the Indian government at the highest level sought to 'push' the Indian Space Research Organisation (ISRO) to submit a proposal for the joint manufacturing, launch and operation of a Maldivian communications

---

33 Maldives president says intent on boosting ties with China, *Xinhua*, 2013-9-7, at <http://www.globaltimes.cn/content/809284.shtml>

---

34 'Ahmed Naish, Tourist arrivals rose 17 percent in 2013', *Minivan News*, 11 February 2014, at <http://minivannews.com/politics/tourist-arrivals-rose-17-percent-in-2013-77361>

35 'Maldives now a destination of choice for Chinese visitors', *The South China Morning Post*, 23 September 2013, at <http://www.scmp.com/news/china/article/1315895/chinas-tourists-diplomats-make-splash-maldives>

36 'Chinese companies among those interested in Maldives mega bridge project', *The Global Times*, 2013-12-20, <http://www.globaltimes.cn/content/833289.shtml>

satellite in order to improve bilateral relations.<sup>37</sup> Eventually, ISRO did not submit any proposal as the project was found not to be viable, and it agreed to participate only if the Indian government subsidised the project. The Maldives however denied receiving any proposal from India.<sup>38</sup>

Both India and China took a differing stance on the repeated delays of presidential elections that were finally completed in November 2013. India wanted China to join the international community in pressuring Waheed's government to hold presidential election in a free, fair and inclusive manner, and as scheduled. China however refused to put any pressure on Waheed but stated that it was also in favour of stability in the region.<sup>39</sup>

India, however, found some solace with the signing of a maritime agreement with the Maldives and Sri Lanka which indicated that India still plays a primary role in their security outlook.<sup>40</sup>

---

37 Leah Malone, 'Maldives' satellite bid, Chinese involvement leads to India's alleged security concerns' 6 April 2013 at <http://minivannews.com/politics/maldives-satellite-bid-chinese-involvement-leads-to-indias-alleged-security-concerns-55790>

38 Abdullah Jameel, 'Maldives denies India offer to operate satellite', *Haveeru Online*, 6 April 2013 at <http://www.haveeru.com.mv/news/48314>

39 JJ Robinson, 'China calls for Maldives to 'maintain national stability and social development'', *Minivan News*, 22 October 2013, at <http://minivannews.com/politics/china-calls-for-maldives-to-maintain-national-stability-and-social-development-69580>

40 'Maldives, Lanka join India's maritime outreach drive', *The Times of India*, 10 July 2013 at [http://articles.timesofindia.indiatimes.com/2013-07-10/india/40491444\\_1\\_indian-ocean-maldives-sri-lankan](http://articles.timesofindia.indiatimes.com/2013-07-10/india/40491444_1_indian-ocean-maldives-sri-lankan)

## China-Nepal

After the end of monarchy in Nepal, signs of success for Chinese foreign policy towards that country were seen in 2013. For the first time in its 60 years of diplomatic relations with Nepal, China overtook India as the largest investor in that country. According to Nepal's department of industry, investments from China touched \$174 million between July and December 2013, accounting for over 60 per cent of the total foreign direct investment (FDI). This marked a three-fold rise from 2011-12, when Chinese investment was only to the tune of around \$55 million. Chinese investment in Nepal thus accounted for 31 per cent of total FDI in 2013.<sup>41</sup>

There was also a marked rise in bilateral trade. According to the Trade and Export Promotion Centre (TEPC), Nepal's exports to China increased by 254 per cent in the first five months of 2012-13. During this period, Nepal exported goods worth NPR 1.21 billion to China, compared to NPR 342.4 million in the previous year. Similarly, imports from China also rose by 36.7 per cent to NPR 30.59 billion.<sup>42</sup> In an effort to strengthen economic relations further, a five-member Chinese delegation led by Zhou Hui, deputy director general of Department of Commerce of Tibet Autonomous Region (TAR) of China, visited Nepal in December to hold discussions to operationalize and streamline the Rasuwagadhi customs point by developing basic customs infrastructures and administrative structures to facilitate land route

---

41 'China is largest FDI source for Nepal, overtakes India', *The Hindu*, 26 January 2014.

42 'Export to China soars by 254 pc', *Nepal News*, 21 January 2013, at <http://www.nepalnews.com/archive/2013/jan/jan21/news18.php> accessed on 24 February 2014.

trade between the countries. China had earlier agreed to strengthen the infrastructure facilities at Pular-Yari, Jilong-Rasuwa, Zangmu-Kodari, and Riwu-Olangchug Gola custom points under the agreement on Management of Ports on the China-Nepal border. China also declared duty-free market access to 7,787 Nepalese products in its market during this period.<sup>43</sup>

The Chinese government also signed an agreement with Nepal to give a grant and concessional loan assistance of NPR 6,671 million to the Nepal Airlines Corporation to acquire six aircraft from the Chinese aircraft manufacturer Avic International. Chinese interest in the hydro sector of Nepal was also expressed.<sup>44</sup>

In the political arena, the UCPN (Maoist) chief, Prachanda was the first South Asian leader to visit Beijing after China's leadership change indicating the growing relationship of China in its foreign policy. The bilateral relationship deepened further with China reiterating that Nepal was an important strategic partner on its periphery. It emphasised its support for Nepal's constitution-making process and encouraged regular visits by senior government officials and the CPC functionaries to Nepal. Nepal also reiterated its 'one China' policy and gave an assurance that it would not allow any anti-Chinese activities on its territory. Both sides agreed to expand bilateral cooperation in maintaining peace, achieving prosperity and

promoting contacts during the foreign secretary level Bilateral Consultation Mechanism meet held in Beijing, and other high-level discussions. Political visits from China increased with the change of government in March and after the November Constituent Assembly (CA) elections.<sup>45</sup> The major high-level Chinese visits that took place in Nepal during the year 2013 are as follows:

December 17: Ai Ping, Vice-minister of the International Department of Communist Party of China (CPC), led a 14-member delegation.

December 12: A seven-member Chinese delegation led by Vice-Minister of Culture, Ding Wei visited Nepal to take part in the annual Sino-Nepal cultural festival.

December 3: Former Chinese Ambassador to Nepal and Director General of External Security of Chinese Foreign Ministry, Qiu Guoheng led a 10-member delegation to Kathmandu.

October 12: Vice-Chairperson of the Chinese National People's Congress Standing Committee and the Chinese People's Association for Peace and Disarmament Yan Junqi led a 13-member delegation to Nepal.

September 19: Deputy Director of the Communist Party of China, Central Committee, Cai Mingzhao, undertook a four-day visit to Nepal.

June 23: State Councillor, Yang Jiechi undertook a two day visit to Nepal during which the two

---

43 'Rasuwadaghi customs to be operationalised within a year', *Republica*, Kathmandu, 18 December 2013, at [http://www.myrepublica.com/portal/index.php?action=news\\_details&news\\_id=66348](http://www.myrepublica.com/portal/index.php?action=news_details&news_id=66348) accessed on 24 February 2014.

44 'Aircraft purchase pact with China', *The Himalayan Times*, 28 November 2013, at <http://thehimalayantimes.com/fullTodays.php?headline=Aircraft+purchase+pact+with+China&NewsID=398044> accessed on 24 February 2014.

---

45 'Nepal, China stress bilateral cooperation', *The Himalayan Times*, 28 August 2013, at <http://www.thehimalayantimes.com/fullNews.php?headline=Nepal%E2%80%9A+China+stress+bilateral+cooperation+&NewsID=389002&a=3> accessed on 24 February 2014.

countries signed three agreements relating to economic and bilateral cooperation.

May 18: State Councillor, Yang Jiechi became the first high-level foreign dignitary to visit Nepal after the formation of the Interim Election Government under Khil Raj Regmi on 14 March.

March 31: A team of senior officials from the Foreign and Overseas Chinese Affairs Office of the Tibet Autonomous Region (TAR) arrived in Kathmandu.

March 17: The new Chinese Ambassador, Wu Chuntai said that China wants to develop a 'comprehensive cooperative partnership' with Nepal.

China also strengthened military-to-military interaction by offering unilateral assistance. It provided non-lethal military assistance worth NPR 1.6 billion (RMB 109 million) to the Nepal Army (NA). The military assistance was announced during Nepalese Army Chief, Gen. Gaurav Shumsher Rana's China visit in July. This also included two mobile hospitals worth 956 million NPR for the Nepal army.<sup>46</sup>

China sought to enhance its strategic presence in Nepal by proposing to set up a consulate in Pokhara. According to Nepalese officials, 'strategically, Pokhara is important for China as its investment is huge there.' China is also going to build an international airport there. Apart from this, the Kunming city corporation has decided to assist the Pokhara municipality corporation

---

46 'China provides non-lethal military assistance worth Rs 1.6 b', *Nepal News*, 22 July 2013, at <http://www.nepalnews.com/archive/2013/jul/jul22/news19.php> accessed on 24 February 2013.

in town planning. China has also assisted in the construction of some major roads connecting the city.<sup>47</sup>

The Tibet issue is at the core of Chinese foreign policy towards Nepal. In absence of a stable power centre, China is now attempting to strengthen ties with the state agencies directly dealing with security issues. In this regard, it signed an agreement on economic and technical cooperation and exchanged letters on grant assistance equivalent to RMB 200,000,000 (around NPR three point two billion) for China-Aided Project of Nepal National Armed Police Force Academy.<sup>48</sup>

To strengthen people-to-people contacts, China stressed the need for promoting Chinese language and culture in Nepal. Under this programme, many schools in Nepal got Chinese support, both in manpower and material, for teaching Chinese language and culture.

China reviewed its special development programme in the 15 border districts of Nepal. The programme which was initiated in 2008, was initially for five years. Since then the TAR government has been providing three million RMB annually to these districts to execute various infrastructure-related projects, along with food assistance.

---

47 'China 'looking' to set up consulate office in Pokhara', *ekantipur*, 19 August 2013, at <http://www.ekantipur.com/the-kathmandu-post/2013/08/18/nation/china-looking-to-set-up-consulate-office-in-pokhara/252540.html> accessed on 24 February 2013.

48 'Chinese state councillor wraps up two-day Nepal trip', *Nepal News*, 25 June 2013, at <http://www.nepalnews.com/archive/2013/jun/jun25/news07.php> accessed on 24 February 2013.

Amongst India's neighbouring countries, Nepal became the second South Asian country to get special attention in the Chinese 'external peripheral' policy, after Pakistan. The frequency of high level visits in the period under review and Chinese assurances of special assistance to Nepal reflects strategic relevance of that country for China in the changing geopolitical dynamics in the region.

## China-Pakistan

The Sino-Pakistan relationship is touted as being higher than the mountains and deeper than the oceans. The two countries have cultivated each other assiduously since the 1960s and their relationship has gone from strength to strength. China has continued to warm up to Islamabad since the democratic transition of 2008 under the leadership of Asif Ali Zardari and it was during this time that China 'grandfathered' two nuclear power plants in Pakistan much to the chagrin of India and the West. Even so, analysts in Pakistan felt that there was a general lack of warmth in China's approach towards Pakistan which could be because the Zardari government was perceived to be weak and was constantly struggling to survive.

In 2013, Pakistan witnessed a smooth democratic transfer of power. Nawaz Sharif became the new prime minister and he was visibly proactive about injecting new spirit into the Sino-Pak bilateral relationship.

Barely a month after taking oath of office, on July 3, 2013, he went on his maiden five-day visit to China with a high level delegation consisting of the chief ministers of Punjab and Balochistan and other senior ministers. Nawaz outdid his

predecessors in emphasising the intensity of the Sino-Pak relationship and said it was 'sweeter than honey'.

The vernacular media of Pakistan reported that the Chinese leadership showed unusual warmth towards Nawaz Sharif—which was certainly greater than was shown when leaders of the previous Pakistani governments had visited China. This was demonstrative of the faith and confidence China had in Nawaz's leadership. Moreover, Nawaz's standing as the most popular Punjabi politician in Pakistan, his anti-US electoral rhetoric and the general perception that he was viewed unfavourably by the US and the West might have added to the Chinese interest in him.

China obliged Nawaz by signing some spectacular deals that signalled greater commitment on the Chinese part to help Pakistan overcome its problems especially in the fields of energy and communication. Some of the important deals signed during the visit were:

Enhancing connectivity between China and Pakistan through a 'Long-term Plan for China Pakistan Economic Corridor'<sup>49</sup>. It seeks to connect the Chinese city of Kasghar with the

---

49 Under this plan both countries agreed to start the China-Pakistan Cross-border Fibre Optic Cable project at an appropriate time; (ii) upgrade and realign the Karakoram Highway on fast-track basis; (iii) explore cooperation on solar energy and biomass energy; (iv) explore construction of industrial parks along the Pakistan-China Economic Corridor; (v) launch at an early date inter-governmental consultations to implement the Digital Television Terrestrial Multimedia Broadcasting (DTMB) in Pakistan; (vi) coordinate the commercial operation of TD-LTE in Pakistan; and (vii) enhance cooperation in the wireless broadband area.

Pakistani port of Gwadar, a distance of 2,000 km across difficult terrain of the Karakoram mountain ranges. This project is estimated to cost \$18 billion and involves the construction of several tunnels, one which will be around 200 km long.

As part of this plan the two countries agreed to lay a fibre-optic cable from the border to Rawalpindi. About 85 per cent of the cost of this project (\$44 million spread over three years) will be borne by China.

Fast track completion of the bypass project of Attabad Lake on the Karakoram Highway and the early construction of East Bay Motorway connecting Gwadar Port with Mekran Coastal Highway.

The construction of industrial parks along the Pakistan-China Economic Corridor and industrial zones in Gwadar.

Greater cooperation in conventional, renewable and other sources of energy.

During the visit the Nawaz government also invited Chinese companies to invest in energy production. Media reports indicated that there was considerable enthusiasm among Chinese companies to invest in the coal sector in Sindh. In fact, according to reports the China Power International Holding Limited would set up 10 coal-fired power plants of 660 MW each at the Thar coal fields, with a total capacity of 6,600 MW, and an estimated investment of \$7.2 billion.

China Power International Holding Limited signed an agreement with the Sindh government in October 2013 for building thermal power plants in the province. The other signatories to this MoU

were the Sindh Engro Coal Mining Company (SEMC) and Global Mining Company (GMC)/Sino Sindh Resources (SSR). The Sindh government promised to build the basic infrastructure and ensure that law and order was maintained. The first four plants are being built at Gaddani (Balochistan) and Port Qasim as per media reports. In November 2013, a Qatari company was also reported to have joined the venture.<sup>50</sup>

In January 2014, the Chinese ambassador to Pakistan stated that the two countries were taking the corridor plan seriously and had made significant progress. In fact, he told the Pakistani media that the Attabad bypass project, the Gwadar East Bay Motorway, the reconstruction of the flood-damaged highway and the laying of cross-border fibre-optic cable could be the 'Early Harvest Projects' of China-Pakistan Economic Corridor (CPEC).

The fact that Nawaz Sharif set up a 'China Cell' in the prime minister's office to track the progress on the corridor plan, also indicated the importance he accorded to the project. The Chinese reciprocated Nawaz's enthusiasm to some extent, which was visible at the first meeting of the China-Pak Economic Corridor Joint Working Group on Transport Infrastructure held from 9-11 January 2014.

Apparently, Nawaz is placing a lot of emphasis on Pakistan's relationship with China to harness the untapped potential of the long-standing friendship between the two countries.

---

50 See 'Qatari, Chinese firms to jointly install four coal power plants', *The Nation*, 6 November 2013, at <http://www.nation.com.pk/business/06-Nov-2013/qatari-chinese-firms-to-jointly-install-four-coal-power-plants>

China is also very keen on reviving the Karakoram corridor in a major way. The bilateral understanding between the two governments during Nawaz's visit to China, in fact, showcased the project as a win-win initiative and apparently China promised not only to develop the corridor but also to set up economic zones around it to ensure greater Chinese investment in Pakistan, especially in the province of Punjab. Initial indications available at the end of the year however suggest that while the Chinese have evinced an interest to invest in the energy sector in Sindh, the Karakoram corridor project has not yet been accorded as much attention as the Pakistanis wanted. Nawaz Sharif's plans for a second visit to China early in 2014 indicates that he may try to convince the Chinese leadership about the value of expediting the completion of the Karakoram project, apart from seeking closer cooperation with China to develop Pakistan's economy.

There are several hurdles in the way of the Karakoram project. The corridor passes through difficult mountainous terrain in the northern areas of Gilgit-Baltistan and calls for huge investments. There are also several political hurdles because this is a disputed area between India and Pakistan. Moreover, in the past, China has not shown a firm commitment to such high-investment projects, especially when it has had to go it alone. China has so far disappointed Pakistan with regard to its commitment to build the Dairam-Bhasha dam in the same area. The uncontrolled insurgency in Balochistan where Gwadar port is situated and the corridor is meant to access, remains another inhibiting factor for Chinese investment.

But undoubtedly, the Sino-Pak relationship, which appeared to be stagnating for some time, has been given a definite push forward by Nawaz during his present tenure. It remains to be seen

whether China will follow up on its commitments and help Pakistan build the economic corridor it has promised.

## China-Sri Lanka

The political relationship between Sri Lanka and China was elevated to a 'Strategic Cooperation Partnership' in 2013. This special relationship encompasses political, economic, defence, security and cultural affairs. Several developments have taken place in all four areas in 2013.

### Political relations

The Strategic Cooperation Partnership Agreement was signed by President Mahinda Rajapaksa and President Xi Jinping during the former's state visit to China from 27-30 May 2013.<sup>51</sup> The two countries agreed to undertake high-level exchanges, enhance political communication, and support each other's efforts to safeguard national independence, sovereignty and territorial

---

51 President Mahinda Rajapaksa, made a four-day state visit to China on 27 May 2013 at the invitation of President of China Xi Jinping. President Rajapaksa was among the first few foreign leaders to visit China since the new leadership assumed office in March. This was the President's seventh visit to China. The Sri Lankan delegation accompanying the President included Minister of External Affairs Prof. G.L. Peiris, Monitoring MP for the Ministry of External Affairs Sajin de Vaas Gunawardena, Ministers Wimal Weerawansa and Douglas Devananda, Parliamentarians A.H.M. Azwer and Namal Rajapaksa, Secretary to the President Lalith Weeratunga and Chief-of-Staff Gamini Senerath.

integrity.<sup>52</sup> Accordingly a number of high level visits were exchanged in 2013.

The visitors from China included: the Political Bureau Member of the Standing Committee of the Communist Party of China (CPC), Liu Yunshan; Vice Chairperson of the Standing Committee of National People Congress of China, Ms. Yan Junqi; Deputy International Trade Representative of the Ministry of Commerce of China, Yu Jianhua; Chinese Vice-Minister of Commerce, Cheng Jiao; Vice Governor of Yunnan Province, Ding Shaoxiang; Vice Chairman of the 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC), Luo Fuhe; Deputy Chief of General Staff of the Chinese People's Liberation Army (PLA), Wang Guanzhong; and Deputy Chief of Staff of the Navy of the Chinese People's Liberation Army (PLAN), Rear Admiral Guan Jianguo.

The visitors from Sri Lanka included: Prime Minister, D. M. Jayaratne; Defence Secretary, Gotabaya Rajapaksa, Deputy Minister of Plantation Industries, Earl Gunasekara and Navy Commander, Jayanatha Colombage.

Other than these bilateral visits leaders of both the countries continued to hold bilateral discussions on the sidelines of various international conferences and meetings.

Both the countries reiterated their full support and cooperation to each other in international forums.

---

52 'President Xi Jinping Holds Talks with Sri Lankan President Mahinda Rajapaksa Two Countries Announce Upgrading China-Sri Lanka Relationship to Strategic Cooperative Partnership', *Foreign Ministry of People's Republic of China*, 28 May 2013 at <http://www.fmprc.gov.cn/eng/wjbj/zjzg/yzs/gjlb/2782/2784/t1045941.shtml>

Sri Lanka continued to support China to deepen cooperation with the South Asian Association for Regional Cooperation (SAARC). Sri Lanka reiterated its support for the 'one China policy' and China also reaffirmed its principled position on the human rights issue in Sri Lanka. The Embassy of the Republic of China in Sri Lanka issued a statement saying that it believed that the Sri Lankan government and people had the wisdom and capacity to deal appropriately with their internal affairs.

The international community, instead of taking measures that may complicate the issue, should respect the right of Sri Lankan government and people to choose their own path of promoting human rights and create a favourable external environment for Sri Lanka to pursue stability and economic development.<sup>53</sup>

The year 2013 has been celebrated as the 10th anniversary of Sister City Relations between Colombo and Shanghai.<sup>54</sup>

## Economic relations

The bilateral economic relations between the two countries which commenced with rice-rubber

---

53 'China's Position on Sri Lanka's Human Rights Related Issues', *Embassy of the Republic of China in Sri Lanka*, 28 November 2013 at <http://lk.china-embassy.org/eng/xwdt/t1103383.htm>

54 'Vice Mayor Zhou Bo expresses his delight over rapidly enhancing ties between Shanghai and Sri Lanka at the National Day celebration', *Ministry of External Affairs, Government of Sri Lanka*, 1 March 2013 at <http://www.mea.gov.lk/index.php/en/missions/mission-activities/3895-vice-mayor-zhou-bo-expresses-his-delight-over-rapidly-enhancing-ties-between-shanghai-and-sri-lanka-at-the-national-day-celebration>

barter trade in 1952 stood at \$2.676 billion in 2012 (the 2013 official data has not been released yet). Exports to China in 2012 stood at \$108.12 million. The trade balance is thus hugely in favour of China.

During President Mahinda Rajapaksa's visit to China in May 2013, both countries agreed to the early signing of a Free Trade Agreement (FTA) to enhance mutually beneficial trade. Towards this end a MoU was signed for the immediate constitution of committees to initiate this process. It is expected that this FTA would reduce the trade gap between the two countries by allowing selected Sri Lankan items to be exported to China with zero duty.<sup>55</sup>

Tea, which is an important export item for Sri Lanka is at a disadvantage in the Chinese market because of its high price. While urging China to further open up the Chinese market to Sri Lankan products, President Rajapaksa requested China to consider lowering the price of Sri Lankan tea in the Chinese market. The Sri Lankan government undertook major promotional activities in China to make Sri Lankan tea accessible to more Chinese consumers.

Meetings were also held to facilitate interaction between Chinese and Sri Lankan businessmen.<sup>56</sup>

### Chinese development assistance to Sri Lanka

The total assistance committed by China is around \$3,300 million for 2013 and 2014. The EXIM Bank of China contributed \$1,274 million for 2013—\$749 million have been routed through the Preferential Buyer's Credit Facility; \$449 million through the Government Concessional Loan Facility; and \$76 million through the Buyer's Credit Facility.<sup>57</sup>

Some of the deals finalised in 2013 were:

- Economic and technical cooperation to the tune of \$16 million and a loan agreement on provision of a concessional loan of \$147 million for the Hambantota Port Development

---

55 'China - Lanka FTA from November', *The Official Website of Government of Sri Lanka*, 18 September 2013 at [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201309/20130918china\\_lanka\\_fta\\_from\\_november.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201309/20130918china_lanka_fta_from_november.htm)

---

56 China made Sri Lanka a joint sponsor in its newest international trade event series- the China South Asia Exposition (CSAE). During the Sri Lanka – China Business Meeting – the B2B matchmaking sessions facilitated by EDB, Chinese trade promotion delegations consisted of 23 powerful Chinese firms met 100 Sri Lankan firms for potential partnership of diverse sectors of interest. Chinese delegation consisting of 100 members participated in the Commonwealth Business Forum on the sideline of CHOGM in November 2013.

57 *Global Partnership towards Development*, External Resource Department, Government of Sri Lanka, 2013 at <http://www.erd.gov.lk/files/FM-Global%20Partnership-Book-English.pdf>

Phase I Project for ancillary works and supply of equipment.<sup>58</sup>

- Donation of sports equipment worth SLRs 50 million to be distributed among the children in the Northern Province.
- The China Communications Construction Company signed preliminary agreements to build a port city redefining the shoreline of capital Colombo at an investment of \$1.3 billion.
- Agreement between Sri Lanka's Board of Investment (BOI) and Hong Kong-based Evic International Engineering Co., and Nice View Investment Co., for a \$250 million multi-development project that will include a block of apartments in Colombo.
- The China Harbour Engineering Company signed agreements to build two hotels and a golf course with an investment exceeding \$500 million during the Commonwealth Business Forum.
- The Colombo-Kandy-Kurunegala expressway as a part of the proposed Colombo-Jaffna highway, and extension of the southern expressway from Matara to Kataragama.
- The Colombo-Katunayake Expressway project.

---

58 Agreement was signed between the two countries during the 5th Joint Committee meeting on Trade and Economic Cooperation between Sri Lanka and China held in Colombo in April 24, 2013. 'SL – China to promote trade, tourism & investment', *The Government of Sri Lanka*, 29 April 2013 at [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201304/20130429sl\\_china\\_promote\\_trade\\_tourism\\_investment.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201304/20130429sl_china_promote_trade_tourism_investment.htm)

Projects completed in 2013 are:

- The Bandaranaike Memorial International Conference Hall (BMICH) renovation project.
- The A9 road reconstruction project.
- The South Container Terminal, the first of three container terminals at the South Harbour (Colombo port expansion project).

Moving from a heavy focus on infrastructure, China expressed its willingness to invest in the health, education and cultural sectors during the summit meeting between Mahinda Rajapaksa and President Xi Jinping.<sup>59</sup> President Xi Jinping and President Mahinda Rajapaksa also witnessed the signing of the contract between China Great Wall Industry Corp and SupremeSAT Ltd.<sup>60</sup>

To strengthen business relationships between banks of the two countries and enhance exposure of large Chinese banks to investments and trade related activities in Sri Lanka, a delegation of senior bankers headed by the Governor of the Central Bank of Sri Lanka, Ajith Nivard Cabraal, held one-to-one high-level discussions with the representatives of the People's Bank of China, the Industrial and Commercial Bank of China, the China Development Bank and several

---

59 'China will continue to support SL against groundless accusations - CPPCC Vice Chairman', *Government of Sri Lanka Website*, 21 March 2013 at [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201303/20130321china\\_continue\\_support\\_sl\\_against\\_groundless\\_accusations.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201303/20130321china_continue_support_sl_against_groundless_accusations.htm)

60 Qian, Wang and Guangjin, Cheng, 'Chinese firm signs satellite deal', *The China Daily*, 29 May 2013 at [http://www.chinadaily.com.cn/china/2013-05/29/content\\_16541358.htm](http://www.chinadaily.com.cn/china/2013-05/29/content_16541358.htm)

foreign banks operating in the People's Republic of China.<sup>61</sup>

## Defence and security cooperation

Under the Strategic Cooperation Partnership Agreement, the two countries pledged to consolidate cooperation in law enforcement, security and defence. They vowed to 'jointly crack down on the "three forces" of terrorism, separatism and extremism, as well as transnational crimes and drug trafficking'.<sup>62</sup> The Sri Lankan Navy Commander, Jayanatha Colombage visited China and met Fang Fenghui, member of the Central Military Commission (CMC) of the PRC and Chief of General Staff of the Chinese PLA on 26 April.<sup>63</sup> The Joint Committee on Coastal and Maritime Cooperation met in Beijing in August to facilitate all-round defence cooperation, with particular reference to maritime security. Wang Guanzhong, deputy chief of general staff of the PLA came to Sri Lanka on an official visit in November 2013. Rear Admiral Guan Jianguo, deputy chief of staff

of the PLAN led the Chinese delegation in the Galle dialogue in November 2013.

## Cultural cooperation and people to people contact

People to people contact between the two countries remains marginal. By the end of 2012, a total of 25,781 Chinese tourists had visited Sri Lanka. The government's target is to attract 100,000 Chinese tourists to Sri Lanka by 2015<sup>64</sup> and 275,000 by 2016. To achieve this target, Sri Lanka launched a series of tourism promotional activities in China in 2013 including visits by Chinese journalists to Sri Lanka for familiarisation tours, a bus advertisement campaign, and a 'Get Sri Lankaned' campaign and road show in the main cities of China.<sup>65</sup> Due to the vigorous Sri Lankan tourism promotion campaign undertaken jointly by the Sri Lanka missions, the Sri Lanka Tourism Promotion Bureau, Sri Lankan Airlines and Sri Lanka Tour Operators, Sri Lanka won the 'Most Popular Tourist Destination' and 'Most Potential Outbound Tourist Destination' awards in Beijing, China. Other than the tourism promotional events in China, the online visa system, ending the exit pass requirement for Chinese tourists travelling to Sri Lanka, the increased frequency

---

61 'Sri Lanka, Chinese senior bank officials discuss strengthening business relationships', *The Government of Sri Lanka*, 16 September 2013 [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201309/20130916sl\\_chinese\\_senior\\_bank\\_officials\\_discuss\\_strengthening\\_business\\_relationships.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201309/20130916sl_chinese_senior_bank_officials_discuss_strengthening_business_relationships.htm)

62 'President Xi Jinping Holds Talks with Sri Lankan President Mahinda Rajapaksa Two Countries Announce Upgrading China-Sri Lanka Relationship to Strategic Cooperative Partnership', *Foreign Ministry of People's Republic of China*, 28 May 2013 at <http://www.fmprc.gov.cn/eng/wjw/zjzg/yzs/gjlb/2782/2784/t11045941.shtml>

63 'China to enhance military ties with Sri Lanka', *Government of Sri Lanka Website*, 29 April 2013 at [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201304/20130429china\\_enhance\\_military\\_ties\\_with\\_sl.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201304/20130429china_enhance_military_ties_with_sl.htm)

---

64 'China to invest in Sri Lanka's transport sector, including a new Northern Expressway', *Government of Sri Lanka Website*, May 29, 2013 at [http://www.priu.gov.lk/news\\_update/Current\\_Affairs/ca201305/20130529china\\_invest\\_sri\\_lanka\\_transport\\_sector.htm](http://www.priu.gov.lk/news_update/Current_Affairs/ca201305/20130529china_invest_sri_lanka_transport_sector.htm)

65 The Sri Lanka Consulate General in Shanghai together with the Taicang Library and the Candy Journey International Travel Services (partners with Olanka Travels of Sri Lanka) held a tourism promotion event emphasising Sri Lanka – China ancient relations based on the Silk Route and the voyages of Admiral Zheng He, at the Taicang Library, in Jiangsu Province

of SriLankan Airlines' flights between Sri Lanka and China were meant to boost Chinese tourist arrivals in Sri Lanka. All these efforts resulted in a sharp increase in tourist arrival from China in 2013. In 2013, a total of 54,288 tourists from China (includes Hong Kong and Macao) visited Sri Lanka.<sup>66</sup>

In 2013, the relationship was elevated to a new level and efforts were made to expand Chinese engagement in a large spectrum. While the government appreciated Chinese cooperation and assistance to Sri Lanka, a section of Sri Lankan people (though small in number) have reservations about the viability of some of the big infrastructure projects to be built by the Chinese, particularly the Lakwijaya coal power plant in Norochchollai.

The Narochchollai coal power plant was expected to improve the energy situation of the country. Unfortunately, the power plant has broken down around 26 times since its commissioning in March 2011, causing huge losses to the Ceylon Electricity Board (CEB). The plant was reportedly closed for 32 days during the first six months of 2013 while during the second half of 2013 it was closed for 90 to 100 days. For every day that the coal power plant is shut down the CEB has to spend SLRs 72 million to purchase power from other local thermal power plants.<sup>67</sup> However, the concerns of a small

section of people are not going to hinder Chinese engagement in Sri Lanka. In fact the Strategic Cooperation Partnership Agreement will facilitate further Chinese engagement in Sri Lanka.

## Conclusion

China continued to intensify its relationship with South Asia during 2013. Though Pakistan has been an old friend of China, the year saw China focus more on its relationships with other South Asian countries especially Sri Lanka, Nepal and the Maldives. This was manifested in China signing the Strategic Cooperation Partnership Agreement with Sri Lanka, and Nepal figuring in regional foreign policy of China. It had already signed a Strategic and Cooperative Partnership with Afghanistan in June 2012. In Afghanistan, however, China still took a calibrated approach and its interests were limited to securing Western China against extremist threats. It neither supported Western presence—especially American—in Afghanistan nor asked for their exit.

China had so far has been trying to keep clear of domestic politics of South Asian countries but this year saw a somewhat different trend. The Chinese offered to mediate in the political crisis that had engulfed Bangladesh before the January 2014 elections. On the other hand they refused to put pressure on the former Maldivian President Waheed to hold presidential elections as scheduled as they thought this was in their interest. All this indicates growing Chinese confidence in dealing with South Asian countries.

The democratic elections held in Bhutan brought a new regime to power. It seems that China occupies

---

66 'Tourist Arrivals By Country Of Residence - 2012 & 2013,' *Sri Lanka Tourism Development Authority*, at <http://www.slttda.lk/sites/default/files/Tourist%20Arrivals%20by%20Country%20of%20Residence%202013.pdf>

67 Nathaniel, Camelia, 'Norochcholai Debacle Continues', *The Sunday Leader*, 15 February 2014 at <http://www.thesundayleader.lk/2014/01/19/norochcholai-debacle-continues/>

considerable space in the new prime minister's thought process. China has adroitly used the border dispute with Bhutan to put pressure on it and extract concessions for China. As human rights have never been a major consideration in Chinese foreign policy, China enhanced its support in Sri Lanka by supporting it in the face of the US-sponsored UNHCR resolution.

China has proven its expertise in infrastructure development, however, 2013 saw them moving into other areas like healthcare, education and cultural sectors. Chinese influence in South Asia is now increasingly becoming multi-faceted. To contain this growing Chinese influence, India will have to enhance its own engagement with these countries.



# 8

## Japan-China Relations in 2013: Treading Through Difficult Waters

*Pranamita Baruah*

The year 2013 marked the 35<sup>th</sup> anniversary of the Bilateral Treaty of Peace and Friendship between China and Japan. Unfortunately, amidst rising tensions over the disputed Senkaku Islands (Diaoyu Islands in Chinese) and Japanese Prime Minister Shinzo Abe's visit to the Yasukuni Shrine, the occasion failed to motivate the leaderships of the two countries towards any kind of reconciliation. In fact China's growing military assertiveness (without adequate military transparency) and Japan's desire to play a greater military role within the ambit of the Japan-US security alliance system (despite its pacifist Constitution) have made both Beijing and Tokyo perceive each other as a major security threat. The security dilemma has become all the more evident as Japan, despite its relatively low military profile since the end of the World War II, started responding to China's perceived assertiveness by enlarging its military budget and beefing up its alliance with the US. China in response ramped up the air and naval patrolling of the disputed Senkaku/Diaoyu Island area and declared its Air Defence Identification Zone (ADIZ) in the East China Sea which included those islands.

Ever since 2010 when China overtook Japan as the second largest economy in the world, bilateral relations between the two countries have remained tenuous. Tokyo is concerned that an

increasingly powerful Beijing is challenging the status quo. While China has overtaken Japan in many aspects, the latter is not yet ready to yield place to China in Asia's power rivalry. In the meantime, Beijing has become increasingly frustrated with its own inability to make Tokyo recognise its legitimate interests and seek reconciliation on historical issues. The situation turned all the more volatile after nationalisation of the Senkaku Islands in September 2012.

Throughout 2013, the territorial dispute continued to dominate Sino-Japanese relations. However, factors like change of leadership, strong economic inter-dependence, Japan's unveiling of its new National Security Strategy, and China's declaration of ADIZ also influenced the relationship to a large extent.

### **Change of leadership and diplomatic bickering**

The transition in leadership of both China and Japan in 2013 seemed to raise some hopes regarding revival of the bilateral relationship, that was largely in tatters in the wake of the nationalisation of the Senkaku/Diaoyu Islands by the Japanese government in September 2012. In December 2012, Shinzo Abe assumed office as Prime Minister of Japan replacing the Yoshihiko

Noda led DPJ government while Xi Jinping replaced Hu Jintao as President of China in March 2013. For both leaders, easing of tensions over the islands emerged as one of their immediate foreign policy concerns. Although Abe was seen by the Chinese as a hawkish leader, he was expected to take some initiative to bring the Sino-Japan relationship back on track, as the territorial dispute was having an adverse effect on the strong economic ties between the two countries. However, all prospects of reviving the relationship started to recede, primarily due to lack of political will. In fact the diplomatic war between Beijing and Tokyo throughout 2013, further aggravated bilateral tensions.

Shinzo Abe, in an interview to *The Washington Post* on 21 February 2013, averred that China's Communist party (CCP) had a 'deeply ingrained' need to spar with Japan as well as its East Asian neighbours over territories in order to maintain strong domestic support. He further claimed that the Chinese education system which promotes patriotism and 'anti-Japanese sentiment' plays a vital role in influencing popular opinion within China. According to him, the Chinese leadership could face serious challenges in the future, if its Asian neighbours, unnerved by Beijing's maritime expansionism, decide to scale down trade and economic ties with China. Such a move would hurt China's economic growth and eventually the Chinese government would be unable to control the population of 1.3 billion under the one-party rule. While discussing Tokyo's plan of deterrence, Abe spoke of the necessity of boosting military spending and strengthening its ties with countries like Thailand, Vietnam and Indonesia, who have shared concerns about Beijing's growing assertiveness. He also pointed out that there is a need to 'make [China] realise that they would not be able to change the rules or

take away somebody's territorial water or territory by coercion or intimidation.'<sup>1</sup>

The Chinese government denounced Abe for these remarks. The Chinese foreign ministry spokesman Hong Lei said: 'It is rare that a country's leader brazenly distorts facts, attacks its neighbour and instigates antagonism between regional countries.' He further stated: 'Such behaviour goes against the will of the international community—we have solemnly demanded the Japanese side immediately clarify and explain.'<sup>2</sup>

The Chinese response pushed Tokyo to backtrack from the comments made by Prime Minister Abe. While clarifying that the quotes in the newspaper were 'misleading', Japan's Chief Cabinet Secretary Yoshihide Suga clarified that

---

1 Chico Harlan, 'Japan's Prime Minister Shinzo Abe: Chinese need for conflict is "deeply ingrained"', *The Washington Post*, 21 February 2013, at [http://www.washingtonpost.com/world/japans-prime-minister-shinzo-abe-chinese-need-for-conflict-is-deeply-ingrained/2013/02/20/48adbc80-7a87-11e2-9a75-dab0201670da\\_print.html](http://www.washingtonpost.com/world/japans-prime-minister-shinzo-abe-chinese-need-for-conflict-is-deeply-ingrained/2013/02/20/48adbc80-7a87-11e2-9a75-dab0201670da_print.html) (accessed on 12 January 2014). The transcript of the interview is available on [http://www.washingtonpost.com/world/transcript-of-interview-with-japanese-prime-minister-shinzo-abe/2013/02/20/e7518d54-7b1c-11e2-82e8-61a46c2cde3d\\_story.html](http://www.washingtonpost.com/world/transcript-of-interview-with-japanese-prime-minister-shinzo-abe/2013/02/20/e7518d54-7b1c-11e2-82e8-61a46c2cde3d_story.html) (accessed on 25 January 2014).

2 Peter Lee, 'Japan's Abe raises ghost of glories past', *Asia Times Online*, 27 February 2013, at <http://www.atimes.com/atimes/Japan/JAP-01-270213.html> (accessed on 12 January 2014)

Tokyo values mutually beneficial reactions with China, based on strategic interests.<sup>3</sup>

Nevertheless the war of words continued between the leadership of the two countries throughout 2013. Prime Minister Abe, in an interview published in the *Wall Street Journal* on 26 October 2013, stated that Japan needs to take the lead in guarding against any attempt made by China to resort to coercion in order to attain its diplomatic goals.<sup>4</sup> While claiming that there have been increasing concerns within South East Asian states over China's effort to change the existing status quo in the region by force, Abe stated that he envisions a resurgent Japan taking a leadership role in Asia to counter China. Beijing in response to Abe's remark, threatened to strike back if provoked. The Chinese defence ministry in fact cautioned Japan not to underestimate China's resolve to take whatever measures that were needed to ensure its security. Beijing took a particularly strong line against a Japanese media report that claimed that Abe had approved a policy for Japan to shoot down foreign drones that ignored warnings to leave its airspace. In retaliation, the Chinese defence ministry spokesman Geng Yansheng stated: 'If Japan does resort to enforcement measures like shooting down aircraft, that is serious provocation

to us, an act of war.' He further stated: 'We will undertake decisive action to strike back, with every consequence borne by the side that caused the trouble.'<sup>5</sup> Such diplomatic bickering led to the further deterioration of Sino-Japanese relations through 2013.

## The standoff over Senkaku/Diaoyu Islands

The territorial dispute over the Senkaku/Diaoyu Islands remained a major issue between China and Japan throughout 2013. Beijing continued to challenge the nationalisation of the islands by dispatching Chinese coast guard ships into Japan's territorial waters near the Senkakus/Diaoyus on a regular basis. The Chinese leadership also tried to internationalise the territorial dispute by raising it in various international forums. Chinese Premier Li Keqiang, during his visit to Potsdam (Germany) on 26 May 2013, stated that Japan must return to China all the territories it has 'stolen'. In early September 2013, when Tokyo was chosen as the venue for hosting the Olympic Games in 2020, China once again raised the island issue. In fact, in a report carried by the *Global Times* in China on 9 September, it was pointed out that Japan would have to keep a low profile before the Olympics to avoid any military conflicts [with China] as only this could ensure the stability and peace of the East China Sea and East Asia at large.<sup>6</sup>

---

3 Chico Harlan, 'Japan says reported remarks on China by Abe were "misleading"', *The Washington Post*, 22 February 2013, at [http://www.washingtonpost.com/world/asia\\_pacific/japan-says-reported-remarks-on-china-by-abe-were-misleading/2013/02/22/02fc1774-7d14-11e2-9073-e9dda4ac6a66\\_story.html](http://www.washingtonpost.com/world/asia_pacific/japan-says-reported-remarks-on-china-by-abe-were-misleading/2013/02/22/02fc1774-7d14-11e2-9073-e9dda4ac6a66_story.html) (accessed on 12 January 2014).

4 'Abe: Japan Ready to counter China', *Voice of America News*, 26 October at <http://www.voanews.com/content/reu-shinzo-abe-says-japan-ready-to-counter-china/1777723.html> (accessed on 10 January 2014).

---

5 'Japan will stand up to China', says PM Shinzo Abe, *BBC News*, 26 October 2013, at <http://www.bbc.co.uk/news/business-24684683> (accessed on 13 January 2014).

6 'Senkakus-tense waters/Quantity vs logic in "propaganda war"', *The Yomiuri Daily*, 7 October 2013, at <http://the-japan-news.com/news/article/0000702337> (accessed on 8 October 2013).

Japan however retaliated by alleging that China was engaging in a 'propaganda war' and attempting to 'change the status quo by coercion.' Commenting on the issue, Prime Minister Abe said that if China continued its provocative behaviour against Japan and tried to take over the islands by coercion, Japan would keep taking its case to the international community regarding its justification in claiming sovereignty over those territories.<sup>7</sup>

The US, being a security ally of Japan, was also drawn into the dispute. While taking a clear-cut stance on the issue, US defence secretary Chuck Hagel said in October 2013 that the Senkaku Islands are territories under the administration of Japan and are subject to Article 5 of the US-Japan Security treaty, which stipulates that the US is obliged to meet the common danger in Japan's territories.<sup>8</sup> In the 'two plus two meeting' (involving the foreign and defence ministers of Japan and their US counterparts) held in Tokyo on 3 October, both sides shared their concerns regarding China's growing military expansion and agreed on a revision of the bilateral defence cooperation guidelines. As far as Japan is concerned, a revision of the guidelines was extremely important in order to provide adequate defence to remote islands, including the Senkaku/Diaoyu Islands. The existing guidelines<sup>9</sup> do not really offer any roadmap on how to respond to a conflict over remote islands that are far from

Japan's main islands. The proposed revision of guidelines is expected to enable both the Japanese Self Defence Force (SDF) and US forces to respond swiftly to a conflict that develops out of a situation on a remote island that cannot be easily identified as a contingency. However some foreign affairs specialists largely negated the prospect of the mobilisation of US forces to address a contingency on the Senkaku/Diaoyu Islands. According to them, if defence of remote islands was added to the revised guidelines, it would serve as a strong deterrent to China.<sup>10</sup>

Over the months, even though Tokyo repeatedly requested an official meeting between the leaders of the two countries, Beijing rejected the requests citing Japan's refusal to recognise the dispute over Senkaku/Diaoyu Islands. In this context, Xu Qixin, the vice president and secretary general of the China Society of the History of Sino-Japanese relations, argued: 'How can the leaders' meeting end up with anything of substance if the Japanese side deliberately shies away from the islands issue?'<sup>11</sup>

## Strong economic interdependence and push for partnership

Amidst the tensions in the Sino-Japanese relationship, the year 2013 witnessed a parallel, possibly game-changing development that

---

7 Ibid.

8 'Cooperation set over China, N. Korea', *The Yomiuri Daily*, 4 October 2013, at <http://the-japan-news.com/news/article/0000697358> (accessed on 6 October 2013).

9 The existing guidelines outline Japan and US response in the following situations: times of peace, an armed attack on Japan, and last but not least a contingency in areas surrounding Japan.

---

10 'Japan in Depth/Senkaku issue spurs defence review', *The Yomiuri Daily*, 4 October 2013, at <http://the-japan-news.com/news/article/0000699539> (accessed on 5 October 2013).

11 Zhang Yunbi, 'Groups aim to improve China-Japan relations', *The China Daily*, 22 October 2013, at [http://usa.chinadaily.com.cn/china/2013-10/22/content\\_17052038.htm](http://usa.chinadaily.com.cn/china/2013-10/22/content_17052038.htm) (accessed on 20 November 2013).

has largely remained unnoticed by many: the growing collaboration between these two major economies, in the fields of science, technology and business. In August and September 2012, anti-Japanese protests broke out in China which led to plummeting Japanese automobile sales (around 40 per cent by the year end); and lower sales of home appliances made by Sony, Panasonic, Toshiba, Sanyo, etc. At that time, commentators and even the Chinese leadership might have tagged Japanese business as the clear loser. However subsequent developments revealed that it was not the case.<sup>12</sup>

Soon enough, China started experiencing the negative consequences of the declining Japanese market. Anti-Japanese protests and boycotts, along with demands for wage hikes from Chinese workers, pushed many Japanese companies to shift their production operations from China to other South East Asian states. As a result, the potential for loss of jobs became significant for Chinese workers. It is worth noting that Toyota alone employs around 30,000 Chinese workers in its factories within China.<sup>13</sup>

In 2012, analysts appeared to be largely unconcerned about the possible repercussions of the decline in Japanese FDI on the Chinese economy. China has for long been one of the most favoured destinations as far as Japanese investments are concerned. However according to Chinese commerce ministry data released on 16 January 2014, Japanese direct investment

---

12 Paula S. Harsell, 'China and Japan: The Urgency of Partnership', *Foreign Policy Journal*, 11 July 2013, at <http://www.foreignpolicyjournal.com/2013/07/11/china-and-japan-the-urgency-of-partnership/> (accessed on 20 January 2014).

13 Ibid.

in China declined 4.3 per cent in 2013 from the previous year to \$7.06 billion. This decline, when compared with the 16.3 per cent rise in 2012, clearly reflects the soured Sino-Japanese relations.<sup>14</sup> Analysts believe that if Japanese investors continue to pull out their investments, the Chinese economy would begin to hurt in the long run. In fact the decline in Japanese investment could also deprive Chinese businesses of the technological and managerial expertise of Japanese companies.

It needs to be noted that according to trade data released by the Japanese ministry of finance in January 2014, Japan's total trade with China dropped 6.5 per cent to \$311.995 billion in 2013, indicating a decline for the second consecutive year. While Japan's exports to China dropped 10.2 per cent to \$129.883 billion compared to the previous year, its imports from China too showed a decline of 3.7 per cent (about \$182.112 billion). Japan's trade deficit with China was recorded as the highest ever (\$52.229 billion, which is up 17.8 per cent from the year 2012).<sup>15</sup>

Realising that China needs Japan as much as Japan needs China, the Chinese business community decided to delink politics from

---

14 'Japan's 2013 direct investment in China falls 4.3% on year', *The Yomiuri Daily*, 17 January 2014, at <http://the-japan-news.com/news/article/0000947666> (accessed on 18 January 2014). The same is also available on *Global Post*, 16 January 2014, at <http://www.globalpost.com/dispatch/news/kyodo-news-international/140116/japans-2013-direct-investment-china-falls-43-year> (accessed on 20 January 2014).

15 'JETRO Survey: Analysis of Japan-China Trade in 2013 and Outlook for 2014', Japan External Trade Organisation (JETRO), 28 February 2014, at <http://www.jetro.go.jp/en/news/releases/20140228009-news> (accessed on 20 May 2014).

economics. China's export sector depends largely on parts coming from Japan and Chinese manufacturers need Japanese equipment and parts for products they manufacture or assemble in China. The Chinese economy is already facing a slow down. The situation would deteriorate further if it has to give up jobs, investment and technology transfers that are available in China because of Japanese firms. That is why, in October 2013, executives from 10 leading Chinese companies from the Guangdong province visited Japan to seek more Japanese investments. In Tokyo, they met Yoshihide Suga, chief cabinet secretary and Hiromasa Yonekura, the head of the Japan Business Federation. Then in November, Yonekura led a top-level Japanese economic delegation to Beijing where he was received by Chinese vice-premier, Wang Yang. Unfortunately the initiative to delink politics and economics seems confined to the Chinese business community and the provincial and local political leadership rather than Beijing.<sup>16</sup> It is hoped that in spite of its hard-line security policy, Beijing would soon cooperate with business and provincial leaders to better economic relations with Japan. Improved economic ties could also eventually help in healing overall bilateral relations.

In recent times, Chinese and Japanese research institutes and universities have been collaborating on several projects. Professors at Toyama University and the Chinese Academy of Sciences (CAS) are involved in a project for the conversion of biomass and waste to biofuel. In January

2014, the CAS Institute of Chemistry signed an agreement with Japan's institute of Physical and Chemical Research to further expand the joint research programme in chemistry that began in 2007. The Chinese audio device manufacturer Guoguang Electronics has just joined Onkyo Acoustics of Japan to produce car radios for the Chinese market. Recent joint ventures like Shanghai-Fanuc and the Yasakawa Shougang Robot are poised to reap the benefits of the growing demand for robots in China. As air pollution has begun to affect both the countries, in February 2013, officials from Japan's environmental and health agencies met with their Chinese counterparts in Beijing to discuss the issue. It has been argued that cooperation with Japan for dealing with environmental problems could help China a lot. In fact, access to Japan's green technology would be extremely beneficial to China.<sup>17</sup>

It seems cooperation between the two countries is as much part of today's reality, as the political friction. Unfortunately it has not attracted as much public attention as the Senkaku/Diaoyu dispute. The leaderships in both countries need to openly affirm their common interests and mutual benefits that would accrue from building on existing cooperative ventures.

As the tensions between China and Japan continue to simmer, questions have often been raised regarding the possibility of military clashes in the near future. However, at present, the prospect of war seems to be negligible. Their

---

16 Richard Katz, 'Why Japanese-Chinese Economic Relations are improving: Delinking Trade from Politics', *Foreign Affairs*, 30 December 2013, at <http://www.foreignaffairs.com/articles/140615/richard-katz/why-chinese-japanese-economic-relations-are-improving> (accessed on 12 January 2014).

---

17 Paula S. Harsell, 'China and Japan: The Urgency of Partnership', *Foreign Policy Journal*, 11 July 2013, at <http://www.foreignpolicyjournal.com/2013/07/11/china-and-japan-the-urgency-of-partnership/> (accessed on 20 January 2014).

strong economic interdependence is one of the major reasons that restrains the two countries from waging war against each other. Should Japanese investment in China decline and Japanese exports to China witness a similar trend, both economies would suffer. Both Beijing and Tokyo are aware of that and so they would try to avoid direct military confrontation as far as possible.

## China's strong stance against Japan's NSS

On December 17, the Japanese cabinet approved the National Security Strategy (NSS), along with National Defence Programme Guidelines (NDPG) and the Mid-Term Defence Programme. With regard to national security challenges, the NSS primarily focuses on the threat posed by North Korea's provocative actions and China's rapid rise and intensified activities in various areas.<sup>18</sup>

The NSS says that Japan has been maintaining a defence-only security posture. It has refrained from becoming a military power, upheld the three non-nuclear principles and remained a pacifist state. The strategy further elaborates Japan's contribution to peace, stability and prosperity of the international community through 'proactive contribution.'<sup>19</sup> However the Abe administration has made it abundantly clear that it plans to revise the traditional interpretation of the pacifist Constitution to lift Japan's self-imposed ban on exercising the right of collective self-defence. This would enable Japan's SDF to participate in

military operations in foreign countries, mostly in cooperation with its ally—the US.<sup>20</sup>

It is worth noting that over the next five years, Japan is planning to allocate 23.97 trillion yen (\$232.4 billion) to build up its defence forces, which is up from 23.37 trillion yen compared to the previous five years.<sup>21</sup> During 2014-2019, Tokyo hopes to boost its air and maritime surveillance capacity along with its ability to defend disputed islands, including the Senkakus/Diaoyu Islands. It also plans to induct 17 Osprey tilt-rotor transport planes, three unmanned drones, two more Aegis destroyers, six more submarines, and 52 amphibious vehicles to raise a mobile amphibious combat unit.<sup>22</sup>

It needs to be noted that since 1995, Japan has been inserting the phrase 'improving defence power with moderation' in its defence programme outlines. However this time, the Abe administration has dropped that phrase and replaced it with 'efficiently building defence power so that it is highly effective and integrated.' The new outline calls for building 'integrated flexible defence power' in order to enhance the SDF's capabilities. Moreover it calls for drastically ending the long-standing weapons-export ban by setting clear principles—as befit the new

18 'National Security Strategy 17 December 2013' (Provisional Translation), p. 11, at [http://www.kantei.go.jp/foreign/96\\_abe/documents/2013/\\_icsFiles/afieldfile/2013/12/17/NSS.pdf](http://www.kantei.go.jp/foreign/96_abe/documents/2013/_icsFiles/afieldfile/2013/12/17/NSS.pdf) (accessed on 5 January 2014).

19 Ibid., p. 1.

20 'Defense buildup won't bring security', Editorial *The Japan Times*, 19 December 2013, at <http://www.japantimes.co.jp/opinion/2013/12/19/editorials/defense-buildup-wont-bring-security/> (accessed on 21 January 2014).

21 'Japan increases defence budget amid tensions with China', *The Guardian*, 17 December 2013, at <http://www.theguardian.com/world/2013/dec/17/japan-increases-defence-budget-tensions-china> (accessed on 23 December 2013).

22 Ibid. Also see 'Defence buildup won't bring security' n 20.

security environment — with regard to the transfer of weapons to foreign countries.<sup>23</sup>

The NSS notes that Japan will make efforts to build a strategic, mutually beneficial relationship with China. It also hopes to create a system that prevents the development of dangerous contingencies. However analysts are of the view that given the Abe administration's efforts to end post-war Japan's traditional strictly-defensive posture and to strengthen the SDF's defence capabilities without exercising self-restraint, could trigger an arms race in the region.

Inevitably the new security strategy evoked a strong response from China. Chinese defence ministry spokesman Geng Yansheng accused Japan of playing up the 'China military threat' to justify its own military expansion. According to him, Japan's so-called 'proactive pacifism' is just a cover to beef up military alliances with other countries to create a front against China. Beijing however seems to be particularly concerned that Tokyo, with the help of its arms export deals, would be able to develop friendly relations with many other countries. This could be detrimental to China's interests. Beijing is also suspicious that the Abe administration will continue the new trend of higher military spending in the coming years.<sup>24</sup>

Chinese media too responded strongly to Japan's NSS. A *Xinhua* editorial termed the security package 'a turning point in Tokyo's understanding of security and a signal that the dangerous 'Abe-

---

23 'Defence buildup won't bring security' n 20.

24 Rajaram Panda, 'Japan's National Security Strategy and Reactions from China', Chennai Centre for China Studies, 5 January 2014, at <http://www.moderntokyotimes.com/2014/01/05/japans-national-security-strategy-and-reactions-from-china/> (accessed on 20 December 2013).

military' has come on stage.<sup>25</sup> It dismissed the notion that Japan has any intention to preserve peace and alleged that the phrase 'proactive contributor to peace' was used in the NSS to conceal Japan's ambitions of becoming a military power. While reacting to Japan's growing military spending, a *Global Times* editorial commented that Japan's 'rightist and militarist manoeuvres, coupled with Abenomics, have reminded people around the world of Japan's likely return to a political stance echoing the perilous WWII era.'<sup>26</sup>

## Japan's sharp reaction to China's ADIZ

On 23 November, Beijing announced the creation of an Air Defence Identification Zone (ADIZ) in the East China Sea. The Chinese notification mandates that all aircrafts passing through the zone should give prior information to the Chinese authorities of their flight. Beijing also warned that in case of non-compliance, China would take 'emergency defensive measures' indicating its intention to resort to military measures if required.<sup>27</sup>

China's ADIZ overlaps the Japanese, South Korean and Taiwanese zones. Both Tokyo and Seoul reacted swiftly to the Chinese ADIZ. They

---

25 Shannon Tiezzzi, 'China Responds to Japan's Defense Package', *The Diplomat*, 18 December 2013, at <http://thediplomat.com/2013/12/china-responds-to-japans-defense-package/> (accessed on 10 January 2014).

26 Ibid.

27 Mark Thompson, 'China's Restriction on Airspace over Disputed Islets could lead to War', *Time*, 25 November 2013, at <http://swampland.time.com/2013/11/25/meanwhile-3500-miles-from-iran/> (accessed on 30 December 2013).

even sent their surveillance planes through the contested zone. China, however, remained undeterred and sent its war planes through the zone. Washington, reacting sharply to Chinese activity, flew two of its Guam-based unarmed B-52 bombers through the Chinese ADIZ without any prior notification to the Chinese authority.<sup>28</sup>

China's declaration of the ADIZ undoubtedly rattled nerves in East Asia. The rationale behind the declaration was debated fiercely. Some argue that Beijing was becoming increasingly frustrated with Tokyo's refusal to acknowledge that Senkaku/Diaoyu Islands were a disputed territory and so, should be up for negotiation. By declaring the ADIZ, Beijing not only tried to strengthen its claim of sovereignty over the territory, but also test the reaction of its adversaries.

Japan took a strong stance against the Chinese ADIZ. Prime Minister Abe said that the declaration is 'unjustly violating the freedom of aviation over the high seas.'<sup>29</sup> The Japanese foreign ministry refused to accept the fact that the zone covers the Senkaku/Diaoyu Islands. However the Chinese defence ministry termed this reaction as 'absolutely groundless and unacceptable'.<sup>30</sup>

---

28 Arvind Gupta, 'Chinese ADIZ in East China Sea: Posers for India', IDSA Website, 2 December 2013, at [http://www.idsa.in/idsacomments/ChineseADIZinEastChinaSeaPosersforIndia\\_agupta\\_021213](http://www.idsa.in/idsacomments/ChineseADIZinEastChinaSeaPosersforIndia_agupta_021213) (accessed on 6 January 2014).

29 'Beijing accuses Japan PM Shinzo Abe of "malicious slander"', *South China Morning Post*, 15 December 2013, at <http://www.scmp.com/news/china/article/1381196/beijing-accuses-japan-pm-shinzo-abe-malicious-slander>

30 'Japan's remarks on China's air defense identification zone "unacceptable": DM spokesman', *Xinhua*, 25 November 2013, at [http://news.xinhuanet.com/english/china/2013-11/25/c\\_132914229.htm](http://news.xinhuanet.com/english/china/2013-11/25/c_132914229.htm) (accessed on 10 December 2013).

The ministry's spokesman Yang Yujun averred that by declaring the ADIZ, China is trying to safeguard its sovereignty and territorial integrity. Since Japan itself had established a similar zone in the late 1960s, it has no right to make irresponsible remarks on China's ADIZ.<sup>31</sup> Echoing this sentiment, the Chinese foreign ministry spokesman Hong Lei claimed that the Diaoyu/Senkaku Islands are part of Chinese territory. While justifying the zone, he stated that it is in line with international laws and practices and does not impact aviation freedom.

## Abe's Yasukuni visit aggravates tension

Prime Minister Abe's visit to the Yasukuni Shrine on 26 December, long seen as a symbol of Tokyo's aggressive history, was strongly condemned by the Chinese and South Koreans. Both Beijing and Seoul, as victims of Japanese wartime aggression, have repeatedly raised their voices against Japanese politicians' visits to the controversial shrine that honours 14 Japanese 'Class A' war criminals as well as some 2.5 million Japanese soldiers who died in World War II. Abe, during his earlier stint as Prime Minister (2006-2007) had abstained from visiting the shrine as his predecessor Junichiro Koizumi had been criticised by the two neighbouring states for his Yasukuni visit.<sup>32</sup> Abe is the first serving Japanese Prime Minister to pay homage at the shrine in the

---

31 Ibid.

32 'Japan PM says shrine visits "natural"', *South China Morning Post*, 18 May 2013, at <http://www.scmp.com/news/asia/article/1240470/japan-pm-says-shrine-visits-natural> (accessed on 2 December 2013).

last seven years.<sup>33</sup> His visit undoubtedly served to worsen Sino-Japanese relations further.

Reacting to these developments, the Chinese foreign minister Wang Yi stated that Abe's action had pushed Japan towards an 'extremely dangerous' direction. Summoning the Japanese ambassador to the ministry, Wang reportedly pointed out that Tokyo must bear full responsibility for the serious political consequences. A commentary published in *Xinhua* further added:

Choosing a sensitive time to visit a highly controversial and notorious place, Abe knows perfectly what he is doing and the consequences. Instead of a pledge against war, as Abe has claimed, the visit is a calculated provocation to stroke further tension.<sup>34</sup>

Abe however remained undeterred by those criticisms. Instead he sought to justify his act by making the following statement:

There is criticism based on the misconception that this is an act to worship war criminals, but I visited Yasukuni Shrine to report to souls of the war dead on the progress made this year and to convey my resolve that people never again suffer the horrors of war.<sup>35</sup>

---

33 Antoni Slodkowski and Linda Sieg, 'Japan's Abe visits shrine for war dead, China, South Korea angered', *Reuters*, 26 December 2013, at <http://www.reuters.com/article/2013/12/26/us-japan-shrine-abe-idUSBRE9BP00Q20131226> (accessed on 3 January 2014).

34 Ibid.

35 Ibid.

He further added that it is quite natural for a Japanese leader to offer prayers for those who sacrificed their lives for the country.

## The future

As of now, Sino-Japanese relations remain extremely volatile. Even though their economic relations seem to be back on track, political and diplomatic relations remain largely strained. Any improvement in Beijing-Tokyo relations certainly hinges on prudent leadership on both sides. Shinzo Abe and Xi Jinping are strong leaders who are increasingly constrained by the growing nationalism at home. Unfortunately their efforts to externalise domestic dissatisfaction has led to the escalation of tensions between Beijing and Tokyo. Currently the prospects of any improvement do not seem very promising. But there may be no better time than the present to begin the process. Both Abe and Xi have consolidated their positions and are expected to lead their countries over the next few years. Taking advantage of this situation, they could actually take some concrete steps to improve relations. As a first step towards easing tension, the two governments must refrain from taking any further provocative steps. They must agree to resolve their bilateral disputes through peaceful means. As for the dispute over the Senkaku/Diaoyu Islands, the two should agree to disagree, at least for the short term. In the long run, they need to reinforce the resilience in their relationship, such as their economic interdependence, socio-cultural exchange, people-to-people contact, cooperation in non-traditional security, etc. This could go a long way in improving Sino-Japanese relations. However only time will tell how all these play out in the future.

# 9

## China's Relations with the Korean Peninsula in 2013: Coping with an Errant North and Engaging with a Dynamic South

*Pranamita Baruah*

### Introduction

The year 2013 witnessed certain noticeable changes in China's bilateral relations with the two Koreas. While North Korea's growing belligerency made the age old Beijing-Pyongyang relationship tenuous, China's growing economic and political engagement with South Korea brought Beijing and Seoul a lot closer. The leadership transition in both China and South Korea seemed to be primarily responsible for this change. However the role of the changing security environment in the Korean Peninsula cannot be downplayed altogether.

It needs to be noted that for years, China-South Korea relations were severely strained due to the hard-line stance adopted by South Korea's Lee Myung-bak administration against North Korea, based on the belief that internal friction would lead to the collapse of the North Korean regime. The friction in the Beijing-Seoul relationship seemed to aggravate further as Beijing held Lee's hard-line policy partly responsible for the collapse of the Six Party Talks (SPT)—China's signature diplomatic initiative for denuclearising North Korea. Moreover, the Lee administration's reinforcement of trilateral security ties with the US and Japan also irked

China.<sup>1</sup> However as the newly elected South Korean President Park Geun-hye and her Chinese counterpart Xi Jinping began working to bring Beijing-Seoul relations back on track, the ice between the two countries was finally broken.

As for China's relations with its long time ally North Korea, Pyongyang has been vexing Beijing for years with its rocket launches, nuclear tests, kidnapping of Chinese fishermen and other errant behaviour. Even then, Beijing took a relatively soft line and helped it to circumvent sanctions. In 2013, however, there was a noticeable shift in China's attitude towards North Korea. China found itself under international pressure to take a strong stance against its ally in view of North Korea's increasing belligerency, as evidenced by the rocket/satellite launch in December 2012, the nuclear test in February 2013 and the reckless threat to strike the US. So, as a responsible player in regional/international affairs, the Xi Jinping

---

1 Moon Chung-in, 'A new Chapter for China-S. Korea Relations', *The Global Times*, 26 June 2013, at <http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20NewsArticles/Print.aspx?tabid=99&tabmoduleid=94&articleid=791666&moduleid=405&PortalID=0> (accessed on 27 December 2013).

administration joined the international community in condemning the North and imposing sanctions on it. Such steps, to some extent, strained Beijing-Pyongyang relations. However Beijing's attempts at reviving the SPT were appreciated in Pyongyang. Overall, in 2013, Beijing's policy towards North Korea could be described as a 'carrot and stick policy'.

This chapter, attempts to analyse some of the significant developments that determined the trend of China's bilateral relations with both the Koreas in 2013.

## China-South Korea relations in 2013

### Leadership change in China and South Korea, and bilateral relations

As mentioned earlier, the change of leadership in both China and South Korea in 2013 ushered in new hopes with regard to the bilateral relationship that had been strained for years. Prior to assuming office, the newly elected leaders of both the countries had expressed hopes for improvement in relations.<sup>2</sup> Xi Jinping took the initiative by dispatching Chinese special envoy, Vice-Minister Zhang Zhijun to make a courtesy call on South Korean President-elect Park Geun-hye. Weeks later, Park reciprocated by sending a delegation led by special envoy Kim Moo-sung to Beijing during the transition phase.<sup>3</sup> Such high-level visits

---

2 Scott Snyder and See-won Byun, 'China-Korea relations: Under New Leadership', *Comparative Connections*, January 2013.

3 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

clearly indicated the mutual interest of the two leaders to make a fresh start. Both sides also seemed to realise that political friction could not benefit either country, given the robustness of their bilateral trade.<sup>4</sup>

South Korean President Park's four-day state visit to China from 27-30 June 2013 demonstrated the two leaders' strong determination to start out on the right foot. During the meeting, President Xi Jinping and President Park agreed to strengthen bilateral communications and consultation processes by institutionalising them in order to ensure continuity even under different administrations in the future. They also agreed to set up a direct communication channel between the National Security Chief of South Korea and the Chinese State Councillor for Foreign Affairs. Regular exchanges of visits by foreign ministers were also agreed upon. All these agreements are expected to give a big boost to the bilateral relationship by opening up regular and frequent dialogue mechanisms between Beijing and Seoul.<sup>5</sup>

In a statement issued by the two countries after the summit between Xi Jinping and President Park, both agreed to develop mutual relations in accordance with the principle of equality

---

4 Scott Snyder, 'A New Opportunity for China-South Korea Relations under Park Geun-hye and Xi Jinping', Asia Foundation, 23 January 2013, at <http://asiafoundation.org/in-asia/2013/01/23/a-new-opportunity-for-china-south-korea-relations-under-park-geun-hye-and-xi-jinping> (accessed on 13 February 2014).

5 Jae Cheol Kim, 'Can South Korea and China become equal partners?' *East Asia Forum*, 23 July 2013, at [www.eastasiaforum.org/2013/07/23/can-south-korea-and-china-become-equal-partners/print/](http://www.eastasiaforum.org/2013/07/23/can-south-korea-and-china-become-equal-partners/print/) (accessed on 27 December 2013).

and international norms. Over the years as China witnessed a rapid rise, South Korea like many other countries, often faced difficulties in convincing Beijing to take into account the national interests, as well as concerns of Seoul and others. Analysts now believe that, since China agreed to respect the two important principles mentioned above, Seoul and Beijing would now be able to resolve any differences that could arise in the future.<sup>6</sup>

### Beijing-Seoul economic partnership

At present, China is South Korea's most important trading partner.<sup>7</sup> China's importance can be ascertained from the fact that the Park administration's policy for growing South Korea's export-oriented economy is primarily based on the rapidly growing Chinese market.<sup>8</sup> South Korea's total trade with China rose from \$215.11 billion in 2012 to \$228.82 billion in 2013. In the meantime, the balance of trade, that continues to favour South Korea, has risen slightly from \$53.55 billion in 2012 to \$56.91 billion in November 2013.<sup>9</sup> In January 2014, China-South Korea trade

accounted for 21.0 per cent of South Korea's total trade.<sup>10</sup>

The assessments made by many South Korean business houses in early 2013 seemed to suggest that China's emphasis on enhancing domestic consumption could benefit South Korea, especially in the service sector, e.g., information technology, culture, medical, retail, etc.<sup>11</sup> In the meantime, talks over inking a Free Trade Agreement (FTA) between Beijing and Seoul are continuing. In November 2013, the two countries began the eighth round of talks in Seoul. In the previous rounds, the two sides had already agreed to abolish tariffs on 90 per cent of all products in terms of the number of items; and 85 per cent of imports in terms of their monetary value.<sup>12</sup> So far, they have not signed an FTA, however, in the future, this could emerge as a key issue to determine how far the two countries could go in enhancing mutual trust and advancing their bilateral relations.

In spite of the growing tensions in North East Asia, the trilateral FTA talks among China, South Korea and Japan formally commenced in March 2013. The third round of talks was held in Tokyo in November 2013 and several issues, including

---

6 Ibid.

7 Moon Chung-in, 'A new Chapter for China-S. Korea Relations', *The Global Times*, 26 June 2013, at <http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20NewsArticles/Print.aspx?tabid=99&tabmoduleid=94&articled=791666&moduleid=405&PortalID=0> (accessed on 27 December 2013).

8 Scott Snyder and See-won Byun, 'China-Korea relations: Under New Leadership', *Comparative Connections*, January 2013.

9 South Korean Ministry of Foreign Affairs, at [http://www.mofa.go.kr/ENG/policy/bilateral/asiapacific/index.jsp?menu=m\\_20\\_140\\_10](http://www.mofa.go.kr/ENG/policy/bilateral/asiapacific/index.jsp?menu=m_20_140_10) (accessed on 14 March 2014).

---

10 Ministry of Commerce, People's Republic of China, 'Statistics on ROK Imports and Exports and China-ROK Trade in January 2014', at <http://english.mofcom.gov.cn/articles/statistic/lanmubb/ASEAN/201403/20140300509596.shtml> (accessed on 14 March 2014).

11 Scott Snyder and See-won Byun, 'China-Korea relations: Under New Leadership', *Comparative Connections*, January 2013.

12 'S. Korea, China launch 8th round of FTA talks', *Xinhua*, 18 November 2013, at [http://news.xinhuanet.com/english/china/2013-11/18/c\\_132896519.htm](http://news.xinhuanet.com/english/china/2013-11/18/c_132896519.htm) (accessed on 15 December 2013).

goods, services, investment, competition, intellectual property rights, e-commerce, government procurement, etc., were discussed.<sup>13</sup> An FTA, if realised, would link the two biggest economies in the world (China and Japan) with a booming South Korean market.<sup>14</sup> Sceptics are of the view that Beijing's advocacy of the trilateral FTA is primarily for restraining US promotion of the Trans-Pacific Partnership Agreement (TPP). Even so it is undeniably true that all three countries would benefit from such an FTA. While it would enable Beijing to reduce its dependence on the Western market, Japan will get a boost by securing a privileged status with its two major trading partners in the region. As for South Korea, the FTA could help Seoul gain access to the Chinese market and deal with competition from the ASEAN countries and Tokyo.<sup>15</sup>

### China-South Korea coordination on North Korea

For long, China's relatively soft stance with regard to North Korea's provocative behaviour and rhetoric has caused uneasiness within South Korea. Seoul has on several occasions asked Beijing to take a tougher line on Pyongyang and push it to comply with international norms, and abstain from further nuclear tests. After Xi Jinping assumed office there seemed to be a

marked change in the Chinese attitude towards North Korea.

In the wake of Park Geun-hye's election in December 2012, the Chinese foreign ministry spokesperson expressed the hope that both sides could work together to further 'strategic and political mutual trust'. At that time, several Chinese news commentaries acknowledged the 'regrettable' setbacks in the Sino-South Korea relations during President Lee Myung-bak's tenure and emphasised that newly elected President Park should reorient Seoul's foreign policy towards a 'moderate' stance.<sup>16</sup>

During the Beijing visit of President Park's special envoy Kim Moo-sung in early 2013, Xi Jinping expressed his concerns relating to the long-term situation on the Korean Peninsula. He however also extended China's support for the 'independent and peaceful' reunification of Korea. Xi, in his telephonic conversation with President Park, after formally assuming office in March 2013, reiterated this sentiment. Both Xi and the Chinese foreign minister, Wang Yi reaffirmed bilateral and regional priorities amid growing security concerns on the Peninsula. In fact, Wang emphasised that inter-Korean peace was a prerequisite for alleviating the Peninsula situation.<sup>17</sup>

With regard to North Korea, the most important challenge for both leaders was how to balance efforts for dialogue, with stronger sanctions.

---

13 'China, S. Korea, Japan hold 3<sup>rd</sup> FTA talks in Tokyo', CCTV, 26 November 2013, at <http://english.cntv.cn/program/newshour/20131126/103129.shtml> (accessed on 15 January 2014).

14 J Berkshire Miller, 'Northeast Asia's Free Trade Dream', *The Diplomat*, 19 April 2013, at <http://thediplomat.com/2013/04/northeast-asias-free-trade-dream/> (accessed on 10 January 2014).

15 Ibid.

---

16 Scott Snyder and See-won Byun, 'China-Korea relations: Under New Leadership', *Comparative Connections*, January 2013.

17 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

However the Chinese dilemma over the North Korean nuclear programme continued to cause uneasiness in South Korea. It became particularly evident after the passing of UNSC Resolution 2087<sup>18</sup> on 22 January 2013. At that time, China's Permanent Representative to the UN, Li Baodong, commented on the removal of elements in the original draft that might undermine trade with North Korea. He argued that 'sanctions and resolutions alone do not work—resolutions must be complemented and supplemented by diplomatic efforts.'<sup>19</sup> Later on, in March 2013, following North Korea's nuclear test, when UNSC

Resolution 2094<sup>20</sup> was passed and the US imposed unilateral sanctions on North Korea, the Chinese foreign ministry averred that 'sanctions shall not be the objective.'<sup>21</sup> However since April 2013, China seemed to change its stance and drew a lot of attention by issuing a public advisory to all relevant agencies for implementing the said UNSC Resolution and imposing sanctions on North Korea. Such steps, along with Beijing's severance of banking relations with North Korea, were appreciated by the international community, including South Korea.

### Beijing on the Seoul-Washington security alliance

For long, China has described the South Korea-US security alliance as a relic of the Cold War. Although President Park wanted stronger Seoul-Beijing relations, she did not want to alienate the US either. This became clear during her visit to Washington in May 2013, when she elevated bilateral ties with Washington to a comprehensive strategic alliance which was to be the lynchpin for US rebalancing efforts

---

18 The Security Council unanimously adopted Resolution 2087 on 22 January 2013 after a successful North Korea satellite launch. The Resolution condemned North Korea's satellite launch and urged Pyongyang to comply with the previous resolutions (Resolution 1718 and 1874) that imposed sanctions on it. It also warned North Korea of further sanctions if it refused to cooperate or conducted another nuclear test. Resolution 2087 further strengthened the sanctions included in Resolutions 1718 and 1874. Other measures included: a state's right to seize and destroy material suspected to be heading to, or from North Korea for purposes of weapons development or research. It also re imposed travel bans on persons suspected of being involved with North Korea's nuclear programme. (available at <http://www.armscontrol.org/factsheets/UN-Security-Council-Resolutions-on-North-Korea> (accessed on 12 March 2014)).

19 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

---

20 *The UN Security Council passed Resolution 2094 on 7 March 2013 after North Korea's nuclear test on 12 February 2013. The said Resolution imposed additional sanctions against the North.* The sanctions included a provision requiring states to inspect any North Korean cargo suspected of transporting items prohibited by all four rounds of sanctions against the North. They also further inhibit North Korea's access to cash, blacklist several North Korean diplomats and officials with connections to the North's nuclear and missile programmes or money laundering activities, as well as explicitly ban several luxury items.

21 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

in the Asia-Pacific region.<sup>22</sup> This could have strained the renewed Seoul-Beijing relationship, however, such a situation was avoided as Beijing began to see eye to eye with Washington, on Pyongyang's increasingly belligerent behaviour. During President Xi's summit meeting with his US counterpart Barack Obama in June 2013 in Sunnylands, China's commitment to a non-nuclear North Korea seemed to align Beijing's policy priorities on denuclearisation with those of Washington and Seoul. This clearly bolstered the confidence of the Obama administration, that the US and China might be able to cooperate in achieving a denuclearised Korean Peninsula. The commitment of both leaders to building a 'new type of great power relationship' boosted the Park administration's hopes of improved relations with both the US and China. This positive development in Washington-Beijing relations also opened up new opportunities for Seoul to enter into more comprehensive cooperation with Beijing, without feeling that it had to choose between its ally the US, and China.<sup>23</sup>

### South Korea's response to Chinese ADIZ

China's declaration of an Air Defence Identification Zone (ADIZ) in the East China Sea, covering the Diayou/Senkaku Islands in November 2013

raised tensions by several notches in the already tense region. While the Chinese ADIZ overlapped territory claimed by Japan, it also overlapped a South Korean ADIZ in the area. Like Tokyo and Washington, Seoul too protested strongly against the said ADIZ. However China described these reactions as hypocritical. Beijing argued that the US, Japan and South Korea had already set up similar zones without consulting China. Under the circumstances, they should not be protesting when China establishes its own ADIZ.<sup>24</sup>

In response, South Korea initially flew its surveillance planes through the Chinese ADIZ. Then in December, Seoul announced the expansion of its own 62 year old ADIZ by adding over 66,000 sq. km to the previous zone. The expanded zone was to cover the submerged rocks over which both South Korea and China claimed sovereignty. Surprisingly China did not react fiercely to South Korea's decision, possibly for the following reasons. Firstly, in order to control the inevitable tensions arising from such a step, Seoul had conferred in advance with its neighbouring states, including China. Secondly, Beijing was well aware that Seoul's decision was an inevitable outcome of the former's own insistence that the Chinese ADIZ was in accordance with international precedent and convention. So China could not in all fairness

---

22 Moon Chung-in, 'A new Chapter for China-S. Korea Relations', *The Global Times*, 26 June 2013, at <http://www.globaltimes.cn/DesktopModules/DnnForge%20-%20NewsArticles/Print.aspx?tabid=99&tabmoduleid=94&articleid=791666&moduleid=405&PortalID=0> (accessed on 27 December 2013).

23 Scott Snyder, 'China and the denuclearization of the Korean peninsula', *The Diplomat*, 30 June 2013, at <http://thediplomat.com/2013/06/china-and-the-denuclearization-of-the-korean-peninsula/> (accessed on 26 August 2013).

---

24 Arvind Gupta, 'Chinese ADIZ in East China Sea: Posers for India' IDSA Commentary, 2 December 2013, at [http://www.idsa.in/idsacomments/ChineseADIZinEastChinaSeaPosersforIndia\\_agupta\\_021213](http://www.idsa.in/idsacomments/ChineseADIZinEastChinaSeaPosersforIndia_agupta_021213) (accessed on 4 December 2013).

say that South Korea had no right to expand its own ADIZ.<sup>25</sup>

## China-North Korea relations

### Xi Jinping's policy towards North Korea

Under Xi Jinping's leadership, China was expected to continue its dual policy of friendship with North Korea and coordination with South Korea to ensure a nuclear-weapon-free Korean Peninsula. However, North Korea's rocket launch in December 2012 and the nuclear test in February 2013 put China in a dilemma about how to deal with the North's provocative behaviour, in view of the intense international pressure on Beijing to push Pyongyang towards denuclearisation. In the aftermath of North Korea's nuclear test on 12 February 2013, the Chinese foreign ministry issued a statement condemning that test.<sup>26</sup> Foreign Minister Yang Jiechi summoned the North Korean ambassador, Ji Jae Ryong, to express China's 'strong dissatisfaction and firm opposition' to this provocative action.<sup>27</sup>

North Korea's nuclear test caused strong resentment within China, particularly because it took place less than 100 kilometres (62 miles) from the Chinese border.<sup>28</sup> After the test Yang Jiechi held a series of discussions on the North Korean nuclear issue with his counterparts from the US, South Korea and Russia. In this regard, Wu Dawei, China's chief negotiator for the Six Party Talks (SPT), held a meeting with his South Korean counterpart Lim Sung-nam on 27 February 2013.<sup>29</sup> Pyongyang's provocative behaviour, especially its threat to launch a pre-emptive nuclear strike against the US and South Korea, pushed Beijing into taking a tougher line against its communist ally. China even joined the US in drafting UNSC Resolution 2094. However many analysts argued that the Chinese approach, at least at the initial stage of the said Resolution, primarily consisted of tactical efforts to respond to international pressures. This, to a large extent, seemed similar to the way China had dealt with international pressure in the wake of the passage of UNSC Resolution 1874 on North Korea in May 2009.<sup>30</sup> Yet it remains undeniably true that the Bank of China's decision in April 2013 to cease dealings with the North Korean Foreign Trade Bank was a clear indication of Beijing's growing frustration with its errant ally.<sup>31</sup>

---

25 Shannon Tiezzi, 'China is surprisingly OK with South Korea's new ADIZ', *The Diplomat*, 10 December 2013, at <http://thediplomat.com/2013/12/china-is-surprisingly-ok-with-south-koreas-new-adiz/> (accessed on 12 January 2014).

26 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

27 Christopher Bodeen, 'China: North Korea Nuclear test Brings 'Strong Dissatisfaction and Firm Opposition,' *The Huffington Post*, 12 February 2013, at [http://www.huffingtonpost.com/2013/02/12/china-north-korea-nuclear-test\\_n\\_2668308.html?view=print&comm\\_ref=false](http://www.huffingtonpost.com/2013/02/12/china-north-korea-nuclear-test_n_2668308.html?view=print&comm_ref=false) (accessed on 14 March 2014).

---

28 Ibid.

29 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

30 Scott Snyder and See-won Byun, 'China-Korea Relations: Seeking alignment on North Korea Policy', *Comparative Connections*, May 2013.

31 Don Lee and Barbara Demick, 'North Korea seizes another Chinese fishing boat, crew,' *The Los Angeles Times*, May 20, 2013, at <http://articles.latimes.com/2013/may/20/world/la-fg-china-north-korea-20130521> (accessed on 23 June 2013).

As North Korea's nuclear threats began escalating from late January 2013 through early April, security analysts within China started debating whether Beijing should abandon its allies in Pyongyang. The renowned Chinese security analyst Shen Dingli, in his article in *Foreign Policy*, argued that 'China has reached a point where it needs to cut its losses and cut North Korea loose.'<sup>32</sup> Echoing similar sentiments, Deng Yuwen of the Central Party School, in his article in *Financial Times*, asserted that 'China should consider abandoning North Korea [and] take the initiative to facilitate North Korea's unification with South Korea.'<sup>33</sup> Unlike before, the debates in China seemed to shift from whether China should join hands with other countries while imposing sanctions on North Korea, to the kind of sanctions China should endorse.<sup>34</sup>

Interestingly despite the growing anti-North Korea sentiment within China, the Chinese state media abstained from taking a truly tough position on North Korea. Even though *Global Times*, a Chinese state-run English daily, argued that Beijing needed to cut its aid to North Korea, it did not talk about abandoning North Korea altogether. Instead it raised questions regarding the intentions of the US and its allies with regard to China and North Korea. It claimed that by pressurising China to take a strong anti-North Korea stand, the US and its allies were actually trying to turn Beijing into Pyongyang's 'top

---

32 Shen Dingli, 'It's Time for China to get tough on North Korea', *Foreign Policy*, February 13, 2013.

33 Nathan Beauchamp Mustafaga, 'China and UN Security Council Resolution 2094: Is the Third Time the Charm?', at <http://sinok.com/2013/03/11/china-and-un-security-council-resolution-2094-is-the-third-time-the-charm/> (accessed on 10 March 2014).

34 Ibid.

enemy'. It ultimately recommended that China should make a proportional response that would neither undermine the Beijing-Pyongyang relationship nor jeopardise China's national and regional interests.<sup>35</sup>

That is why, in spite of the fact that China's patience with North Korea seemed to wear thin, there was no indication that Xi Jinping would move quickly to sever the country's long-standing ties with the North. A number of additional geopolitical factors explain China's resistance to cracking down on its unruly ally. For long, Beijing has seen North Korea as a pivotal strategic buffer between China and South Korea. In case the growing international pressure led to the collapse of North Korea, the buffer would cease to exist, possibly creating a refugee crisis and bringing the US forces (stationed in South Korea) to the threshold of China. Such a situation could pose a major security threat to China.

As far as Pyongyang is concerned, it needs to realise that strained relations with Beijing could have an adverse impact on North Korea's own material well-being. The North's ceaseless provocative behaviour could even push China towards becoming more vocal against its own ally. As of now, Pyongyang hopes that Beijing's concerns over the possible refugee influx in the wake of regime collapse in North Korea, coupled with the lack of strategic trust between Beijing and Washington would restrain the Chinese leadership from severing its alliance with the North altogether.

---

35 Ibid.

## Beijing's stance on the Six Party Talks (SPT)

China has been a strong proponent of the SPT from the start. In the wake of North Korea's latest nuclear test, Beijing continued to promote the resolution of tensions through peaceful means, i.e., by reviving the SPT that has been stalled since 2008. In fact, in May 2013, when Vice Marshall Choe Ryong-hae-a, the personal envoy of North Korean leader Kim Jong-un visited Beijing, Chinese President Xi suggested that Pyongyang should resume negotiations with the US and other parties to the SPT. While clarifying the Chinese stance, he further stated:

No matter how the situation changes, relevant parties should all adhere to the goal of denuclearisation of the peninsula, persist in safeguarding its peace and stability, and stick to solving problems through dialogue and consultation.<sup>36</sup>

China's pressure, to some extent, forced North Korea to rethink its stance on the talks. In fact, Vice Marshal Choe during his visit to Beijing, assured that Pyongyang was 'willing to take active measures' to return to talks. Soon afterwards, North Korea made renewed efforts to improve relations with South Korea. It also proposed 'senior-level' talks with the US to ease tensions

and negotiate a formal peace treaty for ending the Korean War.<sup>37</sup>

However while calling for the resumption of the SPT, China seemed to pose a challenge to both US and South Korea. For long, Washington and Seoul have been insisting on preconditions for the talks, including a pledge from Pyongyang that it would give up its nuclear programme. In the past, North Korea had rejected that condition. As both the US and South Korea were now convinced the Kim Jong-un administration would not relinquish its nuclear weapon programme, they were hesitant about reviving the SPT. China however was in favour of restarting the talks without any preconditions.<sup>38</sup> Given this divergence of views among the parties, the revival of the SPT became extremely problematic.

Nevertheless, in September 2013 Beijing once again pushed for the resumption of the talks while holding a commemorative ceremony to mark the 10<sup>th</sup> anniversary of the initiation of the SPT. Unfortunately, the representatives of the US, Japan and South Korea boycotted the ceremony in the absence of commitments from North Korea. Even so, North Korea's First Vice Minister called for the resumption of the talks 'without

---

36 Jane Perlez, 'China bluntly tells North Korea to Enter Nuclear talks', *The New York Times*, 24 May 2013, at [http://www.nytimes.com/2013/05/25/world/asia/china-tells-north-korea-to-return-to-nuclear-talks.html?\\_r=0](http://www.nytimes.com/2013/05/25/world/asia/china-tells-north-korea-to-return-to-nuclear-talks.html?_r=0) (accessed on 1 March 2014)

---

37 Christopher Bodeen, 'China, North Korea hold talks in Beijing', *The Huffington Post*, June 19, 2013, at [http://www.huffingtonpost.com/2013/06/19/china-north-korea-talks\\_n\\_3468610.html](http://www.huffingtonpost.com/2013/06/19/china-north-korea-talks_n_3468610.html) (accessed on 14 March 2014).

38 Jane Perlez, 'China bluntly tells North Korea to Enter Nuclear talks', *The New York Times*, 24 May 2013, at [http://www.nytimes.com/2013/05/25/world/asia/china-tells-north-korea-to-return-to-nuclear-talks.html?\\_r=0](http://www.nytimes.com/2013/05/25/world/asia/china-tells-north-korea-to-return-to-nuclear-talks.html?_r=0) (accessed on 1 March 2014).

preconditions.<sup>39</sup> Despite China's relentless efforts for restarting the SPT, it could not succeed, due to the lack of a strong political will among all the concerned parties.

### Seizure of Chinese fishing boat by North Korea

While China-North Korea relations were already going through some turbulence, North Korea's seizure of a Chinese private fishing boat and the detention of its crew on 5 May 2013 frustrated Beijing further. The captors, who were suspected to be from the North Korean army, demanded a ransom of nearly \$100,000 for the release of the boat and crew. The Chinese Communist Party mouthpiece *Global Times* suggested that the capture might have been in retaliation for Chinese support of UN efforts to impose further sanctions on North Korea. China had to deal with a similar situation in 2012 as well, when three Chinese fishing boats with 29 crew members were held by North Korean captors for two weeks. Given the history, this time the seizure drew an outcry from Chinese media and citizens on social media.<sup>40</sup>

As the situation deteriorated it further damaged the already strained Beijing-Pyongyang relations. North Korea released the fishing boat along with the crew members after two weeks. However

---

39 Jayshree Bajoria and Beina Xu, 'The Six party Talks on North Korea's Nuclear Program', Council on Foreign Relations (CFR), September 30, 2013, at <http://www.cfr.org/proliferation/six-party-talks-north-koreas-nuclear-program/p13593> (accessed on 2 October 2013).

40 Don Lee and Barbara Demick, 'North Korea seizes another Chinese fishing boat, crew,' *The Los Angeles Times*, May 20, 2013, at <http://articles.latimes.com/2013/may/20/world/la-fg-china-north-korea-20130521> (accessed on 23 June 2013).

several media reports within China openly argued that China should stop turning a blind eye towards North Korea's unacceptable actions<sup>41</sup> and cut down its aid to the poverty stricken ally.<sup>42</sup>

### China-North Korea economic interaction

China is North Korea's principal economic benefactor. The fact that in 2013, Beijing-Pyongyang relations were going through a rough phase did not seem to affect the strong economic relations between the two allies. The volume of trade between the two countries rose to a record \$6.45 billion in 2013, indicating a 10.4 per cent increase from the previous year. According to data made available by the Korea International Trade Association, North Korea's exports witnessed 17.2 per cent increase year-on-year, while imports from China increased 5.4 per cent. The North relied heavily on China for crude oil, buying \$598.1 million worth.<sup>43</sup> In the meantime, North Korea's imports of Chinese grain increased 5.9 per cent in 2013 from the previous year. The Korea Rural Economic Institute reported that Pyongyang's imports of Chinese flour, rice, corn and other grain products were to the tune of 298,257 tons in 2013, compared to the 281,633

---

41 Ibid.

42 'North Korea releases detained Chinese fishing boat', *Reuters*, 21 May, 2013, at <http://uk.reuters.com/article/2013/05/21/uk-korea-north-china-idUKBRE94K04420130521> (accessed on 20 December 2013).

43 'DPRK-China trade at record US\$6.45b in 2013', *North Korean Economy Watch*, 31 January 2014, at <http://www.nkeconwatch.com/2014/01/31/dprk-china-trade-at-record-us6-45b-in-2013/>, (accessed on 14 March 2014).

tons a year earlier.<sup>44</sup> The data mentioned above indicates that despite China's growing frustration with its wayward ally in 2013, it continued to provide strong economic support to the heavily sanctioned country.

## Conclusion

Of late, both Beijing and Seoul have come to realise the importance of a strong bilateral relationship. However they are yet to see eye-to-eye on a number of issues which could pose a major challenge towards strengthening the relationship further. Differences between the two countries over North Korea seem to be quite evident. Even though both Beijing and Seoul have agreed to make a joint effort towards denuclearising North Korea, they do not seem to be on the same page as to how to achieve that goal. Even though the growing interaction between China and the US made it easy for South Korea to strengthen Seoul's bilateral relations with both the countries, the path ahead would certainly not be easy. The potential and limits of future China-South Korea relations will largely depend on how far China can accept and respect South Korean political and security interests. Seoul would need to be extremely cautious in strengthening its security alliance with Washington, so as to not raise Beijing's hackles.

In 2013, North Korea's belligerence created friction in the Beijing-Pyongyang relationship. Even though, Beijing voted along with the US in support of UNSC sanctions under international pressure, it still did not alienate itself from its

errant ally. China's strong economic ties with North Korea and its proactive efforts to revive the SPT clearly demonstrate that fact. However it would be wrong on the part of Pyongyang to test Beijing's patience repeatedly. If North Korea continues its provocative behaviour, it could push China to take a drastic decision, and sever its long standing alliance with the former. This would undoubtedly cost the internationally isolated socialist state dearly.

---

44 'DPRK imports of Chinese grain up 5.9% in 2013', *North Korean Economy Watch*, 27 January 2014, at <http://www.nkeconwatch.com/category/statistics/trade-statistics/> (accessed on 14 March 2014).



# 10

## Cross-Strait Relations in 2013

*Prashant Kumar Singh*

This chapter examines the status of Cross-Strait relations in 2013 with reference to the developments and happenings in Taiwan. The plurality of voices in Taiwan provides a much clearer picture of the complexities of the evolving Cross-Strait relations unlike China, where voices and positions are relatively uniform. The year 2013 provided yet another reminder that the deeper the relations, the trickier they are to handle. Every new positive development in Cross-Strait relations brings the intractable issue of unification even closer. Most of the issues that surfaced in Taiwan in the past year vis-à-vis China were ones that have been ongoing and recurring. However, two important developments could still be perceived. A review of the year gives the impression that the Taiwan government is under increasing pressure from the Chinese to engage in political talks, as gauged from its gestures and posturing, though it may not like to acknowledge it. The year also witnessed significant internal churning within the Democratic Progressive Party (DPP)—the main opposition in Taiwan—that may add new dimensions to the Cross-Strait normalisation process.

### Functional cooperation unabated...

The year 2013 saw further progress on the 18 different agreements for functional cooperation between China and Taiwan. Their central banks signed a direct Yuan-clearing deal in January enabling 'direct settlement of Yuan payments between China and Taiwan' thus avoiding the dollar route. Taiwan framed easier visa regulations to allow Chinese nationals to work for up to three years in Taiwan. The two sides were reportedly working on a currency-swap to maintain 'the currency swap line at not less than 300 billion Yuan (\$48.27 billion)' to ensure 'adequate liquidity in each other's currency'. In August, Taiwan started issuing multiple-entry visas to Chinese who have travelled to Taiwan without being part of tourist groups 'two times or more over the past year' or have 'a multiple-exit Taiwan travel permit issued by the Chinese government'. Incidentally, prior to 28 June 2011, Chinese citizens could have visited Taiwan only as part of tourist groups and not independently. This easing of the visa norms reflected the reality that at present more than half of the total 3.81 million tourists to Taiwan are from China, Hong Kong and Macau. In the first half of 2013, their number stood at around 1.97 million. Similarly, 50.6 per cent of the 5.29 million

Taiwanese who undertook foreign trips went to China, Hong Kong and Macau. In 2013, China and Taiwan negotiated on Cross-Strait taxation, which is reportedly 'ready to be signed', and a trade-in-goods pact that is likely to be signed in the first half of 2014.<sup>1</sup> However, a visitation rights agreement that allows Taiwanese government personnel to visit Taiwanese imprisoned in Chinese jails appears problematical. China argues that such an agreement is not possible under its laws. China also appears to hold the view that such an agreement would reinforce Taiwan's separateness and may be interpreted as conceding sovereignty

to Taiwan.<sup>2</sup> Nevertheless, the Strait Exchange Foundation (SEF) of Taiwan and the Association for Relations Across the Taiwan Straits (ARATS) of China—the nodal agencies for conducting Cross-Strait talks—reportedly concluded their first round of dialogue for setting up of their representative offices on each other's side in March/April 2013. Incidentally this was a rare issue on which Taiwan's main opposition party, the DPP, appeared to be somewhat supportive of the government, though it demanded that representative officials of both countries should have equal status in terms of rights, duties and privileges. The setting up of the representative offices—as and when it comes to pass—will prove a new landmark in Cross-Strait relations.<sup>3</sup>

---

1 'China, Taiwan Sign Yuan-Clearing Deal', *The Wall Street Journal*, 25 January 2013, <http://online.wsj.com/news/articles/SB10001424127887323539804578263451199261528> (Accessed on 15 December 2013 ); 'Chinese Set To Be Allowed To Work In Taiwanese Firms', *Taipei Times*, 10 March 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/03/10/2003556734> (Accessed on 15 December 2013 ); 'Perng Says Taiwan Striving To Sign China Currency-Swap Deal', *The China Post*, 19 March 2013, <http://www.chinapost.com.tw/business/asia-taiwan/2013/03/19/373529/Perng-says.htm> (Accessed on 15 December 2013 ); 'Chinese Can Now Get One-Year Multiple Entry Visas', *Taipei Times*, 2 August 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/08/02/2003568761> (Accessed on 15 December 2013 ), 'Majority Of Visitors Coming From China, HK, Macau: Figures', *Taipei Times*, 6 August 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/08/06/2003569058> (Accessed on 15 December 2013 ); 'Cross-Strait Taxation Agreement Ready To Be Signed', *The China Post*, 26 November 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/11/26/394523/Cross-strait-taxation.htm> (Accessed on 15 December 2013 ); 'Trade-In-Goods Pact Expected H1 2014', *The China Post*, 3 December 2013, <http://www.chinapost.com.tw/taiwan/business/2013/12/03/395032/Trade-in-goods-pact.htm> (Accessed on 15 December 2013).

On the whole, the two sides appeared to be on the same page regarding functional cooperation. Although China conveyed its muted annoyance over Taiwan's fishery pact with Japan in the disputed waters of the East China Sea, it did not appear to be taking any extraordinary measures

---

2 'Taipei, Beijing Yet To Reach Consensus On Visitation Rights', *Taipei Times*, 19 September 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/09/19/2003572508> (Accessed on 16 December 2013); 'Taiwan Urges China to Allow Visits To Taiwanese Prisoners', *The China Post*, 27 October 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/10/27/392238/Taiwan-urges.htm> (Accessed on 16 December 2013).

3 'SEF, ARATS Finish First Round of Negotiations On Office Exchange', *The China Post*, 19 April 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/04/19/376459/SEF-ARATS.htm> (Accessed on 16 December 2013); 'Consensus Needed On Cross-Strait Offices: Tsai', *Taipei Times*, 15 April 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/04/15/2003559675> (Accessed on 16 December 2013).

to suppress Taiwan's international status.<sup>4</sup> The Taiwan Affairs Office (TAO) of the People's Republic of China (PRC) set up a new fund to encourage Cross-Strait exchanges. It announced 31 new measures for Cross-Strait relations out of which six were reported in the media. The six new measures relate to easier travel document facilitation, 'increasing the number of designated bases for official Cross-Strait exchanges'; Cross-Strait copyright matters and the digital publishing industry; judicial recognition for the role of mediation committees in Taiwanese townships of China; and new job opportunities for Taiwanese. Meanwhile, new heads of TAO and ARATS were appointed—the Chinese Deputy Foreign Minister, Zhang Zhijun, became the director of TAO, and the Chinese Minister of Commerce, Chen Deming, became the president of ARATS. Chen Deming visited Taipei in November-December 2013<sup>5</sup> and routine Cross-Strait institutional engagement moved forward without any hiccups.

---

4 'Mainland Concerned about Japan-Taiwan Fishery Deal', *China Daily*, 10 April 2013, [http://www.chinadaily.com.cn/china/2013-04/10/content\\_16391079.htm](http://www.chinadaily.com.cn/china/2013-04/10/content_16391079.htm) (Accessed on 16 December 2013).

5 'Beijing Sets Up Fund For Cross-Strait Exchange', *Taipei Times*, 1 September 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/09/01/2003571086> (Accessed on 18 December 2013); 'Taiwan Congratulates New Chinese Negotiator', *The China Post*, 27 April 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/04/27/377114/Taiwan-congratulates.htm> (Accessed on 18 December 2013); 'Zhang Zhijun To Lead China's Taiwan Office', *The China Post*, 18 March 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/03/18/373391/Zhang-Zhijun.htm> (Accessed on 19 December 2013); 'ARATS Chairman Arrives in Taiwan', *The China Post*, 27 November 2013, <https://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/11/27/394629/ARATS-chairman.htm> (Accessed on 19 December 2013).

## ... But cooperation can still stir up passions

However, close economic cooperation and integration with China still evokes mixed feelings in Taiwan at times. The decision to ease work-permit norms for Chinese citizens was one such issue. Taiwan Solidarity legislator Hsu Chung-hsin criticised the Ma Ying-jeou government, claiming it had granted around 180,000 work permits to Chinese nationals annually since 2008, a figure that was three or four times more than the previous average of 40,000–50,000 prior to 2008.<sup>6</sup> Even without endorsing Hsu's views, one realises that such figures will indeed spark political sensitivities in Taiwan, considering its small population. However, it was the trade-in-services agreement with China that generated the most heated debate on Taiwan's economic relations with China, in June 2013. Analysing the merits of the agreement is beyond the scope of this review which is only looking at Taiwanese political response to the agreement. The agreement reignited the old Taiwanese debate whether Taiwan is really benefiting from economic integration with China or losing business and employment to China. The opposition, basically the DPP, had serious issues about the manner of its signing. The announcement of the deal came as a surprise as it was not in prior public knowledge. The government was criticised for not taking business stakeholders into confidence. The opposition insinuated that the ruling Kuomintang (KMT) was pursuing a clandestine agenda and would someday, similarly announce a political agreement with China as a done deal. The

---

6 'Chinese Set To Be Allowed To Work In Taiwanese Firms', *Taipei Times*, 10 March 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/03/10/2003556734> (Accessed on 19 December 2013).

government went into overdrive to sell the deal to the public. It held press conferences and meetings with various business stakeholders to underscore the benefits of the deal which led to heightened acrimony between the DPP and government. In fact, President Ma and DPP Chairman Su Tseng-Chang decided to hold a televised debate on the issue, reminiscent of the debate between President Ma and the then DPP Chairman Tsai Ing-wen on the Economic Cooperation Framework Agreement (ECFA) in April 2010. The debate was to be held on 15 September but Su backed out at the last minute citing a reason that had nothing to do with the deal or the debate. This was probably an indication that the trade-in-services agreement did not evoke the same level of public emotion as the ECFA in early 2010. The 2013 agreement was signed at a time when institutionalised close economic cooperation with China had become routine. In addition, his backing out probably had something to do with the internal churning within DPP and the lack of consensus on the issue. Julian Kuo, a well known DPP leader, openly dissented against the party's official position on the deal. He contested the official proposition that the deal would lead to a massive influx of Chinese workers into Taiwan, and also disputed official DPP figures. He rejected criticism that it was a backroom deal, arguing that some other deals like the Free Trade Agreement (FTA) with New Zealand were also not

discussed publicly.<sup>7</sup> The issue of DPP's internal workings will be discussed in a later section.

## President Ma Ying-jeou and the KMT on Cross-Strait relations

President Ma expressed his views on Taiwan-China relations on many occasions in 2013, emphasising that his Cross-Strait policy, premised on the constitution of Republic of China (ROC) and national interest, had ensured a 'virtuous cycle' for Cross-Strait relations. On different occasions he declared that Taiwan-China relations fell neither into the category of international relations nor

---

7 'Cross-Strait Service Trade Pact Signed', *Taipei Times*, 22 June 2013, <http://www.taipeitimes.com/News/front/archives/2013/06/22/2003565371> (Accessed on 19 December 2013); 'Cross-strait Service Trade Pact Unfair to Taiwanese Publishers: Industry Group', *The China Post*, 24 June 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/06/24/381953/Cross-strait-service.htm> (Accessed on 19 December 2013); 'Cross-Strait Pact Likely To Up Service Exports: Economists', *The China Post*, 24 June 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/06/24/381951/Cross-strait-pact.htm> (Accessed on 19 December 2013); 'Service Pact: Pact A Gateway To FTAs, Ma Says', *Taipei Times*, 29 June 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/06/29/2003565926> (Accessed on 19 December 2013); 'DPP Vows To Resist 'Unfair' Trade Pact', *Taipei Times*, 27 June, 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/06/27/2003565769> (Accessed on 19 December 2013); 'DPP Chair Withdraws From Televised Debate With Ma', *The China Post*, 12 September 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/09/12/388719/DPP-chair.htm> (Accessed on 19 December 2013).

domestic relations. Rather, they were 'special,' 'non-state-to-state' relations.<sup>8</sup>

Other KMT leaders like former Chairman Lien Chan and KMT honorary chairman Wu Po-hsiung expressed similar sentiments during their visits to China. Lien proposed a '16-new character principle' (One China, Cross-Strait Peace, Mutually beneficial integration and rejuvenation of the Chinese nation) in a meeting with Chinese President Xi Jinping. Wu Po-hsiung described Taiwan-China relations as not being state-to-state relations when he met Xi Jinping in June. He proposed a seven-point roadmap for Cross-Strait relations at the KMT-Communist Party of China (CPC) annual forum held in Nanning, China, in October. Incidentally, the KMT-CPC political dialogue has become an ongoing phenomenon that apparently complements the official dialogue. However, in most instances, the visiting KMT

leaders are former office-holders and their visits form part of the public exchanges.<sup>9</sup>

The opposition took exception to the not-international-relations description of Cross-Strait relations. It castigated Lien for dropping the phrase 'different interpretation' suffixing 'One China' in his '16-new character principle'. His use of 'Chinese Nation' too invited severe objection. It seemed that he overstated the KMT's position as the government maintained its distance from Lien's '16-new character principle' and Mainland Affairs Council (MAC) minister Wang Yu-chi described it as his personal view. He clarified that his visit was neither official nor mandated by President Ma. Similarly, Tsai Ing-wen, former DPP chairperson, criticised Wu Po-hsiung, claiming that all the points made by him endorsed the 'One China policy'. In a nutshell, the opposition was of

---

8 'Cross-strait Ties Are Not State-To-State, Nor Purely Domestic Ties Either: Ma', *The China Post*, 12 November 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/11/12/393479/Cross-strait-ties.htm> (Accessed on 21 December 2013); 'Cross-Strait Policy Has Created A 'Virtuous Cycle': Ma', *Taipei Times*, 29 October 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/10/29/2003575649> (Accessed on 21 December 2013); 'Cross-strait relations not international but 'special', Ma stresses', *The China Post*, 18 October 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/10/18/391541/Cross-strait-relations.htm> (Accessed on 21 December 2013).

---

9 'China's Xi Pledges Peaceful Ties With Taiwan In Meeting', *Taipei Times*, 26 February 2013, <http://www.taipetimes.com/News/front/archives/2013/02/26/2003555737> (Accessed on 21 December 2013); 'Wu Rejects Opposition's Accusations Of Betrayal', *The China Post*, 15 June 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/06/15/381277/Wu-rejects.htm> (Accessed on 21 December 2013).

the view that the KMT had come around to the PRC's One China principle.<sup>10</sup>

However, despite some flip-flops, President Ma and the KMT, on the whole, appeared to have held their ground throughout the year. The media reported that the Chinese President Xi had sent a congratulatory telegram to Ma after his re-election as KMT president in which he praised Ma for his One China remark. There were also media reports that Xi appreciated the stand taken by Ma on Cross-Strait relations at the CPC-KMT forum in June. Incidentally, Taiwan's former Vice President Vincent Siew met Xi at the Boao Forum for

Asia<sup>11</sup> at Hainan in April and presented his three-points—Taiwan's rapid economic integration with the Asia-Pacific region; Taiwan's participation in regional trade agreements in a reasonable and fair manner; and joining hands to seek mutual interest and prosperity. Xi reportedly gave him a patient hearing.<sup>12</sup>

The KMT-CPC bonhomie was however, not able to conceal the differences on the issue of Cross-Strait political talks which China was pushing. Chinese officials like TAO Director Zhang Zhijun and Deputy Director Sun Yafu issued statements on different occasions underscoring the need for political talks. Most importantly Xi Jinping himself conveyed to the Taiwanese representative who met him on the eve of Asia Pacific Economic Cooperation (APEC) summit in Bali that the 'political solution cannot wait forever.' On the other hand Taiwan's Wu Po-hsiung remarked at the CPC-KMT forum in October that political

---

10 'Lien's Cross-Strait Formula Erases Taiwan: DPP', *The China Post*, 26 February 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/02/26/371354/Liens-cross-strait.htm>(Accessed on December 21, 2013); 'Top Officials Further Distance Government Lien', *Taipei Times*, 2 March 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/03/02/2003556075> (Accessed on 21 December 2013); 'Opposition Leaders Lay Into 'One China' Framework At Forum', *The China Post*, 15 June 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/06/15/381241/Opposition-leaders.htm> (Accessed on 21 December 2013); 'Su Slams Ma's Definition of Cross-Strait Ties', *Taipei Times*, 12 October, 2013, <http://www.taipetimes.com/News/front/archives/2013/10/12/2003574306>(Accessed on 21 December 2013); 'Ma Tilts To China's Consensus: DPP', *Taipei Times*, 23 July 2013, <http://www.taipetimes.com/News/front/archives/2013/07/23/2003567940> (Accessed on 21 December 2013).

---

11 The Boao Forum is a non-government and non-profit international organization that promotes and strengthens economic exchanges, interaction and cooperation and provides 'high-level venue for dialogue between leaders from government, private enterprise, academia and other juridical associations to discuss, exchange and develop ideas in the scope of economic, social, environmental and related issues'. See, <http://english.boaoforum.org/gyltltzcn.jhtml> (Accessed on 27 January 2014).

12 'China Praises Ma's 'One China' Remark', *Taipei Times*, 26 July 2013, <http://www.taipetimes.com/News/front/archives/2013/07/26/2003568176>(Accessed on 22 December 2013); 'Ma Not Reserved On Cross-Strait Issues: Xi', *The China Post*, 14 June 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/06/14/381157/Ma-not.htm> (Accessed on 22 December 2013); 'Xi Jinping Accepting Of Siew's "Three-Point Vision"', *Taipei Times*, 9 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/09/2003559178> (Accessed on 22 December 2013)..

talks may come up sometime soon. President Ma himself appeared to be vacillating on the issue. On one occasion, he remarked that the talks about the exchange of representative officers by themselves were political in nature. Implicit in this was that political talks were already underway. However, on other occasions he stated that 'political talks with China can wait' arguing that the time was not ripe yet as economic cooperation not political dialogue was what the people needed and political talks were neither 'singularly urgent', nor did the government have a strong enough public mandate for them.<sup>13</sup>

Incidentally, there was much speculation and widespread rumours regarding President Ma wanting to attend the APEC summit in Bali to meet President Xi. Critics said that Ma wanted to realise his personal dream of meeting Chinese leaders. Interestingly, Ma did not reject the idea. He said that 'meeting Xi was an option' and could happen before the end of his second term in 2016, but added the caveat that 'he will only

talk with Xi 'as President'. On the other hand in China, TAO Deputy Director Sun Yafu welcomed the idea of a Ma-Xi meeting but underlined the difficulties in the way. Finally, towards the end of the year, Ma explicitly accepted that he would like to meet Xi at the annual APEC meeting in 2014. He was of the view that since the meeting is that of 'economic leaders', therefore, there should not be many hurdles in their meeting. However, he clarified that such a meeting can be a possibility if it has political support within Taiwan and can take place without compromising Taiwan's national dignity.<sup>14</sup>

## The DPP debates

The two consecutive electoral defeats in Taiwan's presidential elections in 2008 and 2012 seemed to have compelled the DPP to introspect about its China Policy and come to terms with an economic and political reality called China. It finally made its China Affairs Committee, which was created in November 2012, functional this year. In 2007, the then Party Chairman Yu Shyi-kun had disbanded it. Its creation led to much factional infighting. Former premier and prominent DPP leader Frank

---

13 'Political Talks Cannot Be Put Off Indefinitely, TAO Says', *Taipei Times*, 13 October 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/10/13/2003574399>(Accessed on 22 December 2013); 'China's Xi Says Political Solution For Taiwan Can't Wait Forever', Reuters, 6 October 2013, <http://www.reuters.com/article/2013/10/06/us-asia-apec-china-taiwan-idUSBRE99503Q20131006> (Accessed on 22 December 2013); 'Political Talks May Come Up: KMT's Wu', *Taipei Times*, 27 October 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/10/27/2003575486> (Accessed on 22 December 2013 ); 'Exchanging Of Offices With Beijing A 'Political Issue': Ma', *The China Post*, 19 October 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/10/19/391626/Exchanging-of.htm> (Accessed on 22 December 2013 ); 'Taiwan President Says Political Talks With China Can Wait', Voice of America, 22 November 2013, <http://www.voanews.com/content/taiwan-president-political-talks-china-wait/1795372.html>(Accessed on December 22 , 2013).

---

14 'Ma's APEC Motives A Cause Of Concern', *Taipei Times*, 28 August 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/08/28/2003570771> (Accessed on 22 December 2013); 'Ma Says He Will Only Talk With Xi "As President" ', *Taipei Times*, 27 July 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/07/27/2003568278> (Accessed on 22 December 2013); 'Ma Defends China Policy, Says Meeting Xi An Option', *Taipei Times*, 11 July 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/07/11/2003566851> (Accessed on 23 December 2013 ); 'Ma Seeks Meet with Xi at APEC Beijing Summit', *The China Post*, 26 December 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/12/26/396840/Ma-seeks.htm> (Accessed on 27 December 2013).

Hsieh, who was miffed by criticism of his 'two sides, two constitutions' and visit to China last year, initially refused to be part of it. The other prominent leader who had reservations about the committee was Yu Shyi-kun himself. Finally, after much persuasion and mediation, Frank agreed to join it. The committee held its first meeting on 9 May 2013.<sup>15</sup>

The year witnessed leaders like Frank Hsieh pushing for a debate on DPP's China policy. The newly established committee decided to organise a series of discussions on DPP's China Policy with DPP personalities, academicians, civil society members, and even KMT members and Chinese activists and students. The first in the series was held in July. Su Chi, former National Security Council Secretary-General during the KMT government, who is credited to have coined the term 1992 Consensus, was invited to attend the second meeting later in the same month. Incidentally, the media described these discussions as formal and official debates on

---

15 'Hsieh Not Part Of China Affairs Committee', *The China Post*, 2 May 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/05/02/377542/Hsieh-not.htm> (Accessed on 23 December 2013); 'Tsai Urges Greater Diversity On DPP's China Committee', 4 May 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/05/04/2003561420> (Accessed on 23 December 2013); 'Hsieh Agrees To Join DPP China Affairs Committee', *Taipei Times*, 7 May 2013, <http://www.taipeitimes.com/News/taiwan/archives/2013/05/07/2003561667> (Accessed on 23 December, 2013); 'DPP China Affairs Committee Holds First Meeting', *Taipei Times*, 10 May 2013, <http://www.taipeitimes.com/News/front/archives/2013/05/10/2003561898> (Accessed on 23 December 2013); 'DPP's China Attitude Shifting: CAC', *The China Post*, 13 May 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/05/13/378457/DPPs-China.htm>(Accessed on 23 December 2013).

DPP's China Policy. However, these discussions were more like open forums where three or four experts were invited to each meeting to discuss various issues about China. These meetings were not debates, but more in the nature of discussions and exchange of ideas with experts. These open discussions were held between regular meetings of the committee that generally took place once in two months.<sup>16</sup> Although full details of the discussions are not known, the themes discussed are reported to be, understandably, quite broad. The forums have discussed issues such as impact of the democratisation of China if it happens, on Cross-Strait relations and impact of Chinese students, spouses and investment on Taiwan. Although the meetings started by reaffirming the 1999 resolution, some DPP members criticised it as a hurdle in relations between the DPP and China. Towards the end of December last year, Ker Chien-ming, the DPP caucus whip, who convened the last meeting on China Policy, proposed to 'freeze' or suspend the independence clause in the DPP's 1991 charter for the establishment of the Republic of Taiwan. The TAO praised Ker for his views,

---

16 Huai-hui Hsieh, the Deputy Director, Department of International Affairs, the DPP, told the author that these discussions were not in the nature of being formal debates. The DPP had earlier debated its China Policy way back in 1998. This debate was followed by the famous 1999 resolution, which mandated that any change to the 'status quo' would be by a plebiscite and opposed the One China formula.

In the present discussions, the themes discussed are reportedly and understandably, quite broad, compared to the 1998 debate, in view of the dramatically changed context of Taiwan-China relations, since then.

though the DPP did not accord serious thought to the proposal.<sup>17</sup>

In this context, Frank Hsieh's views, which received wide media coverage throughout the year, require detailed consideration as they reveal the churn within the DPP vis-à-vis China. He lambasted the DPP's traditional China Policy characterising it as an utter failure that had marginalized the DPP in the Cross-Strait dialogue allowing the KMT to monopolise the Cross-Strait dialogue. Given his concern to make the DPP an equal stakeholder in the dialogue—at par with the KMT, he proposed that the DPP should adopt a China policy that can reassure the Taiwanese people with regard to its risk-management

ability; convince the international community about its conciliatory intentions, and of it being a responsible stakeholder; and convey the message that its main concern is the future of Taiwan's democracy. He argued that Taiwan and China are members of the 'community of destiny'. He opined that squabbling and quibbling over the term One China would take them nowhere as contending interpretations would always convey an implied illegitimacy with regard to the other. Besides, the Taiwanese definition would never be accepted by the international community, whereas the Chinese stance would always be damaging to Taiwan. Therefore, the use of 'One China' should be dispensed with altogether. He proposed, instead, that a new coinage—'two constitutions, different interpretations' or 'constitutions with different interpretations'—should form the basis for Cross-Strait talks. Hsieh accepts that Beijing may not accept his interpretation. But for him, this was not the issue. The issue for him was to identify a valid difference between the two sides that China could accept and on the basis of which the two sides could break new ground. According to him, by recognising that the two sides of the Strait have two equally valid but different constitutions, expressing unequivocal loyalty to the ROC constitution and upholding it as a basis for the talks, the DPP could reduce the trust deficit with the KMT, strengthen Taiwan's bargaining power vis-à-vis China, and bring its own marginalisation to an end. Hsieh emphasised that the studied vagueness on part of the DPP was untenable. Its members had taken oath on the constitution when they formed the government in 2000 and 2004. He suggested that the KMT should also recognise the PRC constitution and stop believing that the ROC constitution governs the mainland. Consistent with his views regarding the two different constitutions, he demanded that the Cross-Strait governmental interaction

---

17 'Ker Tells DPP to Freeze Its Charter On Independence', *Taipei Times*, 27 December 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/12/27/2003579903>(Accessed on 29 December 2013); 'DPP, China at Odds On Whip's Proposal', *Taipei Times*, 28 December 2013, <http://www.taipetimes.com/News/front/archives/2013/12/28/2003579955> (Accessed on 29 December 2013); 'Former Opposition DPP Lawmaker Pans Party's China Policy', *The China Post*, 27 January 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/01/27/368645/Former-opposition.htm>(Accessed on December 23, 2013 ); 'DPP Legislators Urge PRC Policy Debate', *Taipei Times*, 24 May 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/05/24/2003563046> (Accessed on 23 December 2013 ); 'DPP To Be More Inclusive in China-Policy Discussions', *Taipei Times*, 25 May 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/05/25/2003563133> (Accessed on 23 December 2013 ); 'DPP Holds First China Meeting', *Taipei Times*, July 5, 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/07/05/2003566396>(Accessed on 23 December 2013); 'DPP Meeting On PRC Policy Fails To Reach A Consensus', *Taipei Times*, 27 September 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/09/27/2003573124> (Accessed on 23 December 2013).

should be regulated by law, arguing that as of now the existing regulations only control the people to people interaction. Finally, although he stood for the DPP-CPC interaction on the whole, he advised that 'appropriate distance' be maintained till such time that such a dialogue can be a possibility.<sup>18</sup>

Other DPP leaders like Julian Kuo and the former DPP chairman Hsu Hsin-liang also underscored the need for a new China Policy. Hsu even remarked that, 'If the "One China" principle was an inevitable development, we should seek the best "One China" framework for Taiwan, such as the establishment of a China council which is based on the European Council'. Tsai supported

---

18 'New China Policy Needed: Hsieh', *Taipei Times*, 9 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/09/2003559179> (Accessed on 24 December 2013); 'DPP Must Change China Policy: Hsieh', *Taipei Times*, 16 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/16/2003559861> (Accessed on 24 December 2013); 'Hsieh Defends Cross-Strait Initiative', *Taipei Times*, 12 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/12/2003559436>(Accessed on 24 December 2013); 'Hsieh Proposes Cross-Strait Statue', *Taipei Times*, 1 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/01/2003558518> (Accessed on 24 December 2013); 'Cross-Taiwan Strait Ties Must Not Be Dominated By KMT: Former Premier', *The China Post*, 16 June 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/06/16/381337/Cross-Taiwan-Strait.htm> (Accessed on 24 December 2013 ); 'Frank Hsieh Expounds On Constitution, China', *Taipei Times*, 21 July 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/07/21/2003567821> (Accessed on 24 December 2013).

For historical reasons, the loyalty of the DPP to the ROC constitution has been ambiguous. 'Normal Taiwan' resolution by the DPP in 2007 questioned its relevance which is perceived by the CPC and the KMT as evidence of the DPP's pro-independence motive.

contact-building with civil-society and democratic groups in China. Nevertheless, such revisionist views are yet to get general support. The MAC minister Wang Yu-chi, though not a DPP leader, remarked that Beijing would see Hsieh's 'the different constitutions' as a euphemism for 'state-to-state relationship' only. Some DPP personalities criticised Hsieh's concept of the 'community of destiny' in view of Beijing's continued hostility. Taiwan's former vice-president Annette Lu said a sweeping judgment should not be passed on the DPP's existing China policy. She said that the 1996 consensus that signified collective democratic assertion of Taiwanese sovereignty should be the basis of the Cross-Strait talks. In 1996, Taiwan had its first general election for president. Lu and the present DPP chairman Su were quite vocal against the rising Chinese economic and cultural influence in Taiwan, a 'silent annexation' in Lu's words, contrary to Hsieh's thesis that such apprehensions were due to the non-transparent nature of Cross-Strait dialogue monopolised by the KMT.<sup>19</sup>

One can argue that this demand for a theoretical adjustment came in the wake of the practical adjustments already being made on the ground.

---

19 'Former DPP Chair Hsu Calls For "Bold One China Principle"', *Taipei Times*, 15 June 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/06/15/2003564849> (Accessed on 24 December 2013); 'Hsieh Proposes Cross-Strait Statue', *Taipei Times*, 1 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/01/2003558518> (Accessed on 24 December 2013); 'Lu Warns On "Silent Annexation" By China', *Taipei Times*, 30 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/30/2003561080>(Accessed on 24 December 2013); 'Su Warns Of Growing Chinese Influence', *Taipei Times*, 15 April 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/04/15/2003559674> (Accessed on 24 December 2013).

The DPP members are now travelling to China in their personal as well as official capacity in increasing numbers. Interaction between visiting DPP leaders and low-level Chinese leaders and officials is taking place—around 25 DPP leaders travelled to China in 2011. The number was around 50 in 2012. Although the figure for 2013 is not known, visits of important DPP figures to China took place in 2013 too. The media took note of speculations and rumours about Hsieh's second Beijing trip and Tsai Ing-wen's plans to visit Beijing. Incidentally, Hsieh's Taiwan Reform Foundation and the Academy of Social Sciences' Institute of Taiwan Studies of China organised a conference in Hong Kong. The conference was the first collaboration between a DPP-affiliated organisation and a Chinese-government supported organisation. However, a formal DPP-CPC interaction or dialogue is not yet an immediate possibility. Yu Zhengsheng, Chairman of China's Chinese People's Political Consultative Conference (CPPCC) and TAO spokesman Yang Yi reiterated on different occasions that China would not mind talking to the DPP, but for that to

happen the DPP will have to accept One China and the 1992 consensus.<sup>20</sup>

## China: A continuing threat

Unperturbed by political debates over the character of Cross-Strait relations, the ministry of defence (MOD) continued to maintain that China was an enemy that posed the biggest threat to Taiwan's national security. Chinese

---

20 A DPP legislator Hsu Tain-tsair, Greater Kaohsiung mayor and a DPP leader Chen Chu, former DPP chairman Hsu Hsin-liang, DPP central executive committee member Hung Chi-kune and Frank Hsieh visited China. Chen Chu met the TAO spokesman Yang during his visit. The TAO deputy director Sun Yafu attended the conference co-organised by Hsieh's foundation. The media reported rumours related to Frank Hsieh's plans to meet with the TAO head Zhang Zhijun in Shenzhen in Guangdong where he had gone to meet Taiwanese businessmen.

'DPP Members To Attend Chinese Forums', *Taipei Times*, 17 June 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/06/17/2003564995> (Accessed on 25 December 2013); 'China Respectful To Mayor: Ex-DPP Lawmaker', *The China Post*, 18 August 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/08/18/386694/China-respectful.htm>(Accessed on December 25, 2013); 'Tsai's Office Dismisses Rumors About China Visit', *Taipei Times*, 17 October 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/10/17/2003574711> (Accessed on 25 December 2013); 'Former Premier Outlines Details Of Hong Kong Forum', *Taipei Times*, 25 June 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/06/25/2003565620>(Accessed on 25 December 2013); 'Chinese Official Sees Little Progress In DPP's Policy', *Taipei Times*, 21 August 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/08/21/2003570223>(Accessed on 25 December 2013); 'Chinese Official Spells Out Terms For Exchanges with DPP', *The China Post*, 21 May 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/05/25/379460/China-official.htm>(Accessed on 25 December 2013).

missiles deployed against Taiwan continued to be not only a political reference point but also a reference point for Taiwan's threat assessment. The MOD maintained its distance from retired military officers' China visits. Taiwanese authorities reacted strongly to the espionage scandals in 2013 that involved high-ranking military officials. Despite constraints on its military capability enhancement, Taiwan appeared to be taking defensive measures such as the reported deployment of 'locally developed rockets on the offshore frontline island of Matsu' or the development of medium-range missiles such as the *Cloud Peak* surface-to-surface missile that can hit China's central and southern regions up to Shanghai.<sup>21</sup>

The year under review sent fresh reminders about the growing cyber threats of serious nature. Taiwan's National Security Bureau (NSB) underscored the Chinese military's shifting cyber-focus 'on Taiwan from government institutions to civilian think tanks, telecommunications service providers, Internet node facilities and traffic signal control systems' for maximum possible

control over Taiwan's internal 'Internet systems before trying to steal or forge information, or paralyse Internet communications'. President Ma himself has been quoted as urging the 'military to guard against cyber attacks originating from China'. Reportedly, Taiwan has decided to set up a cyber military unit to tackle the 'rampant attacks by Chinese hackers.' Media reports indicated that cyber security was an important component in Taiwan-US cooperation that 'includes information exchanges and assistance in manpower training'.<sup>22</sup>

Towards the end of 2013, China declared its Air Defense Identification Zone (ADIZ) over the East China Sea. The ADIZ covers the Diaoyutai/Senkaku Islands that Taiwan claims as its territory. However, the ADIZ remained mainly an issue between China and Japan. Instead of clearly supporting or opposing the development, Taiwanese authorities evasively expressed their

---

21 'Mainland China Military Buildup Targets Taiwan: Ministry of National Defense', *The China Post*, 13 March 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/03/13/372884/Mainland-China.htm> (Accessed on 26 December 2013); 'Retired General Indicted Over Alleged Spying For China', *The China Post*, 1 March 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/03/01/371722/Retired-general.htm> (Accessed on 26 December 2013); 'MND Confirms Admiral Quizzed Over Espionage', *Taipei Times*, 5 February 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/02/05/2003554279> (Accessed on 26 December 2013); 'Taiwan Working On New 'Cloud Peak' Missile', 18 January 2013, <http://www.defensenews.com/article/20130118/DEFREG03/301180021> (Accessed on 26 December 2013).

---

22 'Military set to establish new anti-cyberattack unit: MND', *The China Post*, 30 April 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/04/30/377342/Military-set.htm> (Accessed on 26 December 2013); 'China's Hackers Shifting Focus: Report', *Taipei Times*, 28 April 2013, <http://www.taipetimes.com/News/front/archives/2013/04/28/2003560895> (Accessed on 26 December 2013); 'Ma Urges To Guard Against Cyberattacks Originating From Beijing', *The China Post*, 18 April 2013, <http://www.chinapost.com.tw/taiwan/national/national-news/2013/04/18/376384/Ma-urges.htm> (Accessed on 26 December 2013); 'Taiwan, US to Cooperate on Cybersecurity', *Taipei Times*, 23 February 2013, <http://www.taipetimes.com/News/taiwan/archives/2013/02/23/2003555507> (Accessed on 26 December 2013).

hope that China would not declare any such zones in South China Sea.<sup>23</sup>

## Conclusion

A benign power equilibrium, though fundamentally instable, is prevailing in Cross-Strait relations. The world's attention has also shifted from the Taiwan Strait to the East China Sea where maritime disputes between Japan and China are taking place. The KMT-CPC détente and emerging moderation in Taiwan's DPP suggest that this benign power equilibrium is likely to continue. However, a review of the year suggests that close Cross-Strait economic cooperation and integration is not heading to a resolution of intractable political situations anytime soon.

The impression that comes out clearly from interactions with Taiwanese academics, officials and journalists is that China has been exerting increasing pressure for political talks, although President Ma likes to describe this as routine. The ruling KMT government does not have issues with political talks per se. However, it does not accept unification as the objective of political talks. Whereas Mainland China is pushing for

political talks to discuss unification that initially begins with a peace agreement and military confidence building measures (CBMs) between the two sides, Taiwan would like sovereignty and international living space for the Republic of China (ROC) on the agenda of any political talks with China. Taiwan's agenda for political talks is not acceptable to China.

The Taiwanese government appeared to be working hard persistently to gain political recognition for itself. Although the terms and conditions of the proposed representative offices are yet to be defined, their opening in itself will spark off a new round of political and diplomatic interpretations, as the two offices will be representing two different sets of people. The Taiwanese leadership's desire to meet Chinese leaders in their official capacity should not be dismissed offhand as they would perceive it as a promotion of their sovereignty and legitimacy to rule. The Taiwanese saw Wang Yu-chi, the MAC minister and Zhang Zhijun, the TAO director, addressing each other by their official titles at the APEC meeting in Bali in 2013 as an encouraging sign in this regard<sup>24</sup>

Although no radical departure took place in the DPP's report on its China policy released in January 2014, moderate voices for a new China Policy are clearly becoming stronger within the Party. Hsieh's loyal-to-our constitution/the mutual

---

23 'Ma Ying-jeou Says China's New Air Zone "Not Helpful"', *Taipei Times*, 7 December 2013, <http://www.taipetimes.com/News/front/archives/2013/12/07/2003578474> (Accessed on 27 December 2013); 'Taiwan Vexed by China's ADIZ: NSB Chief', *The China Post*, 5 December 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/12/05/395227/Taiwan-vexed.htm> (Accessed on 27 December 2013).

However, the official sources at the Taipei Economic and Cultural Centre (TECC) in India told this author that the Taiwanese authorities had discreetly conveyed their position to Beijing that China's ADIZ was overlapping the other countries' ADIZ which was an unwelcome move.

---

24 'Taiwan and Chinese Ministers Use Official Titles In Historic First', *The China Post*, 7 October 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/10/07/390670/Taiwan-and.htm> (Accessed on 28 December 2013); 'China Visit Under Evaluation: MAC Head', *The China Post*, 17 October 2013, <http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2013/10/17/391473/China-visit.htm> (Accessed on 28 December 2013).

recognition of two different constitutions line comes close to KMT's 'One China' line premised on the ROC constitution, though interpretative differences persist. If the moderate views within the DPP become official or at least mainstream, it would be an important development that could bring about major changes in Cross-Strait dynamics and increase DPP's political and electoral acceptability. The DPP's internal ferment is not just about some individuals or an organisation—it represents the feelings of sections that support the party. China is a market for everybody in Taiwan irrespective of the KMT or DPP. In the coming period, the increase in visits to China by high-profile DPP politicians would be an indicator of the acceptance of moderate views on China in the party.

Finally, in light of the review above, one should focus on whether representative offices will be opened—if yes, then on what terms and conditions. Will China agree to a meeting between Chinese and Taiwanese leaders in their political capacity and how will China respond to a changed DPP.

## Chronology of important events in the year 2013

### January 2013

21: Hsu Tain-tsair, Democratic Progressive Party (DPP) legislator, went to China for a week-long tour

25: China-Taiwan signed a direct Yuan-clearing deal

### February 2013

25: The visiting former chairman of the KMT Lien Chan met with the then Chinese vice-president Xi Jinping who became President of China in March 2013

### March 2013

Zhang Zhijun was appointed the director of China's Taiwan Affairs Office (TAO), based in Beijing. The exact date of this appointment is not known. The media reported this news on 18 March

### April 2013

8: Taiwan's former Vice-President Vincent Siew met with Chinese President Xi Jinping at the Boao Forum for Asia in Hainan, China

### May 2013

9: DPP's China Affairs Committee held its first meeting

## June 2013

13: Wu Poh-hsiung, the honorary Chairman of the Chinese Nationalist Party (Kuomintang, KMT) met with Xi Jinping, General Secretary of Communist Party of China (CPC) and the President of China

20 & 21: Hsu Hsin-liang, DPP's former chairman, and Hung Chi-kune, a member of DPP Central Executive Committee, participated in a forum in Shanghai

21: Taiwan's Straits Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Straits (ARATS) signed a service trade agreement

24: Chen Guangcheng, the famous blind political dissenter from China, arrived in Taiwan from the US for an 18-day visit

29: Frank Hsieh, a DPP leader and Taiwan's former premier, attended a symposium on Cross-Strait relations in Hong Kong

## July 2013

4: DPP held its first closed-door debate on its China Policy

## August 2013

1: Taiwan started giving one-year multiple entry visas to Chinese visitors

9: Chen Chu, a DPP leader and Mayor of Greater Kaohsiung, visited China from 9-14 August

27: The Chairman of Taiwan's Mainland Affairs Council (MAC) met with Fernando Chui who is Chief Executive of Macau, China's special administrative region. This was the first meeting at this level

28: China's TAO set up a new fund for Cross-Strait exchanges

## October 2013

26 & 27: The KMT and the CPC held a two-day economic forum in Nanning, China

## November 2013

4: Taiwan's former Vice-President Vincent Siew reached Nanjing (China) to attend Entrepreneurs Summit Meeting

16: Chinese foreign ministry issued a statement clarifying that it had no role in Gambia severing diplomatic ties with Taiwan

26: Taiwan's President Ma Ying-jeou issued a statement that China's Air Defence Identification Zone (ADIZ) did not involve sovereignty issues, though the setting up of the ADIZ was a matter of 'concern'

26: Chen Deming, Chairman of China's Association of Relations Across the Taiwan Straits (ARATS) made an eight-day visit to Taiwan



# 11

## China's Central Asia Reach: Advancing the Great Power Profile

*Jagannath Panda*

For several years now, China has prioritised Central Asia and Russia in its foreign policy agenda. Russia was the first country Xi Jinping visited after taking over as President in March 2013. In September 2013, Xi Jinping travelled to Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan when he had gone to attend the G-20 summit at St. Petersburg in Russia and the Shanghai Cooperation Organisation (SCO) summit at Bishkek in Kyrgyzstan. This tour by the Chinese President witnessed multi-layered engagement at various political, diplomatic and economic levels, as well as security and military-to-military understanding. Beijing pushed several mega trade as well as economic proposals in the region, with a special thrust on enhancing energy cooperation.

### Highlights of Xi's Central Asia trip

The current and future aspects of the China-Central Asian engagement were outlined in Xi Jinping's speech on 'China's Central Asia Strategy' at the Nazarbayev University in Astana, Kazakhstan. Xi proposed the establishment of an 'economic belt along the Silk Road' between China and the Central Asian region as a joint construction initiative; a 'trans-Eurasian project spanning from the Pacific Ocean to the Baltic

Sea' that would benefit about three billion people in the region.<sup>1</sup> The success of this proposal would depend upon the extent to which both sides enhanced cooperation in areas of connectivity, communication, trade in local currencies and greater monetary cooperation.<sup>2</sup>

Notions like 'all-win' or 'win-win' cooperation and 'common development' have been central to China's foreign policy strategy. Beijing has been employing these two concepts to optimum advantage,<sup>3</sup> in Central Asia, to promote China's standing as a partner and leader. In his speech at Bishkek, Xi proposed that the SCO should establish a development bank, with a special account to carry out developmental activities in the

---

1 Wu Jiao and Zhang Yunbi, 'Xi proposes a "new Silk Road" with Central Asia', *China Daily*, 8 September 2013, at [http://usa.chinadaily.com.cn/china/2013-09/08/content\\_16952304.htm](http://usa.chinadaily.com.cn/china/2013-09/08/content_16952304.htm) accessed 23 December 2013.

2 *ibid.*

3 Mu Xuequan, 'Xi's Central Asia trip aimed at common development, all-win cooperation', *Xinhuanet*, 14 September 2013, at [http://news.xinhuanet.com/english/china/2013-09/15/c\\_125389057.htm](http://news.xinhuanet.com/english/china/2013-09/15/c_125389057.htm); also see 'President Xi Jinping proposes to build a Silk Road Economic Belt with Central Asian countries', *China.org.cn*, 1 November 2013, at [http://www.china.org.cn/travel/revitalize\\_the\\_silk\\_road\\_in\\_Shaanxi/2013-11/01/content\\_30468580.htm](http://www.china.org.cn/travel/revitalize_the_silk_road_in_Shaanxi/2013-11/01/content_30468580.htm) Both accessed 11 January 2014).

region to enable member countries to use these funds for emergencies such as a financial crisis or natural disasters.<sup>4</sup> Chinese leaders have been floating this proposal for several years now. Similar proposals for setting up development banks are being floated by the Chinese leadership, in other multilateral bodies as well.

The SCO has been the prime multilateral body for China to pursue its foreign policy in Central Asia as well as in adjacent region. Xi highlighted four directives in his speech at Bishkek:<sup>5</sup> *First*, to promote trust among the neighbouring countries; *second*, to safeguard regional security and stability; *third*, to forge pragmatic cooperation among SCO members; and *fourth*, to establish and promote people-to-people contacts between China and the region. All these aspects constitute the spirit and premise of the 'Shanghai spirit'. He also announced the founding of a China-SCO International Judicial Exchange and Training Centre at the Shanghai University of Political Science and Law, with the objective of promoting a deeper understanding of various judicial aspects, among SCO member countries.<sup>6</sup> He also urged Central Asian countries to trust the SCO mandate and forge better unity and cooperation among themselves. As in previous years, there was also a discussion on how to combat the 'three evil forces' in the region, namely: terrorism, separatism and extremism. It may be recalled that the SCO was established in

2001 to address the issue of terrorism and border problems between China and Central Asian countries. Besides these, global security issues such as Syria, Afghanistan, Iran and the Korean peninsula were also discussed in the SCO forum, which suggests that the mandate and scope of the SCO, has expanded beyond the Central Asian region. Over the past several years, the SCO too has been discussing security issues pertaining to the Afghanistan-Pakistan region.

## Trade, economics and energy deal takes the lead

Over the years, China has been systematically upgrading its trade and economic ties with Central Asian countries. China-Central Asia trade climbed to \$46 billion in 2012, which is almost a hundred times more than the trade volume in 1992.<sup>7</sup> Statistics for 2012 suggest that China's direct investment in the five Central Asian countries has touched \$7.82 billion.<sup>8</sup> Not to be overlooked, Beijing has emerged as the largest trading partner of Turkmenistan and Kazakhstan.

China forged ahead in 2013 in systematically enhancing its bilateral contacts with individual Central Asian countries at every level. It signed an energy agreement with Turkmenistan for 25 billion cubic metres (bcm) of natural gas. There was also agreement that a gas field project with an annual capacity of 30 bcm would be

---

4 'Xi Jinping Delivers Speech at SCO Summit, and Raises Four-Point Proposal', *Ministry of Foreign Affairs of the People's Republic of China*, 13 September 2013, at <http://www.fmprc.gov.cn/eng/topics/xjpfwzysiesgjtfhshzzfh/t1077762.shtml> accessed 11 January 2014.

5 Ibid.

6 Ibid.

---

7 Wu Jiao and Zhang Yunbi, 'Xi proposes a "new Silk Road" with Central Asia', n. 1.

8 'China-Central Asia trade accelerates', *China Daily*, 16 October 2013, at [http://www.chinadaily.com.cn/business/chinadata/2013-10/16/content\\_17036660.htm](http://www.chinadaily.com.cn/business/chinadata/2013-10/16/content_17036660.htm) accessed 12 January 2014.

completed by 2018.<sup>9</sup> It was reported that by August 2013, 60 bcm of natural gas was imported by China from Turkmenistan.<sup>10</sup> Turkmenistan is expected to increase its natural gas exports to China to 65 bcm per year by 2020. China-Turkmenistan relations have also been upgraded to a 'strategic partnership' in 2013.<sup>11</sup> President Xi Jinping and Turkmenistan President Gurbanguly Berdymukhamedov jointly, announced the completion of the first phase of the Galkynysh gas field.<sup>12</sup> President Berdymukhamedov termed the energy cooperation between the two countries an 'important part of our strategic partnership'. Galkynysh is believed to be the second-largest gas field in the world, with reserves of 4-5 trillion cubic metres.

China has also signed a number of bilateral deals with Uzbekistan, Kazakhstan and Kyrgyzstan. Kazakhstan and China signed 20 deals worth around \$30 billion, in which the thrust was on energy. One of the major projects is the plan to construct a new refinery in Kazakhstan and obtaining credit share in the Kashagan offshore oil

project.<sup>13</sup> The Kashagan agreement was signed in July 2013, wherein CNPC of China won the bid, by surpassing ONGC Videsh of India. President Xi Jinping and Kazakh President Nursultan Nazarbayev also agreed to target a trade volume of \$40 billion in bilateral trade by 2015.<sup>14</sup>

During Xi's Central Asia tour, China and Uzbekistan signed a number of deals, including key agreements relating to energy and counter terrorism, which strengthened their strategic partnership, which had been established in 2012. The two countries agreed to boost energy cooperation in fields such as oil, natural gas, renewable sources and uranium exploration. Uzbek President Karimov said, 'Energy is the priority of our bilateral cooperation'.<sup>15</sup> According to statistics, Sino-Uzbek bilateral trade went up to \$2.88 billion in 2012. The two countries have set a target of \$5 billion for their bilateral trade by 2017.<sup>16</sup> Premier Li Keqiang met Uzbek Prime Minister Shavkat Mirziyoev in Tashkent and signed deals on tourism, financial cooperation, cultural exchanges, and cooperation, and for exchange of information relates to custom matters. In 2013 the two countries also strengthened military-to-military relations in the field of joint training,

9 'China, Turkmenistan sign gas deal', *CCTV.COM* (English), 6 September 2013, at <http://english.cntv.cn/program/newsupdate/20130906/100335.shtml> accessed 2 January 2014.

10 *Ibid.*

11 'China-Turkmenistan relations upgraded to strategic partnership', *CCTV.COM* (English), 4 September 2013, at <http://english.cntv.cn/program/newsupdate/20130904/102050.shtml> accessed 2 January 2014

12 'China, Turkmenistan complete first-phase construction of Galkynysh gas field', *Xinhua*, 4 September 2013, at [http://news.xinhuanet.com/english/china/2013-09/04/c\\_132691759.htm](http://news.xinhuanet.com/english/china/2013-09/04/c_132691759.htm) accessed 11 January 2014.

13 'Kazakhstan Announces \$30 Billion In Deals with China', *Radio Free Europe: Radio Liberty*, 7 September 2013, at <http://www.rferl.org/content/kazakhstan-china-energy-deals/25098519.html> accessed 12 January 2014.

14 Tang Danlu, 'Chinese, Kazakh presidents agree to strengthen bilateral ties', *xinhuanet*, 7 September 2013, at [http://news.xinhuanet.com/english/china/2013-09/07/c\\_132700937.htm](http://news.xinhuanet.com/english/china/2013-09/07/c_132700937.htm) accessed 3 January 2014.

15 Wu Jiao and Li Xiaokun, 'Energy is priority, leaders agree', *China Daily*, 10 September 2013, at [http://europe.chinadaily.com.cn/world/2013-09/10/content\\_16956011.htm](http://europe.chinadaily.com.cn/world/2013-09/10/content_16956011.htm) accessed 12 January 2014

16 *Ibid.*

military education and closer cooperation among military and intelligence officials. China entered into energy deals worth over \$3 billion with Kyrgyzstan,<sup>17</sup> which included a \$1.4 billion credit for the China-Kyrgyzstan gas pipeline.<sup>18</sup> The two countries also upgraded their relationship to a 'strategic partnership'.<sup>19</sup> It was agreed that the two countries would expand bilateral trade and ties, boost cooperation in energy, promote electric grid projects, cross-border infrastructure facilities and roads and other communication links.<sup>20</sup> China is currently constructing a number of oil refineries in Kyrgyzstan, which will enable China to look beyond Russia's fuel-supply monopoly in the region. The China Development Bank has also agreed to lend US\$10 million to Uzbekistan and a memorandum of understanding (MoU) has also been signed with Uzbekistan.<sup>21</sup>

---

17 Bai Tiantian, 'Xi signs deals in Kyrgyzstan', *Global Times*, 11 September 2013, at <http://www.globaltimes.cn/content/810634.shtml#.Utlrv1twb0> accessed 12 January 2014.

18 Ibid.

19 'China, Kyrgyzstan agree to lift ties, deepen political co-op', *China Daily*, September 11, 2013, at [http://www.chinadaily.com.cn/china/2013xivisitcenterasia/2013-09/11/content\\_16961303.htm](http://www.chinadaily.com.cn/china/2013xivisitcenterasia/2013-09/11/content_16961303.htm) accessed January 14, 2014.

20 Wang Xin and Hongyu, 'China, Kyrgyzstan vow to boost economic cooperation', *People's Daily*, 11 September 2013, at <http://english.people.com.cn/90883/8397307.html> accessed 14 January 2014.

21 Zhao Yanan, 'China, Uzbekistan sign pacts', *China Daily*, 29 November 2013, at [http://www.chinadaily.com.cn/china/2013livisiteuasia/2013-11/29/content\\_17141031.htm](http://www.chinadaily.com.cn/china/2013livisiteuasia/2013-11/29/content_17141031.htm) accessed 2 January 2014.

## Not overlooking Russia

Maintaining a steady and healthy relationship with Russia is an important component of Beijing's Central Asia outreach. In 2013, the two countries strengthened their bilateral relationship through political interaction, trade, and energy deals, notwithstanding their mutual suspicions and apprehensions. The competition to take advantage of geo-political openings and the economic opportunities in the region has been the hallmark of the relationship between the two countries over the years. But the necessity to counter American influence in Asia, and particularly in Central Asia, has compelled them to merge their interests and cooperate at the regional and global levels. The importance that China attaches to its relations with Russia is indicated by the fact that Russia was the first country that Xi visited after becoming president.

During this visit, the two countries agreed to increase their annual trade volume to \$100 billion by 2015 and to \$200 billion by 2020.<sup>22</sup> At Moscow's military command centre, the Chinese president was given a demonstration of a computer simulation<sup>23</sup> which showed a US missile defence system that destabilises global nuclear balance.<sup>24</sup> Xi Jinping was the first overseas leader to visit this military command centre. Notably,

---

22 'Li-Medvedev meeting to boost cooperation', *Xinhua*, 21 October 2013, at [http://news.xinhuanet.com/english/china/2013-10/21/c\\_132817648.htm](http://news.xinhuanet.com/english/china/2013-10/21/c_132817648.htm) accessed 16 January 2014.

23 Ben McGrath, 'China and Russia hold naval exercise in Sea of Japan', *World Socialist Web Site*, 16 July 2013, at <http://www.wsws.org/en/articles/2013/07/16/ruch-j16.html> accessed 16 January 2014.

24 Ibid.

political relations between China and Russia improved steadily through 2012-13. During Prime Minister Dmitry Medvedev's visit to China from 22-23 October 2013, the two countries signed a number of agreements on trade, economics, energy, and military affairs.

Energy cooperation was an important aspect of the Sino-Russian engagement in 2013. During Vice-Premier Zhang Gaoli's visit to St. Petersburg in June 2013, the two countries signed an agreement whereby CNPC forged a gigantic deal with Rosneft of Russia for oil deliveries worth \$270 billion. It is expected that this deal will enable Russia to orient its oil exports to China; hitherto, Russia's oil exports have been concentrated towards Europe.<sup>25</sup> News reports also suggest that Russia's Gazprom is currently negotiating with CNPC for supply of natural gas.<sup>26</sup> It is expected that from 2018 Gazprom will supply 38 bcm of gas to China.<sup>27</sup>

Towards the end of 2013, China accorded parity to the Rouble and allowed it to be dispersed

---

25 'China, Russia sign US\$270b oil deal', *China.org.cn (Xinhua)*, 22 June 2013, at [http://www.china.org.cn/world/2013-06/22/content\\_29196568.htm](http://www.china.org.cn/world/2013-06/22/content_29196568.htm) accessed 16 January 2014.

26 It is reported that in September 2013, CNPC and Gazprom agreed on a few issues on this gas deal like volume, delivery mode, price, etc. The contract is expected to be signed by the end of January 2014. See Liang Shih-huang and Staff Reporter, 'Gazprom to sign contract with China on natural gas deal', *WantChinaTimes.com*, 20 December 2013, at <http://www.wantchinatimes.com/news-print-content.aspx?id=20131220000040&cid=1206> accessed 16 January 2014.

27 See *ibid.*; Pu Zhendong and Wu Jiao, 'China, Russia reach big oil deal', *China Daily*, 23 October 2013, at [http://www.chinadaily.com.cn/china/2013-10/23/content\\_17052079.htm](http://www.chinadaily.com.cn/china/2013-10/23/content_17052079.htm) accessed 12 January 2013.

freely in Suifenhe, Heilongjiang province. This is the first time that China has given the same legal status to a foreign currency as the *renminbi* within Mainland China. Suifenhe has been termed as the capital of Sino-Russian trade zone and China has allowed visa-free entry to Russian visitors and businessmen for travel in this border region to carry out business activities.<sup>28</sup> It is expected that Russia will reciprocate by giving the *renminbi* the same leverage in one of Russia's border areas. Sino-Russian bilateral trade was roughly \$88 billion in 2012.

Joint counter-terrorism exercises have been a hallmark of China's relations with Central Asian countries. In 2013, two major exercises were conducted where Russia was a partner country: the 'Joint-Sea 2013' naval exercise was held from 8-10 July 2013; the 'Peace Mission' was held from 27 July to 15 August 2013. The 'Joint-Sea 2013', which was the biggest ever joint exercise between China and another country,<sup>29</sup> took place at Peter the Great Bay on the coast of Vladivostok in the Sea of Japan. Various media reports suggest that the People's Liberation Army Navy (PLAN) deployed four destroyers, two guided missile frigates and an important supply ships in this exercise. 'Joint-Sea 2013' has deepened Sino-Russian maritime understanding and helped in institutionalising and normalising this exercise mechanism. The exercise included critical manoeuvres like joint air defence, joint rescue of hijacked ships, sea-target strike and actual

---

28 Gao Changxin, 'China allows rouble in border city', *China Daily*, 9 December 2013, p. 3.

29 McGrath, 'China and Russia hold naval exercise in Sea of Japan', n. 23.

weaponry firing.<sup>30</sup> The Chinese media highlighted that this exercise was meant to send a strong message to Japan, which the Chinese media allege is monitoring Chinese naval ships as they pass through the Tsushima Strait, which China considers as being the best route for the Chinese fleet, to the coast of Russia.<sup>31</sup> Many see this exercise as being in the nature of a demonstration to counter the USA's 'pivot to Asia'. Both Japan and USA carried out a joint air exercise to monitor the volume and import of 'Joint-Sea 2013', in the airspace around Hokkaido from 8 to 12 July. It was viewed as being intended to send a signal to both Russia and China, about their strong bilateral relationship, and American presence in the region.<sup>32</sup>

The 'Peace Mission' exercise was held from 27 July to 15 August at Chelyabinsk, in the Ural Mountain valley in Russia.<sup>33</sup> It was a classic counter-terrorism exercise that is normally conducted in accordance with the spirit and premise of the SCO. 'Peace Mission' has been an important counter-terrorism exercise since 2003

in which China, Russia and six SCO members participate. The 2013 exercise was the sixth in the series. Surprisingly, this time the only participants were China and Russia. JH-7A aircraft of the PLA Air Force (PLAAF) participated in this joint exercise in Urumqi, the capital city of the Xinjiang region.<sup>34</sup> Chinese news sources reported that the exercise was divided into three phases: troop deployment, battle planning and simulated combat training.<sup>35</sup>

Overall, Sino-Russian relations have been progressing well. Not only is Russia an anti-Western country but is also a neighbour of China. The political engagement between the two is becoming stable and strong, mainly in the backdrop of the USA's 'pivot to Asia' or 'rebalancing' strategy, whereby China and Russia need each other to preserve their identities in Central Asia and in Asia. NATO's aggressive attitude and troop withdrawal from Afghanistan are other factors that are bringing China and Russia closer at the regional level. The revival of extremist forces in the Afghanistan-Pakistan region in the wake of US troop withdrawal is another factor that impels China and Russia to discuss joint security issues. China and Russia as permanent members of the UN Security Council together vetoed the sanctions against Syria.

During his Russia trip Xi Jinping described the Sino-Russian relationship as the 'most important and best relationship between two major

---

30 'PLAN's taskforce leaves for Russia for 'Maritime Joint Exercise 2013', *People's Daily*, 4 July 2013, at <http://english.peopledaily.com.cn/90786/8310441.html> accessed 16 January 2014.

31 Zhao Shengnan, 'Tokyo monitors Chinese fleet', *China Daily*, 4 July 2013, at [http://www.chinadaily.com.cn/cndy/2013-07/04/content\\_16722827.htm](http://www.chinadaily.com.cn/cndy/2013-07/04/content_16722827.htm) accessed 16 January 2014.

32 McGrath, 'China and Russia hold naval exercise in Sea of Japan', n. 23.

33 'Practical actions within Peace Mission 2013 anti-terrorist exercise ended successfully', *Russia & India Report*, ITAR-TASS, 12 August 2013, at [http://indrus.in/news/2013/08/12/practical\\_actions\\_within\\_peace\\_mission\\_2013\\_anti-terrorist\\_exercise\\_ende\\_28327.html](http://indrus.in/news/2013/08/12/practical_actions_within_peace_mission_2013_anti-terrorist_exercise_ende_28327.html) accessed 12 January 2014.

---

34 'Chinese troops of 'Peace Mission-2013' arrive at exercise area', *People's Daily*, 5 August 2013, at <http://english.peopledaily.com.cn/90786/8352081.html> accessed 12 January 2014.

35 'Peace Mission-2013 China-Russia joint drill ends', *CCTV.com English*, 16 August 2013, at <http://english.cntv.cn/program/newsupdate/20130816/100019.shtml> accessed 12 January 2014.

powers'.<sup>36</sup> Similarly, Premier Li Keqiang said the Sino-Russian relationship was good and stable and expressed the view that the two countries needed to enhance their political understanding and push for 'pragmatic cooperation'. But at the same time, discord and discomfort continue to dog Sino-Russian relations. The two countries have similar ambitions in Central Asia: they want to control the Central Asian market in their own favour. There is a concern in Russia that China's robust and constant engagement with the region is not entirely in Russia's interest. The superiority complex that marks Russia's attitude towards the rest of the world will continue to inject distrust in China-Russia ties from time to time.

## Thrust on security

The year 2013 saw better understanding with regard to security affairs between Beijing and the countries of the region. Kazakhstan's first deputy defence minister's visited China in June; and Iliazbek Subankulov, the first deputy defence minister of Kyrgyzstan and chief of general staff of the armed forces visited China in November.

Amidst all this, events in the Xinjiang region greatly troubled the Chinese authorities in 2013. The international media have given inadequate coverage to the incidents in Xinjiang in 2013 as they were more focused on the clashes and demonstrations in Egypt and Syria. Throughout 2013, incidents of violence and ethnic clashes took place in the Xinjiang region. According to the Chinese media, 21 persons were killed, including six 'suspected terrorists' and 15 community

workers and police officials in a clash in April.<sup>37</sup> In July, it was reported that 24 persons had died in a riot in Lukqun Township in Xinjiang: of them, 16 were ethnic Uyghurs and eight were ethnic Hans.<sup>38</sup> In December, it was reported that Xinjiang police shot dead eight terrorists who were planning an attack in Shache County in Kashgar.<sup>39</sup> Clearly, the crisis in Xinjiang is far from over, and the ethnic tensions between the Han and Uyghur are still simmering. Xinjiang is known as China's 'wild West'. It is also China's energy hub: most of China's energy pipelines and routes criss-cross this region. Radical groups in the Central Asian region, targeting both the Central Asian region and China, therefore have a strong stake in destabilising it.

The withdrawal of Western troops from Afghanistan in 2014 has also raised Chinese anxieties with regard to peace and stability in the greater Central Asian region. At the 12th SCO Prime Ministers meeting, held from 28 to 29 November 2013 in Tashkent, Uzbekistan discussed this concern. The Chinese participants stressed the importance of countering terrorism through SCO mechanisms and robust bilateral measures in the region, and

---

36 Gao Changxin, 'China allows rouble in border city', *China Daily*, 9 December 2013, p. 3.

---

37 Chen Zhi, '21 dead in Xinjiang terrorist clash', *Xinhuanet*, 24 April 2013, at [http://news.xinhuanet.com/english/china/2013-04/24/c\\_132336588.htm](http://news.xinhuanet.com/english/china/2013-04/24/c_132336588.htm) accessed 17 January 2014.

38 Mu Xuequan, 'Xinhua Insight: Investigations reveal details of Xinjiang terror attack', *Xinhuanet*, 6 July 2013, at [http://news.xinhuanet.com/english/indepth/2013-07/06/c\\_124966189.htm](http://news.xinhuanet.com/english/indepth/2013-07/06/c_124966189.htm) accessed 14 January 2014.

39 Mu Xuequan, '8 terrorists killed in Xinjiang attack', *Xinhua*, 30 December 2013, at [http://news.xinhuanet.com/english/china/2013-12/30/c\\_133007039.htm](http://news.xinhuanet.com/english/china/2013-12/30/c_133007039.htm) accessed 17 January 2014.

expressed particular concern regarding the 'East Turkistan Islamic Movement'.<sup>40</sup>

## Conclusion

Beijing has been an effective and active power in Central Asia since the late 1990s. The basic premise of China's approach during the initial years of SCO's establishment was to discuss security issues and the border problems with the countries in the region. However, Beijing has now crafted a comprehensive and resourceful approach towards Central Asia. China's main thrust in Central Asia today is to exploit the energy resources the region offers and be a possible economic and security partner for the former Soviet republics. The CARs see China as a power that they can bank upon. Russia too, despite its reservations, sees China as an economic partner and a reliable ally that can help check American influence in the region. Beijing meanwhile is steadily expanding its influence in Central Asia while signalling that its objective is to coexist and bring peace and stability to the region. Notably, China has emerged as the most influential power, surpassing Russia in Central Asia.

To sum up, a few observations may be made in the context of China's outreach to Central Asia in 2013. *First*, Beijing believes that the region and the countries of Central Asia are not only vital to it for strategic reasons but for furthering China's greater Asian reach. In this design, equal emphasis was accorded to its political, economic and strategic outreach to the region. This is important both for China's hard power and soft power posture in the

Central Asian region. *Second*, Russia continues to be a priority in China's foreign policy design. Political interaction and exchanges between the two countries have been on the rise, which has enhanced convergence in their thinking on multilateral issues on the global platform. *Third*, the SCO, which has facilitated China's regional and bilateral strategic interests, will continue to be the main instrument for Beijing's Central Asia reach. Beijing's interest in the SCO will grow post the 2014 US troop withdrawal, which will leave the Chinese region bordering Afghanistan, exposed. *Fourth*, Beijing's 'economic belt' in Central Asia is an important aspect of China's Central Asian outreach and the focus will be on energy and economic deals and China will continue to stress this aspect in the coming times.

---

40 Mo Jingxi and Zhao Yinan, 'SCO meeting to focus on battling terrorism', *China Daily (Asia)*, 21 November 2013, at [http://www.chinadailyasia.com/news/2013-11/21/content\\_15100374.html](http://www.chinadailyasia.com/news/2013-11/21/content_15100374.html) accessed 12 January 2014.

# 12

## US-China Relations: An Overview

*Stuti Banerjee*

It is natural that the United States would pay close attention to China's emergence in international politics, economics and security. The US and its institutions have dominated the international arena since the end of the Second World War. However, it is being speculated that the emergence of China would be the single most important factor that will shape international politics, economy and security relations in the coming decades. Thus, the US is both fearful of this growth while at the same time harbouring the desire to partner with China too.

US relations with China encompass a range of issues from foreign policy to economic linkages. The US is mindful of the growing Chinese influence in Asia and the Pacific. In a bid to strengthen its position vis-à-vis China, the US announced its policy of 'Re-balance towards Asia'. The US understands that in its Asia policy, it is no longer in a position to overlook the presence of China—given China's geographical size, population, economy, military modernisation plans and its forays to enlarge its regional footprint.

### Political relations

China is emerging as a major power and it believes in engaging with the US to indicate that it has no intention of entering into a confrontation with the US or challenging its hegemony. China seeks mutual respect, equality and mutual benefit,

with an aim to demonstrate its desire for peace and development. China is aware of the fact that its initiatives do not mean that the US will necessarily change its policies towards China, but at least the idea of a new form of great power relationship has been tabled.

China believes that there are three major differences in the relationship from past decades. Firstly, the overall international environment is different where both China and the US are in an era of peaceful development. Secondly, they have more shared interests, interactions, and integration. Thirdly, China is now in possession of nuclear weapons and advanced military forces, which have the capability to deal with foreign military strikes. Thus, China believes that it is necessary to avoid new conflicts between emerging major powers and established ones and the focus of the relationship is to build strategic mutual trust that may prevent misunderstandings in the future. It believes crisis control as well as conflict management may prevent misfires. But more importantly, it wants to ensure that adversaries understand clearly that any benefits of trying to constrain China by military means will be outweighed by the cost.<sup>1</sup>

---

1 ----, 'China's four tasks for building new-type relationship with major powers', 2014, <http://english.peopledaily.com.cn/90883/8489787.html>, Accessed on 27 February 2014

The visit by President Xi Jinping in June 2013 to the US was an indication of the new leadership of the Communist Party of China taking steps to reaffirm the above, and displace any misunderstandings of its policy decisions especially in the Asia Pacific region. This was needed as US commitment to the security of its partners and its military presence in the region is well established. The US has expressed its concerns over Chinese claims to island territories, which has led to sharp diplomatic exchanges between China and the other countries in the region such as Japan and South Korea—both alliance partners of the US. The visit was also to rest misgivings that the US may have with the inroads that China is making in its neighbourhood.

The highlight of the Chinese president's visit to the US was to strengthen bilateral ties that included issues of common interest to both, such as trade and security. The visit ended with the two leaders pledging to build a 'new model of great power friendship.' It needs to be pointed out that this was not an official state visit. It has been described by both sides as an opportunity for the two heads of government to establish a personal relationship that would help address future matters of importance. One such issue is the accelerated development of nuclear weapons and long-range missiles by North Korea, and its threat to use them against the US. Washington has taken strong military steps to counter the threat, which have not gone unnoticed by China. The US acknowledged that China can play a decisive role by exercising its leverage with the government in North Korea to resolve this long-standing issue. China is also concerned about the rapid developments in North Korea and its consequences for the region. An indication of this was Beijing's increasing public criticism of Pyongyang's policies, and support to financial

restrictions imposed by Washington. In February 2013, Beijing summoned the North Korean ambassador to its foreign ministry to protest Pyongyang's third nuclear test, and issued a call for a calm reaction to the denuclearisation talks. While this has been an encouraging development, the US is aware that China has historically supported North Korea. China's current support is based on its strategic understanding of the Peninsula, where it has extensive economic ties with South Korea, but China acknowledges it remains an ally of the US.

China would like to eliminate the threat of the use of nuclear weapons by North Korea against any country. It is with this aim that China is working with the US to identify areas in which the interests of the two countries overlap and can be taken forward. China is an integral part of the P5+1 talks with Iran which was able to successfully negotiate a 'Joint Action Plan' or the Iran nuclear deal as it is popularly known. The deal is a positive step in diffusing the tense relations between Iran and the US and stabilising the region. China has pledged to continue its support to the negotiations and play a constructive role in the long-term solution to the Iran nuclear standoff.

## Non-military security relations

In 2013, strong evidence emerged that the Chinese government was directing and executing large-scale cyber espionage against the US. Around the same time, revelations by a former National Security Agency (NSA) contractor about the extent of US surveillance on other countries created a furore in the international community. The disclosure unleashed an intense debate within China. The US has time and again accused China of cyber attacks and it is true that the largest

number have been traced to China or Chinese Internet companies. On the other hand, the US surveillance controversy proved to the Chinese something they had suspected for a long time—the role of the US government and that of some leading companies like Google and AOL in cyber espionage. According to the Chinese Internet watch dog, the National Computer Network Emergency Response Coordination Centre, China was the subject of an increasing number of cyber attacks, half of which originated from the US. The US has countered the allegations by stating that, the cyber security firm Mandiant compiled a report alleging that a secret Chinese military unit in Shanghai was behind years of cyber attacks against American companies. It said Chinese cyber spies infiltrated overseas networks and stole massive amounts of data from US companies and other entities.<sup>2</sup>

Apart from the issue of cyber security, the US is increasingly looking at what it views to be a new threat that is emerging from China. It is the push by Beijing to bolster its competitiveness by obtaining technology directly from Chinese scientists and researchers working in various laboratories and universities across the US. China is also persuading scientists and researchers to return by providing them complete support to undertake research in China. The US terms this as Chinese Industrial Espionage which is made possible by lack of laws that define and govern such transfer of technology. For the US, the matter has assumed such proportions that the National Counterintelligence Executive has plans to table exclusive reports on China, separate from the rest of the world, given the extent of China's strategy

2 ----, 'US main source of cyberattacks against China', [http://usa.chinadaily.com.cn/china/2013-03/11/content\\_16296323.htm](http://usa.chinadaily.com.cn/china/2013-03/11/content_16296323.htm), Accessed on 27 February 2014.

and active support for such transfer of technology. The Commission on the Theft of American Intellectual Property concluded that technology theft amounted to a loss of more than \$300 billion a year, the equivalent of total annual US exports to Asia. 'Virtually every sector and technology is attacked,' the commission said.<sup>3</sup>

## Military relations

China's military engagement with other countries seeks to enhance China's international presence and influence by improving relationships with foreign militaries, bolstering China's international and regional security and forging ties with other nations. The participation of the People's Liberation Army's (PLA) in bilateral and multilateral exercises is increasing. The PLA derives political benefit through increased influence and enhanced ties with partner states and organisations. Additionally, such exercises provide the PLA opportunities to improve capabilities and gain operational insights by observing tactics, command decision-making, and equipment used by more advanced militaries.<sup>4</sup> According to the US, dealing with a potential contingency in the Taiwan Strait remains the PLA's primary mission despite decreasing tensions in the area. Protecting China's sovereignty and territorial integrity as a 'core interest' is the main thrust of Chinese defence modernisation along with its

3 Edward Wong & Didi Kirsten Tatlow, 'China Seen in Push to Gain Technology Insights' *The New York Times*, <http://www.nytimes.com/2013/06/06/world/asia/wide-china-push-is-seen-to-obtain-industry-secrets.html?ref=xijiping>, Accessed on February 26 2014.

4 Office of the Secretary of Defence, 'Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2013', Washington DC, DoD, 2013, pp 01.

willingness to respond to actions it perceives as challenging this core interest.<sup>5</sup>

The PLA continues to decrease its reliance on foreign weapons acquisitions as China's defence-industrial and research bases mature. On 5 March 2013, Beijing announced a 10.7 per cent increase in its annual military budget to \$114 billion, continuing more than two decades of sustained annual defence spending increases. Analysis of data from 2003 through 2012 indicates China's officially disclosed military budget grew at an average of 9.7 per cent per year in inflation-adjusted terms over the period.<sup>6</sup>

In August 2013, the 14th escort taskforce of the PLA Navy (PLAN) held a China-US maritime joint anti-piracy drill with the US Navy's guided missile destroyer 'Mason', which was performing missions in the waters off the Gulf of Aden. In September of 2013, the No. 113 taskforce under PLAN visited Hawaii and held a joint maritime search and rescue exercise with the US Navy. During the exercise, the two sides sent liaison officers and observers to each other's ships.<sup>7</sup>

In military to military engagements, the first China-US Humanitarian Assistance and Disaster Relief (HA/DR) live troop exercise was conducted in November 2013 off the shores of Hawaii. The games, designed to maximise 'side by side' interaction and communications, was the ninth humanitarian assistance and disaster relief

academic exchange between China and the US and also the first joint live troop exercise of its kind since the academic exchanges began in 1997.<sup>8</sup>

The PLA Navy participated, for the first time, in the Rim of Pacific (RIMPAC) naval exercise conducted by the US Navy, though in a very limited capacity due to laws that prohibit Pentagon from contact with the PLA, PLAN and PLA Air Force (PLAAF) 'if it could create a national security risk'. Though restricted in nature, the engagement was an important step between the two powers in the region.

During his visit to Washington in 2013, Chinese Defence Minister General Chang Wanquan met Secretary of Defence Chuck Hagel to discuss and finalise several endeavours that the US and China would undertake to strengthen their relationship. This meeting was held in the backdrop of the two navies conducting joint humanitarian relief exercises off the coast of Hawaii. The two states also conducted a joint counter-piracy drill in the Gulf of Aden near Somalia in September 2013. The Hagel-Chang meeting also led to an agreement to establish a notification mechanism to keep each other informed of their military activities, thus reducing the potential for miscalculation and promoting better coordination. Through military exchanges and joint military exercises, the US seeks to engage China as a partner in global defence issues.<sup>9</sup>

---

5 Ibid., pp 3and 4.

6 Ibid., p 45.

7 China Military online, 'China, U.S. to conduct humanitarian assistance and disaster reduction joint drill', [http://eng.mod.gov.cn/DefenseNews/2013-11/12/content\\_4474670.htm](http://eng.mod.gov.cn/DefenseNews/2013-11/12/content_4474670.htm), Accessed on 27 February 2014.

---

8 ----, 'China-U.S. joint live troop exercises close in Hawaii', [http://eng.mod.gov.cn/DefenseNews/2013-11/16/content\\_4475165.htm](http://eng.mod.gov.cn/DefenseNews/2013-11/16/content_4475165.htm), Accessed on 26 February 2014.

9 Ryan McClure, 'A New Type of US-China Military Relationship', *The Diplomat*, <http://thediplomat.com/2013/09/a-new-type-of-us-china-military-relationship-2/>, Accessed on 26 February 2014.

The Chinese declaration of an Air Defence Identification Zone (ADIZ) in the East China Sea, a new demand that foreigners get China's permission before fishing in the South China Sea, and the incident involving the US Navy cruiser *Cowpens* and a Chinese naval vessel reinforced the suspicion that despite explicit denials, Beijing intends to impose a sphere of influence over the seas off the Chinese coast. *The Global Times*, a Chinese Communist Party newspaper, commenting on the incident between the two naval vessels obliquely asserted a Chinese version of the *Monroe Doctrine* based on deference to Chinese 'feelings' rather than international law: '...the South China Sea will never be the same as the Caribbean, thus the US navy will have to consider the national interests and the feelings of China while cruising in the South China Sea.'<sup>10</sup>

In late January 2013, China conducted the first test flight of its indigenously developed cargo transport aircraft, the Yun-20 (Y-20). The Y-20 aircraft will be able to support a variety of domestic and international military operations. It will enhance the PLA's ability to respond to internal security crises and border contingencies, support international peacekeeping and humanitarian assistance operations, and project power in a regional conflict. In June 2013, the PLAAF began to induct the new Hongzha-6K (H-6K) bomber aircraft. The H-6K has an extended range and can carry China's new long-range Land Attack Cruise Missile (LACM). The bomber/LACM weapons system provides the PLAAF with the ability to conduct conventional strikes against regional targets throughout the Western Pacific, including US facilities in Guam. Although the H-6K airframe could be modified to carry a nuclear tipped air launched LACM, there is little evidence to point

that China is deploying nuclear warheads on any of its air launched LACMs.<sup>11</sup>

The PLA, in July 2013, deployed peacekeepers to the United Nations (UN) Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA). This was the first time that China deployed its infantry in support of a UN peacekeeping mission. Till now its participation was limited to non-combatant troops.<sup>12</sup> All these are indications of China building its military capabilities to better support its global political and economic aims.

## Economic relations

There has been an impressive development in the China-US economic relationship as dialogues, exchanges and cooperation have strengthen between the world's top two economies. China and the US concluded their first Joint Commission on Commerce and Trade (JCCT), since the new Chinese and American administrations took office, agreeing to remove some trade barriers and build a foundation for the new model of major power relations. Bilateral investment between the countries has expanded substantially over the past few years, and the pace and magnitude are expected to grow continually as China is encouraging domestic companies to invest

---

<sup>10</sup> Ibid.

---

<sup>11</sup> US Congress, 'Report to the Congress of the US-China Economic and Security Review Commission' (113<sup>th</sup> Congress, First Session), Washington DC, USGPO, 2013, pp 14.

<sup>12</sup> Ibid., pp 15.

abroad while the US is advancing its 'Select USA' initiative to attract foreign investment.<sup>13</sup>

However, in recent years, some Chinese investments in the US were frustrated by regulatory resistance—transactions were blocked for so-called 'national security' reasons and some politicians even view Chinese investments as a threat. Economists have cautioned that US-China trade on the whole remains imbalanced and this will only continue to increase. The Chinese Ministry of Commerce published economic data for 2013 in Beijing which revealed that the value of trade in China's goods in 2013 exceeded that of the US, making the world's second-largest economy the world's top trader for the first time. The latest Chinese figures put the value of its overall trade at \$4.6 trillion for 2013. Although the value of China's goods trade surpassed the US, its trade in services remains less developed.<sup>14</sup>

About 15 to 20 companies from China are expected to go public in the US in 2014 amid restored investor confidence. The new listings from China will mainly be in the health, high-technology and retail sectors. "China has become the third-largest country by the number of companies listed on NYSE Euronext, following the US and Canada," said David Ethridge, senior vice-president and head of capital markets at NYSE Euronext Inc., which operates equity exchanges around the world. As of 30 November 2013, there were 74 Chinese companies listed

on the New York Stock Exchange and nine on a smaller subsidiary exchange established specifically for small-capitalisation companies. These companies' total market capitalisation stood at \$1.04 trillion on that date.<sup>15</sup>

Chinese companies have become more positive about conducting Initial Public Offerings (IPO) in the US. Six Chinese companies listed there in 2013 raised \$720 million, compared with just two IPOs in 2012. The US market is particularly attractive for Chinese Internet companies. At the end of 2013, the individual market capitalisation of more than half of the Chinese Internet companies listed in the US exceeded \$1 billion. China has told high ranking trade negotiators of the US government that Beijing would do more to protect intellectual property rights and combat piracy by promoting the use of legal software. In turn, American officials promised to consider China's demands for greater exports of US high-technology products and to facilitate more Chinese investment in the US.<sup>16</sup>

In 2013, China continued to promote the internationalisation of the Yuan, or Renminbi, with the media and analysts buzzing about the effect of recent reforms on the increasingly global currency. The country made progress in facilitating RMB-denominated international trade and investment, developing RMB offshore businesses, and establishing more currency swap lines and other

---

13 Li Zhenyu, 'Elite Talk: A talk with Francisco Sánchez on growing Chinese investment in US', <http://english.people.com.cn/business/8499749.html>, Accessed on 27 February 2014.

14 ----, 'China set to overtake US as world's biggest goods trader', <http://english.people.com.cn/business/8503527.html>, Accessed on 26 February 2014.

---

15 Cai Xiao, 'Chinese companies are flocking to US for IPOs', [http://usa.chinadaily.com.cn/business/2014-02/27/content\\_17310067.htm](http://usa.chinadaily.com.cn/business/2014-02/27/content_17310067.htm), Accessed on 27 February 2014.

16 Ministry of Commerce, People's Republic of China, 'China, US Kick Off Annual Trade Talks', <http://english.mofcom.gov.cn/article/newsrelease/counseloroffice/westernasiaandaficareport/201212/20121208492584.shtml>, Accessed on 27 February 2014.

financial agreements. Nonetheless, according to the global transaction services organisation, SWIFT, the RMB remained the 12th payments currency in the world, with a mere 0.84 per cent share of all global payments in October 2013.<sup>17</sup>

## People to people contact

Secretary of State John Kerry and Chinese Vice-Premier Liu Yandong co-chaired the fourth annual US-China Consultation on People-to-People Exchange (CPE) in Washington on 21 November 2013. The CPE aims to enhance and strengthen ties between the citizens of US and the People's Republic of China in areas of culture, education, science and technology, sports, and women's issues.<sup>18</sup> People-to-people exchanges joined strategic cooperation and win-win business ties as the three pillars underpinning the China-US relationship. With 235,000 Chinese students studying in America, China is now the largest source of international students in the US.<sup>19</sup>

These people-to-people contacts have helped in bridging differences, promote understandings and help improve bilateral ties between the two

countries who share a 'complicated relationship'. It has focused on tapping the potential of cooperation between the people of the two countries. As a result, the people feel closer to each other, mutual understanding has deepened and it is helping erode bias and promote a constructive and cooperative spirit between the two nations.

## Conclusion

The relationship between the US and China today is both close and complex. The two nations have built partnerships on a number of issues of common interest, but they have equally divergent views on some others.

China's third party plenum in November 2013 concluded in an impressive array of promises for significant domestic policy changes especially for the economy. The new thought is best encapsulated by the sentence in the official communiqué that the 'market should play a decisive role in the allocation of resources in the economy.' If fully implemented, these reforms would mean that state-owned enterprises will be less privileged and Chinese consumers more empowered, both positive developments for US businesses. Further, National Security Advisor Susan Rice's speech on Asia policy explicitly opened the door for China to join the Trans-Pacific Partnership, or TPP, at a future date when China

17 ----, 'China continues promoting RMB use globally in 2013', <http://english.people.com.cn/102774/8495215.html>, Accessed on 27 February, 2014.

18 Department of State, 'US-China Consultation on People-to-People Exchange', Accessed on 26 May 2014, <http://www.state.gov/r/pa/prs/ps/2013/11/217931.htm>, Accessed on 26 May 2014.

19 Liu Yandong, 'Deepen China-US People-to-People Exchange to build a New Type of Relationship Between Major Countries', Accessed on 26 May 2014, <http://www.chinausfocus.com/library/government-resources/chinese-resources/remarks/deepen-china-us-people-to-people-exchange-to-build-a-new-type-of-relationship-between-major-countries-may-11-2012/>, Accessed on 26 May 2014.

can meet the high standards currently being devised by the 12 negotiating countries.<sup>20</sup>

The Iran talks are an example of their coming together whereas the impasse on North Korea, while not as vast as before, still exists. Sino-American cooperation on piracy and counter-narcotics continued apace, and for the first time, China agreed to join the US conducted RIMPAC, the largest annual international marine exercise, signalling its willingness to engage with other militaries without dictating its terms.

China's new government is taking charge of a country whose population is not reaping the benefits of economic policies, a society changed by the expansion of various modes of communication and a state re-establishing its power in the international arena—politically, economically and militarily. The US has to change its policies to accommodate and partner this new centre of power. To achieve this aim it has to not only engage with China but also the other centre of power in the region, India. Together, these two countries are poised to make the current century the 'Asian Century'. India, keeping its own national interests in focus has to deepen its relationship with both nations. It has to develop a cooperative approach with respect to the two nations and recognise that while there are outstanding issues, collaboration on others should continue.

While some have called this the re-emergence of China as a global power, a position it lost during the time of the colonial empires, the 'rise of China' is a result of its strengths and the declining competitive edge of the US.

---

20 Office of the Press Secretary, The White House, 'Remarks As Prepared for Delivery by National Security Advisor Susan E. Rice', <http://www.whitehouse.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice>, Accessed on 13 August 2014 and Nina Hachigian, 'The awkward state of U.S.-China relations', <http://articles.latimes.com/2013/dec/27/opinion/la-oe-hachigian-u-s--china-relationship-20131227>, Accessed on 28 February 2014.

# 13

## China and West Asia in 2013: Moving Closer

*Neha Kohli and Tsupokyemla*

The year 2013 stands out for China's conscious and deeper foray into West Asia. While there have been historical links between China and the countries of West Asia since the days of the Silk Route of yore, the former is expanding its footprint in the region. As the Chinese economy grows, so does its appetite for energy, and it is no surprise that West Asia, especially the Gulf region, is one of its largest suppliers. West Asian energy resources are vital to China to ensure continued economic growth, and are considered to be an important part of its core national interests. China is also one of West Asia's largest trading partners and seeks to deepen its trade links in the future. It is also growing into its role as a global political and strategic heavyweight and West Asia has received much attention from China in this regard.

This article examines China's engagement with West Asia in 2013 in the areas of foreign relations, defence, technology, energy, and trade. It highlights the important role China played in the Syrian crisis, the Arab-Israeli Peace Process, and the Iran nuclear issue in particular. The article also underscores the importance of energy and trade in making China's interaction with West Asia more dynamic.

### China increasingly active in West Asia

China's involvement in West Asia has historically been latent when compared to other Western powers, with Beijing being more focused on projecting its soft power and furthering its economic interests, rather than meddling in regional affairs. However, in recent times, China has started to take a decisive independent stand on critical issues. With respect to West Asia there are three crucial issues of concern for China: the Syrian Crisis, the Iran Nuclear Issue, and the Arab-Israeli Peace Process. In 2013, China played an increasingly dominant role in each of these, which underscored its new willingness to engage with players in the region. Chinese officials also undertook a series of bilateral visits to various countries in West Asia, and important dignitaries were invited to Beijing for talks, all of which clearly expressed China's desire to deepen its engagement with the region.

### Syrian Crisis

China's stringent position against military intervention—and her using the veto three times in United Nations (UN) resolutions on Syria—indicates her growing clout and rising diplomatic

activism. This is indeed quite revealing considering that China has exercised veto rights only eight times since her entry into the UN in 1971. In Beijing's cost-benefit analysis, China's approval of UNSCR 1973, leading to Qaddafi's removal in Libya, was a complete loss. According to Yin Gang, a Middle East expert with the Chinese Academy of Social Sciences, the veto on Syria was an effort to stop the UN from interfering in the domestic affairs of another country. Yin explains: 'Beijing's concern is also of Syria becoming another Libya... if the UN can do this in Syria, it will do it again to another country in the future, and that is what Chinese leaders are worried about.'<sup>1</sup> Moreover, Beijing wanted to combine with Russia to counterbalance US influence in the region—this is also reflected in the larger Russia-China bonhomie. Thus Beijing took a strong stance on the Syria issue. On 25 September 2013, Chinese Foreign Minister Wang Yi reiterated at the UN that the Syrian issue could only be solved by political means and a military approach would not work. He stressed that the Syrian issue had been protracted.<sup>2</sup> On 30 October 2013, during his visit to France, Wang Yi stressed that the political process with regard to the Syria issue should be

pushed ahead in parallel with the destruction of its chemical weapons.<sup>3</sup>

Developments in Syria, with Russia brokering a deal on its chemical stockpile, also prompted China to engage with the UN Mission. Its participation in the Syrian Mission marked new territory for China's navy. According to the Chinese Ministry of Defence, Beijing sent warships to escort Danish and Norwegian container ships from Syria to an Italian port in the Mediterranean in February 2014. This was the first time the South China Sea Fleet dispatched its surface warship to implement the naval escort missions for ships transporting Syria's chemical weapons.<sup>4</sup>

### Arab-Israeli Peace Process

The prospect of greater Chinese engagement in the Palestine-Israel imbroglio became clear when Beijing invited both Israeli and Palestinian leaders in 2013 for separate meetings, to discuss the resumption of the Arab-Israeli Peace Process. In May 2013, Beijing hosted both the Palestinian and Israeli heads of government. In these meetings, the new Chinese leader Xi Jinping called for a halt on settlement activities, an end to violence against civilians, and lifting the blockade of the

---

1 Cary Huang, 'China Does Not Want Another "Libya"', *South China Morning Post*, February 2012, as cited in Christina Lin, 'China's Strategic Shift Toward the Region of the Four Seas: The Middle Kingdom Arrives in the Middle East', *Middle East Review of International Affairs*, Vol. 17, No. 1, Spring 2013.

2 See 'Wang Yi: UN Security Council Should Pass Resolution on Syrian Issue As Soon As Possible', Ministry of Foreign Affairs, People's Republic of China, 26 September 2013, available at [www.fmprc.gov.cn/eng/wjdt/wshd/t1082835.html](http://www.fmprc.gov.cn/eng/wjdt/wshd/t1082835.html), accessed on 26 February 2014.

---

3 See 'Wang Yi: We Should Promote Political Settlement of the Syria Issue at Syria's Domestic, Regional and International Levels', Ministry of Foreign Affairs, People's Republic of China, 31 October 2013, available at <http://www.fmprc.gov.cn/eng/zxxx/t1094976.shtml>, accessed on 27 February 2014.

4 See 'Chinese Frigate "Huangshan" Departs for Mediterranean Sea', Ministry of National Defence, People's Republic of China, 18 February 2014, available at [http://eng.mod.gov.cn/TopNews/2014-02/18/content\\_4491105.htm](http://eng.mod.gov.cn/TopNews/2014-02/18/content_4491105.htm), accessed on 24 February 2014.

Gaza Strip.<sup>5</sup> He also called for an independent Palestinian state on the basis of 1967 borders with East Jerusalem as its capital.

Xi also articulated the Chinese government's new 'four supports' policy towards Arab states. According to this, China supports:

- Arab states in following their chosen paths;
- Arab states in resolving the region's hotspot issues through political means;
- Arab states in achieving a win-win and common development with China; and
- Arab states in playing a bigger role in regional and international affairs and in more effectively safeguarding their legitimate rights and interests.<sup>6</sup>

This was expounded during the visit of the Palestinian President Mahmoud Abbas to Beijing in May 2013. Furthermore, Foreign Minister Wang Yi made Palestine his first port of call on his extended tour of the region in December of the same year. Wang elucidated: '[T]he only way out for Palestine issue is to achieve Independence of Palestine, to establish Palestinian State and

Peaceful co-existence of Palestine and Israel'.<sup>7</sup> Wang's visit to West Asia in December 2013 not only indicates China's growing interest in the region but more importantly also reflects its growing influence there. In an exclusive interview with *Al Jazeera*, Wang stated that, 'China's political role in the Middle East will be enhanced, not diminished.'<sup>8</sup> Wang visited Palestine, Israel, Algeria, Morocco, and Saudi Arabia during his tour.

### Iran Nuclear Issue

In 2013, Beijing also brokered a historic deal between Iran and the P5+1 that aimed at restricting Tehran's nuclear programme in exchange for an initial relief from sanctions. The agreement was reached in Geneva on 24 November 2013. China's position, as stated by Foreign Minister Wang Yi, was that '[t]his agreement will help to uphold the international nuclear non-proliferation system (and) safeguard peace and stability in the Middle East'.<sup>9</sup> On 12 September 2013, Chinese President Xi Jinping met Iranian President Hassan Rouhani and reiterated that the China-Iran

5 See 'China Says Middle East Conflict Too Complex for Just US', *Bloomberg News*, 18 June 2013, available at <http://www.bloomberg.com/news/2013-06-19/china-envoy-says-middle-east-conflict-too-complex-for-u-s-alone.html>, accessed on 25 January 2014.

6 See 'Wang Yi: China Will Uphold "Four Supports" for Arab States', Ministry of Foreign Affairs, People's Republic of China, 6 January 2014, available at <http://www.fmprc.gov.cn/eng/zxxx/t1114994.shtml>, accessed on 20 January 2014.

7 See 'Wang Yi: The Only Way Out for Palestine Issue Is to Achieve Independence of Palestine, to Establish Palestinian State and Peaceful Co-Existence of Palestine and Israel', Ministry of Foreign Affairs, People's Republic of China, 19 December 2013, available at <http://www.fmprc.gov.cn/eng/wjdt/wshd/t1110745.shtml> accessed on 24 January 2014.

8 See transcript of Wang Li's interview to *Al Jazeera* on 9 January 2014, available at [www.chinese-embassy.org.uk/eng/zgyw/t1116509.htm](http://www.chinese-embassy.org.uk/eng/zgyw/t1116509.htm), accessed on 25 January 2014.

9 Adrian Wan and Agencies, 'China Plays Key Broker Role in Iran Nuclear Deal' *South China Morning Post*, November 25, 2013, available at <http://www.scmp.com/news/china/article/1364808/china-plays-key-role-broker-iran-nuclear-deal>, accessed on 25 February 2014.

practical cooperation benefits both peoples and also contributes to regional and world peace and stability.<sup>10</sup> Iran is the third-largest supplier of crude oil to China, and therefore, the latter has always firmly opposed war, as conflict between the West and Iran would have a tremendous impact on its energy security. China's anti-war stance abets Iran's friendly attitude towards China and serves to strengthen Iran's energy cooperation with China. The recent developments relating to the Iran nuclear issue have ensured the possibility of desirable results for China.

China maintains that as a rising power it is deeply committed to territorial integrity and national sovereignty, and hence, the basic tenet of its foreign policy remains non-intervention in the internal affairs of others. This, according to Charles Freeman from the Centre for Strategic and International Studies, is because China is extremely sensitive to international policies that are seen to 'interfere' in sovereign decisions, owing to its sensitivities regarding perceived international interference in Taiwan, Tibet, and Xinjiang. China would, therefore, even without expanding its economic interests in Iran, be less inclined to impose sanctions over the long run. Li Weijian, director of the Research Centre of West Asian and African Studies at the Shanghai Institute for International Studies reflects: 'China's stance on the Iranian nuclear issue is not subject to Beijing's demand for Iranian oil imports, but

based on judgment of the whole picture.'<sup>11</sup> Essentially, China finds much in common with the status quo-ist regimes of the region and would prefer not to get involved in attempts to engender internal change.

## Other countries

China's diplomacy across the region remained neutral despite sudden political upheaval and change of guard. President Mohamed Morsi's symbolic eastward visit to Beijing in August 2012—his first official trip outside West Asia—ended with the anticipation of a robust relationship between the two nations. At a later meeting in Durban on 27 April 2013, Xi Jinping and Morsi agreed to strengthen strategic cooperative relations. The sudden exit of Morsi in mid-2013, however, did not create any hiccups in diplomatic dealings between the two countries. When the Egyptian military suspended the Constitution and installed an interim government on 3 July 2013, the Chinese Foreign Ministry spokesperson reiterated that '...the friendly and cooperative relations...' between both countries would remain unchanged.

On 16 September 2013, President Xi Jinping held talks with Sheikh Hamad bin Isa Al-Khalifa, the King of Bahrain, which held the presidency of the Gulf Cooperation Council (GCC) for 2013. One of the important proposals discussed was the setting up of 'Confucius Institute' in Bahrain and the holding of an annual 'Culture Week,' in each other's country. Xi Jinping also suggested that the GCC and China should restart the Free Trade Agreement (FTA) negotiations, at

---

10 See 'Xi Jinping Meets with President Hassan Rouhani of Iran', Ministry of Foreign Affairs, People's Republic of China, 12 September 2013, available at <http://www.fmprc.gov.cn/eng/wjdt/wshd/t1077583.shtml>, accessed on 20 January 2014.

---

11 Naser AL Tamimi, 'Why China is dealing with Iran?', *Al Arabiya.net*, 10 February 2013, <http://www.alarabiya.net/views/2013/02/10/265463.html>, accessed on 29 January 2014.

the earliest to arrive at a win-win agreement.<sup>12</sup> On 18 September 2013, Xi Jinping held talks in Beijing with King Abdullah II Ibn Al-Hussein of Jordan. King Abdullah expressed Jordan's readiness to expand bilateral cooperation in the fields of economy, trade, electric power, energy, telecommunications and railway infrastructure as well as health care.<sup>13</sup>

## China-Turkey missile defence system deal a possibility?

One of the highlights of 2013 for China was the missile deal with Turkey, especially significant given that Turkey is a member of the North Atlantic Treaty Organization (NATO). 'Turkey's decision to spend US\$ 3.4 billion to acquire the Chinese FD-2000 missile defence system rather than rival US or European Systems may be a sign of things to come',<sup>14</sup> an indication, perhaps, of China's emerging geopolitical significance as well as a provider of alternate technological expertise. The deal is, however, yet to be finalised as Turkey extended the deadline for newer bids in January

2014 'after firm statements from NATO and US officials that the Chinese MD-2000's would not be interoperable with the NATO defense architecture.'<sup>15</sup>

China defended the missile deal as 'normal military trade' between China and Turkey.<sup>16</sup> However, owing to the US legislation, the National Defense Authorization Act of 2014 signed into law on 26 December 2013, Turkey might have to write off the deal. The measure bars the use of US taxpayers' dollars to integrate the Chinese system into NATO. There is considerable pressure on Turkey from the US and NATO allies to reconsider the deal. Moreover, there are indications that the deal would not be able to obtain underwriting by relevant global firms. Nevertheless, it is still indicative of China's growing reach into the region as well as West Asia's possible eastward tilt in the future.

---

12 See 'Xi Jinping Holds Talks with King of Bahrain Sheikh Hamad bin Isa Al-khalifa Stressing to Build China-Bahrain Friendly Cooperative Relations of Long-term Stability', Ministry of Foreign Affairs, People's Republic of China, 16 September 2013, available at [www.fmprc.gov.cn/eng/wjdt/wshd/t1078070.shtml](http://www.fmprc.gov.cn/eng/wjdt/wshd/t1078070.shtml), accessed on 29 January 2014.

13 See 'Xi Jinping Holds Talks with King of Jordan Abdullah II ibn Al-Hussein Stressing to Join Hands Promoting China-Jordan Friendly Cooperation', Ministry of Foreign Affairs, People's Republic of China, 18 September 2013, available at [www.fmprc.gov.cn/eng/wjdt/wshd/t1079157.shtml](http://www.fmprc.gov.cn/eng/wjdt/wshd/t1079157.shtml), accessed on 29 January 2014.

14 Tulin Daloglu, 'Turkey, China Cooperation On Ballistic Missiles Not New,' <http://www.al-monitor.com/pulse/originals/2013/12/turkey-china-missile-agreement-history.html>, accessed on 25 January 2014.

---

15 Sevil Erkuş, 'Turkey Gives More Time for Missile Deal Offers', *Hurriyat Daily News*, 29 January 2014, available at <http://www.hurriyetdailynews.com/turkey-gives-more-time-for-missile-deal-offers.aspx?pageID=238&nID=61688&NewsCatID=345>, accessed on 24 February 2014. More recent reports indicate that the possible deal is running into heavy weather, and that Turkey has revised its bidding deadline thrice in order to accommodate other players. See Ali Unal, 'Turkey Turns to Europe for Billion-Dollar Missile Deal', *Daily Sabah*, 9 June 2014, available at <http://www.dailysabah.com/money/2014/06/10/turkey-turns-to-europe-for-billion-dollar-missile-deal>, accessed on 2 September 2014.

16 See 'FM Spokeswoman Defends Turkey-China Missile Defence Deal', *Xinhua*, 8 October 2013, available at [http://news.xinhuanet.com/english/china/2013-10/08/c\\_132780304.htm](http://news.xinhuanet.com/english/china/2013-10/08/c_132780304.htm), accessed on 24 February 2014.

## The deepening energy commitment

West Asia remains China's largest source of crude oil. Between January and July 2013, China imported around 83 million metric tonnes (91.49 million tonnes) of crude from the region, half its total requirement, with top suppliers being Saudi Arabia, Iran, Iraq, Oman and the United Arab Emirates (UAE).<sup>17</sup>

In 2012, Saudi Arabia was China's largest supplier of crude from the region and it would be safe to say this was the case in 2013 also. The Kingdom has been China's top crude oil supplier for the past decade. While Iran remains one of China's largest suppliers, the latter's imports of Iranian crude fell from 555,000 barrels per day (bpd) in 2011, to 439,000 bpd in 2012, and to 402,000 bpd for the period January-April 2013.<sup>18</sup> Essentially, China has been reducing its dependence on Iran over the past few years in its bid to diversify energy sources. One such move was China Petrochemical Corp or Sinopec's purchase of a 33 per cent stake in Apache Corp's Egyptian oil and natural gas business in August 2013 at a

cost of \$3.1 billion.<sup>19</sup> This is China's biggest such purchase in the region and will add a daily output of about 130,000 bpd to Sinopec's kitty.<sup>20</sup> China also purchases almost half the oil produced by Iraq—nearly 1.5 million barrels a day.<sup>21</sup>

To further supplement its imports of crude from the region, China has signed service contracts to develop oil fields in Iran and Iraq over the past decade—al-Ahdab, Halfaya and Rumaila in Iraq and Azadegan and Yadavaran in Iran.<sup>22</sup> In Saudi Arabia, Sinopec and Aramco inked a deal in 2012 to build a refinery complex at Yanbu on the Red Sea, to be operational by 2014—the Chinese stake at 37.5 per cent was its largest such investment in Saudi Arabia.<sup>23</sup> Two major Chinese companies—Sino Petro and China Offshore Oil Engineering Corporation—are engaged in exploration of natural gas in Qatar.<sup>24</sup>

---

17 Ben Blanchard, 'Analysis: China has Much at Risk But No Reach in the Middle East', *Reuters*, 28 August 2013, available at <http://www.reuters.com/article/2013/08/28/us-syria-crisis-china-analysis-idUSBRE97R08V20130828>, accessed on 4 February, 2013.

18 Erica S. Downs, 'China-Middle East Relations', Testimony to the US-China Economic and Security Commission, 6 June 2013, available at [www.brookings.edu/research/testimony/2013/06/06-china-middle-east-energy-downs](http://www.brookings.edu/research/testimony/2013/06/06-china-middle-east-energy-downs), accessed on 4 February 2014.

---

19 Wen Tian, 'Sinopec Takes Stake in Egyptian Oil', *China Daily*, 31 August 2013, available at [www.chinadaily.com.cn/business/2013-08/31/content\\_16934055.htm](http://www.chinadaily.com.cn/business/2013-08/31/content_16934055.htm), accessed on 4 February 2014.

20 Ibid.

21 Tim Arango and Clifford Krauss, 'China is Reaping the Biggest Benefits of the Iraq Oil Boom', *New York Times*, 2 June 2013, available at [http://www.nytimes.com/2013/06/03/world/middleeast/china-reaps-biggest-benefits-of-iraq-oil-boom.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2013/06/03/world/middleeast/china-reaps-biggest-benefits-of-iraq-oil-boom.html?pagewanted=all&_r=0), accessed on 27 January 2014.

22 Erica S. Downs, 'China-Middle East Relations', Testimony to the US-China Economic and Security Commission, 6 June 2013, available at [www.brookings.edu/research/testimony/2013/06/06-china-middle-east-energy-downs](http://www.brookings.edu/research/testimony/2013/06/06-china-middle-east-energy-downs), accessed on 4 February 2014.

23 Siraj Wahab, 'Aramco, Sinopec Sign SR32 Bn Yanbu Refinery Deal', *Arab News*, 15 January 2012, available at <http://www.arabnews.com/node/403956>, accessed on 11 February 2014.

24 Ibid.

As its economy grows in the coming decades, China's energy needs will increase correspondingly. The International Energy Agency estimates that China's imports of oil from West Asia will grow to 6.7 million bpd in 2035, that is, 54 per cent of its total oil imports from 2.9 million bpd (2011 figure).<sup>25</sup> Its energy dependence on the region will ensure that China will surely play a much larger role in regional affairs.

## Growing regional and bilateral trade ties

Along with a growing economy and correspondingly rising energy needs, China also requires newer markets to trade with. West Asia thus becomes a region of current and future economic significance for China—it must also be remembered that historically both were linked from ancient times via the Silk Route. West Asia is also important for China strategically, especially in terms of its geographical location, as it connects China with its existing and potential markets in Europe, Africa, and indeed within Asia itself.<sup>26</sup>

The region has witnessed continued political uncertainty and upheaval, less in some areas and

greater in others, since 2011 yet growing trade figures present an alternate, more positive picture. According to the Chinese Ministry of Commerce, Sino-Arab trade (not specifying the particular nations), for the period January-October 2013 maintained a steady growth and the total trade was valued at around \$194.95 billion, reflecting a steady growth of 5.8 per cent year on year.<sup>27</sup> Chinese exports to Arab countries amounted to \$81.98 billion and imports from Arab countries amounted to \$112.97 billion.<sup>28</sup>

Chinese non-financial direct investment in Arab countries amounted to \$1.59 billion in the same period, up by 179 per cent year on year; and 160 per cent higher than the national average, according to the Ministry of Commerce.<sup>29</sup> Saudi Arabia, Algeria and Sudan were the top three investment destinations for China, with investments ranging from resource development to the petrochemical industry, textiles and garments, machinery manufacturing, and automobile assembly.<sup>30</sup>

During the same period (January-October 2013), the value of newly signed contracts of Chinese companies in Arab countries was registered at \$19.3 billion, a year on year increase of 31.8 per cent.<sup>31</sup> The turnover of such contracts was 17.25

---

25 International Energy Agency, *World Energy Outlook 2012*, Paris: OECD/IEA, pp. 78-80.

26 Dubai, for example, has made itself an international logistics and trading hub, and the Chinese are showing keen interest in investing in its Jebel Ali Free Zone. Currently, there are around 174 companies operating in Jebel Ali and trade figures for China-Jebel Ali Free Zone trade amounted to \$11 billion. Other Chinese companies too are interested in setting up operations in Dubai. See 'Jafza Road Show in China Highlights Investor Interest in Dubai as Regional Hub', 22 December 2013, available at <http://www.jafza.ae/blog/jafza-road-show-in-china-highlights-investor-interest-in-dubai-as-regional-hub/>, accessed on 10 February 2014.

---

27 See *Business Review* 2013 (XI): 'China-Arabic Economic and Trade Cooperation Maintains Steady Development', Ministry of Commerce, People's Republic of China, available at <http://www.english.mofcom.gov.cn/article/newsrelease/significantnews/201312/20131200439939.shtml>, accessed on 4 February 2014.

28 Ibid.

29 Ibid.

30 Ibid.

31 Ibid.

billion, a 9.8 per cent increase year on year.<sup>32</sup> The contracted projects encompass housing construction, road and bridge building, pipe laying, communication, railways, and ports, etc.

Christina Lin opines that Chinese pro-activeness in its diplomacy in West Asia centres around 'ensur[ing] its previous contracts are protected in the post-Arab Spring regimes as well as obtain a foothold for Chinese firms while Western firms evacuate from these regions or are reticent to invest due to uncertainty.'<sup>33</sup> In terms of ensuring energy security and the undisrupted flow of energy from the region, China has, along with its bid to ensure 'protection of sea lanes of communication [SLOCs]', also 'embarked on a "New Silk Road" of infrastructure projects' that allow it to 'circumvent naval chokepoints and hedge against the risks of naval blockades or embargoes.'<sup>34</sup>

## Bilateral trade

Saudi Arabia has been China's largest trading partner in the region for the past decade, with oil constituting a large component of bilateral trade. According to the International Monetary Fund, trade between the two countries went up from \$1.28 billion to \$74 billion between 1990 and 2012. Li Chengwen, the Chinese ambassador to Saudi Arabia, highlights the growth in trade between Beijing and Riyadh: 'the rate of trade development rose by 14 per cent over 2012, at a value of \$73 billion, comfortably exceeding the

trade volume target of \$60 billion for 2015.'<sup>35</sup> 'There are 140 Chinese companies operating in the Saudi Arabian market, the bulk of which are in the construction, telecommunications, infrastructure and petrochemicals industries,' and the 'total value of Chinese projects in Saudi Arabia is estimated to be in the region of \$18 billion.'<sup>36</sup>

China-Saudi bilateral trade is a reflection of a confluence of interests set against the backdrop of diminishing US importance/influence in the region—Saudi Arabia's looking eastwards policy of sorts coinciding with China looking westwards for markets and influence.

In Egypt, despite the ongoing political strife, investment volumes between China and the former hit \$10 billion in 2013, a 10 per cent rise compared to the previous year, according to Song Aiguo, the Chinese ambassador to Egypt.<sup>37</sup> He opined that the two-way investment would grow further as China lifted its advisory against travel to Egypt, adding that 3,000 Chinese tourists visited Egypt in November 2013.<sup>38</sup> In April 2013, before Sinopec finalised its 33 per cent stake in Apache Corp's Egyptian oil and natural gas

---

32 Ibid.

33 Christina Lin, 'China's Strategic Shift Toward the Region of the Four Seas: The Middle Kingdom Arrives in the Middle East', *Middle East Review of International Affairs*, Vol. 17, No. 1, Spring 2013, p. 33.

34 Ibid.

---

35 See 'Saudi Chinese Trade Increases by 14 Percent', *Asharq Al-Awsat*, 20 November 2013, available at <http://www.aawsat.net/2013/11/article55323012>, accessed on 31 January 2013.

36 Ibid.

37 See 'China-Egypt Investments Hit 10 Billion Dollars in 2013: Ambassador', *Cairo Post*, cached copy dated 4 February 2014, available at <http://webcache.googleusercontent.com/search?q=cache:aAxKYHIZ3osJ:thecairopost.com/news/83981/business/china-egypt-investments-hit-10-billion-dollars-in-2013-ambassador+&cd=1&hl=en&ct=clnk&gl=in>, accessed on 4 February 2014.

38 Song Aiguo said this at a joint press conference with the Egyptian tourism minister in December 2013. See Ibid.

business, Egypt signed an agreement with the Chinese company EG-TEDA to establish a Chinese investment zone on 14 sq km of land in the north-west of the Gulf of Suez. The zone will be established with 'upwards of \$1 billion in investments...for the purpose of promoting economic development... [and] attract a number of Chinese companies and investors to Egypt.'<sup>39</sup> One of the first to invest in the zone was the China Harbour Engineering Company Egypt Ltd, which signed a memorandum of understanding (MoU) for an initial investment of \$2 million in the area.<sup>40</sup>

In the United Arab Emirates (UAE), China's largest construction firm made its first investment foray into Dubai real estate in 2013. China Estate Construction Engineering Corporation (CSCEC) Middle East, the conglomerate's regional arm, announced that the company will invest in Skai Holdings' 3.67 billion dirham hotel development plan on the Palm Jumeirah.<sup>41</sup>

China-Qatar bilateral trade for 2013 is projected to be \$10 billion, up from \$8.5 billion in 2012.<sup>42</sup> While Qatar has heavy investments in the banking and the real estate sector in China, the latter's direct investment in the former is relatively small.<sup>43</sup>

The scope for increasing bilateral trade ties was also a point for discussion in the meetings of Chinese leaders—especially those of Xi Jinping—with visiting leaders from the region and during Foreign Minister Wang Yi's extended visit to Palestine, Israel, Algeria, Morocco, and Saudi Arabia in December 2013.

### China-GCC trade

Over the last decade, China has overtaken the United States to become the GCC's largest exporter, with exports growing to \$60 billion a year in the last decade.<sup>44</sup> McKinsey & Company has predicted that bilateral trade between China and West Asia will reach between \$350 billion and \$500 billion by 2020, with the Arab states of the Gulf—most of them major oil suppliers—accounting for the lion's share of the trade.<sup>45</sup>

39 Nada Badawi, 'Qandil Launches National Projects in Suez', *Daily News Egypt*, 27 April 2013, available at <http://www.dailynewsegypt.com/2013/04/27/qandil-launches-national-projects-in-suez/>, accessed on 3 February 2014.

40 See [http://news.xinhuanet.com/english/world/2013-05/14/c\\_132379554\\_2.htm](http://news.xinhuanet.com/english/world/2013-05/14/c_132379554_2.htm), accessed on 3 February 2014.

41 Cleofe Maceda, 'China Ramps Up Investment in the Middle East: Biggest Contractor Ties Up with Dubai Firm to Build Luxury Resort on the Palm', *Gulfnews.com*, 25 June 2013, available at <http://gulfnews.com/business/general/china-ramps-up-investment-in-the-middle-east-1.1201837>, accessed on 5 February 2014.

42 See Joey Aguilar, 'China-Qatar 2013 Trade Volume Projected to Reach \$10 Bn', *Gulf Times*, 30 December 2013, available at [http://www.gulf-times.com/qatar/178/details/376180/china-qatar-2013-trade-volume-projected-to-reach-\\$10bn](http://www.gulf-times.com/qatar/178/details/376180/china-qatar-2013-trade-volume-projected-to-reach-$10bn), accessed on 4 February 2014.

43 Ibid.

44 Robert Bailey, 'China and GCC: Growing Ties', 16 April 2013, *Gulf Business*, available at <http://gulfbusiness.com/2013/04/china-and-gcc-growing-ties/#.Uu-HSD2Szis>, accessed on 4 February 2014.

45 See 'China-GCC Trade Expands from Goods to Financial Services', *China Daily*, 25 February 2013, available at [http://www.chinadaily.com.cn/business/2013-02/25/content\\_16253532.htm](http://www.chinadaily.com.cn/business/2013-02/25/content_16253532.htm), accessed on 5 February 2014.

While largely confined to oil and goods, China-GCC trade is also expanding into the financial sector, especially in the banking and financial services sector. In 2012, the West Asian branch of the Industrial and Commercial Bank of China, based in Dubai and operating in all six GCC member states, made a pre-tax profit of \$54 million, an increase of 69 per cent year on year, while its total assets increased 29 per cent to \$4 billion.<sup>46</sup>

China also seeks to restart FTA negotiations with the GCC, with which it has held five previous rounds of negotiations on the issue. China is well aware that its growing trade relations with the Gulf would benefit by concluding such an agreement.<sup>47</sup> 'An FTA, while lowering the cost of exporting oil and other goods to China, would also mean a greater flow of Chinese manufactured goods and industrial equipment flowing to the Gulf.'<sup>48</sup> Xi Jinping stressed this point during the visit of the Bahrain ruler Sheikh Hamad bin Isa Al-Khalifa to Beijing in September 2013, calling for 'an early restart of negotiations for a free trade agreement between China and the [GCC]...an important partner of China.'

---

46 Ibid.

47 Robert Bailey, 'China and GCC: Growing Ties', 16 April 2013, *Gulf Business*, available at <http://gulfbusiness.com/2013/04/china-and-gcc-growing-ties/#.Uu-HSD2Szis>, accessed on 4 February 2014.

48 Li Xiaokun, 'Xi seeks to resume FTA Talks with GCC', *China Daily*, 17 September, 2013, available at [http://www.chinadaily.com.cn/china/2013-09/17/content\\_16974340.htm](http://www.chinadaily.com.cn/china/2013-09/17/content_16974340.htm), accessed 5 February 2014.

## Conclusion

Economic and geopolitical imperatives drive China's foray into West Asia. Engagement with the region is vital for securing energy supplies as well as newer markets for Chinese goods and investment. At the same time, China is wading into the geopolitical quagmire that is West Asia. Radical shifts are taking place in the geopolitics and balance of power in West Asia, and China's slow, measured progress in the region indicates that it is not unaware of these changes.

To recap: On Syria, China took a stringent position against military intervention and used the veto three times in UN resolutions, and also participated in the UN Mission; it articulated a policy of 'Four Supports' vis-à-vis the Arab-Israeli Peace Process while engaging with both sides; and it played the role of a broker in the attempts to resolve the Iran nuclear issue. It also engaged significantly with other countries in the region, and clearly indicated that its connection to West Asia would grow in the future. It also caused plenty of discomfort to the US and NATO when Turkey announced that it was interested in going with a Chinese missile defence system; while the deal might not fructify, it does give an idea of how China is being seen as an alternative to the western powers in the region. On the energy and trade fronts, China is increasingly diversifying its energy supplies and investing big money where it matters, and regional and bilateral trade is on the upswing.

The above assessment underscores the fact that the coming years will see much greater Chinese engagement with West Asia.

# 14

## Contested Islands: The Senkaku/Diaoyu Challenge

*Titli Basu*

Escalated tensions over territorial claims relating to the Diaoyu/Senkaku Islands continued to mark the bilateral landscape between China and Japan in 2013. This chapter traces the trajectory of developments in 2013 with regard to the Diaoyu/Senkaku Islands. The second section analyses the development of the Chinese ADIZ and the US response to what is perceived as aggressive posturing by China, and the Japanese positioning around the disputed territories. The last section sums up these developments, along with a note on the way forward.

### Tracing the trajectory of the 2013 developments

The year 2013 was marked by accusations and counter-accusations made by the various stakeholders in the territorial claims. Chinese authorities on 26 April 2013 reiterated that the Diaoyu Dao was 'China's core interest'<sup>1</sup> along with Taiwan, Tibet and the Xinjiang Uyghur Autonomous Region. The Chinese position vis-à-vis the Diaoyu Island's sovereignty was

further underscored during the Xi-Obama California Summit on 6 and 7 June 2013<sup>2</sup>. However, Japanese government declared that the Senkaku Islands were an inherent part of Japan and 'there exists no issue of territorial sovereignty to be resolved concerning the Senkaku Islands'<sup>3</sup>. The Japanese Ministry of Defence (MoD) maintains that between April and December 2013, there were 287 instances when the Air Self-Defence Force (ASDF) scrambled jets to counter Chinese aircraft intruding into Japan's airspace, compared to the 160 instances in 2012<sup>4</sup>. In early January, the Chinese Ministry of National Defence (MND) condemned 'Japanese military aircraft disrupting the routine patrols of Chinese administrative aircraft' and asserted that

---

1 'China officially labels Senkakus a "core interest" ', *Kyodo*, 27 April 2013, [http://www.japantimes.co.jp/news/2013/04/27/national/china-officially-labels-senkaku-a-core-interest/#.Utd5m\\_uejSg](http://www.japantimes.co.jp/news/2013/04/27/national/china-officially-labels-senkaku-a-core-interest/#.Utd5m_uejSg) accessed on 12 January 2014.

---

2 'In summit with Obama, Xi declares Senkakus China's "core interest" ', *The Asahi Shimbun*, 12 June 2013 <http://ajw.asahi.com/article/asia/china/AJ201306120057> accessed on 12 January 2014.

3 'The Basic View on the Sovereignty over the Senkaku Islands', *Ministry of Foreign Affairs*, May 2013, [http://www.mofa.go.jp/region/asia-paci/senkaku/basic\\_view.html](http://www.mofa.go.jp/region/asia-paci/senkaku/basic_view.html) accessed on 11 January 2014.

4 'ASDF scrambled jets against Chinese planes 287 times from April to December', *JJI, Kyodo*, 22 January 2014 [http://www.japantimes.co.jp/news/2014/01/22/national/asdf-scrambled-jets-against-chinese-planes-287-times-from-april-to-december/#.Ut9bw\\_vhVkg](http://www.japantimes.co.jp/news/2014/01/22/national/asdf-scrambled-jets-against-chinese-planes-287-times-from-april-to-december/#.Ut9bw_vhVkg) accessed on 12 January 2014.

China is going to be on 'high alert' and defend its rights<sup>5</sup>.

The Japanese Ministry of Foreign Affairs (MOFA) registered its protest against the 30 January incident when a Chinese vessel directed its weapons-guiding radar at a Japanese Maritime Self Defence Force (MSDF) vessel in the East China Sea near the contested islands. Japan accused China of frequently violating Japanese territorial waters, particularly highlighting one incursion on 4 February that lasted for around 14 hours, the longest duration so far. MOFA Japan stated that Chinese ships frequently traversed into the waters around the Senkaku Islands between 11 September 2012 and 6 February 2013, except when the weather was hostile. China has allegedly encroached into Japanese territorial waters 25 times, using 83 vessels<sup>6</sup>. Prime Minister Shinzo Abe requested 'self-restraint' on the part of the Chinese and described this development as a 'dangerous act'<sup>7</sup>.

In February, Chinese authorities underscored that Japan frequently conducts surveillance of Chinese vessels and aircrafts, which is the reason for air and maritime security concerns

between the two countries<sup>8</sup>. Furthermore, China blamed Japan for misguiding the international community by making fabricated allegations and 'unilaterally' disseminating incorrect evidence and making 'irresponsible remarks'<sup>9</sup>. The Chinese MND articulated that 'Japanese allegations had no grounds' and highlighted Japan's 'ulterior motives'<sup>10</sup>. Additionally, the April Defence White Paper outlined the full spectrum of the security challenges facing China and underscored that 'Japan is making trouble over the issue of the Diaoyu Islands'<sup>11</sup>. The Japanese Defence Ministry White Paper on the 'Defence of Japan 2013' argued that 'China has rapidly expanded and intensified its activities in the waters and airspace surrounding Japan as exemplified by its intrusion into Japan's territorial waters and

---

5 'China sends fighters to counter Japanese aircraft', *Xinhua*, 11 January 2013, [http://eng.mod.gov.cn/Press/2013-01/11/content\\_4427115.htm](http://eng.mod.gov.cn/Press/2013-01/11/content_4427115.htm) accessed on 12 January 2014.

6 'Position Paper: Japan-China Relations Surrounding the Situation of the Senkaku Islands-In response to China's Weapons-guiding Radar Lock-on', *Ministry of Foreign Affairs of Japan*, 7 February 2013 [http://www.mofa.go.jp/region/asia-paci/senkaku/position\\_paper3\\_en.html](http://www.mofa.go.jp/region/asia-paci/senkaku/position_paper3_en.html) accessed on 14 January 2014.

7 'Japan-China islands dispute: Abe condemns radar lock', *BBC*, 6 February 2013 <http://www.bbc.co.uk/news/world-asia-21347915> accessed on 12 January 2014.

---

8 'Close-in Monitoring and Surveillance by Japanese Warships and Airplanes is the Root Cause to the Air and Maritime Safety Issues between China and Japan', *Ministry of National Defence*, 8 February 2013, [http://eng.mod.gov.cn/Press/2013-02/08/content\\_4432516.htm](http://eng.mod.gov.cn/Press/2013-02/08/content_4432516.htm) accessed on 12 January 2014.

9 'Japan's radar targeting allegations groundless: ministry', *Ministry of National Defence*, 19 March 2013, [http://eng.mod.gov.cn/Press/2013-03/19/content\\_4437752.htm](http://eng.mod.gov.cn/Press/2013-03/19/content_4437752.htm) accessed on 12 January 2014.

10 'China faces multiple, complicated security threats, challenges: white paper', *Ministry of National Defence*, 16 April 2013, [http://eng.mod.gov.cn/DefenseNews/2013-04/16/content\\_4442710.htm](http://eng.mod.gov.cn/DefenseNews/2013-04/16/content_4442710.htm) accessed on 13 January 2014.

11 DEFENCE OF JAPAN 2013 (Provisional Translation), *Ministry of Defence*, 2013 [http://www.mod.go.jp/e/publ/w\\_paper/pdf/2013/07\\_Part1\\_Chapter0\\_Sec2.pdf](http://www.mod.go.jp/e/publ/w_paper/pdf/2013/07_Part1_Chapter0_Sec2.pdf) accessed on 1 February 2014.

airspace<sup>12</sup>. Following the publication of Chinese Defence White Paper, on 17 April the PLA directed its missile destroyer Lanzhou and the missile frigate Hengshui from the Nanhai fleet towards the water around the disputed territory where they engaged in training exercises. Earlier, the Beihai and Donghai fleet patrolled the zone<sup>13</sup>. Similar incidents of violations of territorial waters were registered by the Japan coast guard on 25 October when four Chinese vessels came into Japanese waters approximately 22 km south-southeast of one of the five Senkaku Islands namely Minami-Kojima<sup>14</sup>.

The Japanese education minister, Hakubun Shimomura is seriously considering including the Senkaku Islands as an integral part of Japan in the instruction manual for school course outlines and educating the students that there exists no territorial issue with regard to these islands. This will apply to history and social science courses at the junior high school level, and as part of the Japanese history course in the senior high school

curriculum<sup>15</sup>. China, on the contrary has projected Nobusuke Kishi, Prime Minister Abe's grandfather, as a class-A war criminal in the September 18 Museum situated in Shenyang<sup>16</sup>. The rising nationalism in both countries is reflected in the opinion polls conducted by various organisations. For instance, the 9th Japan-China public opinion poll conducted by Genron NPO and the China Daily revealed that over 90 per cent of Japanese and Chinese have an unfavourable impression of each other's countries. The main cause for the unease is owing to the 'territorial issue'<sup>17</sup>. The deteriorating relations led to a 27 per cent decline in Chinese nationals visiting Japan in the

---

12 'China sends naval ships to patrol waters near disputed Senkakus', *Japan Daily Press*, 17 April 2013 <http://japandailynews.com/china-sends-naval-ships-to-patrol-waters-near-disputed-senkakus-1727188/> accessed on 12 January 2014.

13 'Chinese patrol ships enter Japan territorial waters again', *The Asahi Shimbun*, 25 October 2012 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201210250060](http://ajw.asahi.com/article/behind_news/politics/AJ201210250060) accessed on 15 January 2014.

14 'China's new air defense zone above Senkakus "very dangerous" escalation, Japan says', *AFP-JJI, Kyodo*, 23 November 2013 <http://www.japantimes.co.jp/news/2013/11/23/national/china-sets-up-air-defense-id-zone-above-senkakus/#.UuDFhtK6Zkg> accessed on 15 January 2014.

---

15 'Teaching manuals to describe Takeshima, Senkakus as Japan's territory', *The Asahi Shimbun*, 11 January 2014 [http://ajw.asahi.com/article/behind\\_news/social\\_affairs/AJ201401110046](http://ajw.asahi.com/article/behind_news/social_affairs/AJ201401110046) accessed on 15 January 2014.

'Teacher manuals next front in islet disputes', *JJI, The Japan Times*, 15 January 2014 <http://www.japantimes.co.jp/news/2014/01/15/national/teacher-manuals-next-front-in-islet-disputes/#.UuECGtK6Zkg> accessed on 25 January 2014.

16 'Abe's grandfather shown as "war criminal"', *The Hindu*, 17 January 2014 <http://www.thehindu.com/news/international/world/abes-grandfather-shown-as-war-criminal/article5584542.ece> accessed on 20 January 2014.

17 'The 9th Japan-China Public Opinion Poll Tuesday', *The Genron NPO*, 13 August 2013, [http://www.genron-npo.net/english/index.php?option=com\\_content&view=article&id=59:the-9th-japan-china-public-opinion-poll&catid=2:research&Itemid=4](http://www.genron-npo.net/english/index.php?option=com_content&view=article&id=59:the-9th-japan-china-public-opinion-poll&catid=2:research&Itemid=4) accessed on 14 March 2014.

'90 percent of Japanese, Chinese view each other negatively, poll finds', *The Asahi Shimbun*, 6 August 2013, <https://ajw.asahi.com/article/asia/china/AJ201308060078> accessed on 14 March 2014.

first half of 2013<sup>18</sup>. Moreover, there is a dip in the inflow of Chinese students to Japan, following the territorial dispute. However, this is not solely because of the contested islands. The Fukushima nuclear accident also raised health and safety concerns among Chinese and further contributed to this dip<sup>19</sup>.

## Chinese Air Defence Identification Zone (ADIZ) and Japanese response

China declared its Air Defence Identification Zone in the East China Sea on 23 November that included the contested islands. Japan conveyed its 'deep concern' and described this development as 'very dangerous'<sup>20</sup>. It argued that it is a 'profoundly dangerous act that can unilaterally change the status quo in the East China Sea, escalating the situation, and that may cause unintended consequences in the

East China Sea'<sup>21</sup> China argued that the ADIZ was established in keeping with the March 1997, Law of the People's Republic of China on National Defence; the October 1995, Law of the People's Republic of China on Civil Aviation; and the July 2001, Basic Rules on Flight of the People's Republic of China<sup>22</sup>; which require that all aircraft must comply with its domestic procedures, failing which China will resort to defensive emergency measures. Japanese called for revocation of the ADIZ and emphasised that treating the 'airspace over the Senkaku Islands, an inherent part of the territory of Japan, as if it were a part of China's "territorial airspace" Japan cannot accept at all such description'<sup>23</sup>. The Chinese defence ministry clarified on 28 November that the Chinese ADIZ is 'completely justified and legitimate' and underscored that as the Japanese declared their ADIZ in the year 1969, they are therefore in no position to comment on China's ADIZ. They further argued that any call for the withdrawal of the Chinese ADIZ will require Japan to retract its

---

18 'Improving chilly Japan-China ties Sep 13, 2013', *The Japan Times*, 13 September 2013, <http://www.japantimes.co.jp/opinion/2013/09/13/editorials/improving-chilly-japan-china-ties/#.UzOuKM5RLSh> accessed on 12 January 2014.

19 'Japanese-language schools see sharp decrease in Chinese students', *The Asahi Shimbun*, 29 August 2013 [https://ajw.asahi.com/article/behind\\_news/social\\_affairs/AJ201308290059](https://ajw.asahi.com/article/behind_news/social_affairs/AJ201308290059) accessed on January 12, 2014.

20 'Statement by the Minister for Foreign Affairs on the announcement on the "East China Sea Air Defence Identification Zone" by the Ministry of National Defence of the People's Republic of China', *Ministry of Foreign Affairs*, 24 November 2013 [http://www.mofa.go.jp/press/release/press4e\\_000098.html](http://www.mofa.go.jp/press/release/press4e_000098.html) accessed on 12 January 2014.

---

21 'Statement by the Minister for Foreign Affairs on the announcement on the "East China Sea Air Defence Identification Zone" by the Ministry of National Defence of the People's Republic of China', *Ministry of Foreign Affairs*, 24 November 2013 [http://www.mofa.go.jp/press/release/press4e\\_000098.html](http://www.mofa.go.jp/press/release/press4e_000098.html) accessed on 12 January 2014.

22 'Statement by the Government of the People's Republic of China on Establishing the East China Sea Air Defense Identification Zone', *Xinhua*, 23 November 2013 [http://eng.mod.gov.cn/Press/2013-11/23/content\\_4476180.htm](http://eng.mod.gov.cn/Press/2013-11/23/content_4476180.htm) accessed on 1 January 2014.

23 'Statement by the Minister for Foreign Affairs on the announcement on the "East China Sea Air Defense Identification Zone" by the Ministry of National Defense of the People's Republic of China', *Ministry of Foreign Affairs*, 24 November 2013 [http://www.mofa.go.jp/press/release/press4e\\_000098.html](http://www.mofa.go.jp/press/release/press4e_000098.html) accessed on 12 January 2014.

ADIZ first, following which China will ponder over Japan's request, 44 years later<sup>24</sup>.

Two unarmed B-52 bombers of the United States flew over the contested islands on 25 November in defiance of the Chinese ADIZ<sup>25</sup>. However, the international community later observed that three key American airlines including United, American and Delta complied with the Chinese ADIZ requirements by submitting their flight plans<sup>26</sup>. Japan reportedly was uncomfortable with this development and the leadership issued a clarification that the US authorities had never asked the commercial carriers to submit their flight plans<sup>27</sup>. Vietnamese, Thai, South Korean and Malaysian carriers too have conformed to

the ADIZ requirements<sup>28</sup>. Moreover, Japanese airlines like ANA Holdings and Japan Airlines are reported to have also shared their flight numbers, time, altitude and route with China, while passing above the disputed islands<sup>29</sup>. Yoshihide Suga, Japan's Chief Cabinet Secretary, clarified that the Self-Defence Forces and the Japanese Coast Guard continue to fly over the area without notifying China 'just as we have done before China declared its ADIZ'<sup>30</sup>. Meanwhile, in early December, two P-8A Poseidon patrol jets were deployed by the United States in the Kadena Air Base<sup>31</sup>.

On 17 December the Japanese Cabinet announced its National Security Strategy for the following decade, besides approving the National Defence Programme Guidelines and a Mid-Term Defence Programme. These will be the foundation for the Japanese foreign and national security policy in the coming years. Moreover, Japan aims to enhance its military expenditure by five per

---

24 'China dismisses Japanese claim of altering status quo', *Xinhua*, 29 November 2013, [http://eng.mod.gov.cn/Press/2013-11/29/content\\_4477034.htm](http://eng.mod.gov.cn/Press/2013-11/29/content_4477034.htm) accessed on 20 January 2014.

25 'US B-52 bombers challenge disputed China air zone', *BBC*, 26 November 2013 <http://www.bbc.co.uk/news/world-asia-25110011> accessed on 5 January 2014.

26 'U.S. airlines comply with China's demand for notice of flights through zone', *CNN*, 1 December 2013 <http://edition.cnn.com/2013/11/30/world/asia/china-japan-us-tensions/> accessed on 3 January 2014.

27 'Japan, US seemingly at odds in response to China air zone', *Japan Daily Press*, 2 December 2013, <http://japandailynews.com/japan-us-seemingly-at-odds-in-response-to-china-air-zone-0240346/> accessed on 15 January 2014.

'U.S. govt did not ask airlines to give flight notice to China: Abe', *Global Post*, 1 December 2013, <http://www.globalpost.com/dispatch/news/kyodo-news-international/131201/us-govt-did-not-ask-airlines-give-flight-notice-china-> accessed on 12 January 2014.

---

28 'More airlines submit flight plans to China, while Japanese carriers hold out', *The Asahi Shimbun*, December 14, 2013 [https://ajw.asahi.com/article/asia/south\\_east\\_asia/AJ201312140051](https://ajw.asahi.com/article/asia/south_east_asia/AJ201312140051) accessed on 15 January 2014.

29 'Japanese airlines begin to check in', *China Daily*, 27 November 2013, [http://www.chinadaily.com.cn/world/2013-11/27/content\\_17133335.htm](http://www.chinadaily.com.cn/world/2013-11/27/content_17133335.htm) accessed on 16 January 2014.

30 'SDF, Coast Guard planes defy new Chinese air zone', *The Japan Times*, 28 November 2013 <http://www.japantimes.co.jp/news/2013/11/28/national/sdf-coast-guard-planes-defy-new-chinese-air-zone/#.UuD9TtK6Zkg> accessed on 20 January 2014.

31 'U.S. deploys newest surveillance aircraft to Japan amid China tensions', *AFP-JJJI*, 3 December, 2013 [http://www.japantimes.co.jp/news/2013/12/03/national/u-s-deploys-newest-surveillance-aircraft-to-japan-amid-china-tensions/#.UuD\\_LNK6Zkg](http://www.japantimes.co.jp/news/2013/12/03/national/u-s-deploys-newest-surveillance-aircraft-to-japan-amid-china-tensions/#.UuD_LNK6Zkg) accessed on 20 January 2014.

cent over the coming five years. In accordance with the Mid-Term Defence Programme, it plans to spend 24.7 trillion yen between 2014 and 2019. Japan constituted a National Security Council on 4 December 2013. It plans to induct 52 amphibious vehicles, 17 Osprey transport aircraft, five submarines, three Global Hawk drones, 28 F-35 fighter jets and two destroyers with the Aegis anti-missile system<sup>32</sup> to strengthen its the capability to protect its territorial waters and airspace. While Japan plans to increase the strength of its Ground Self Defence Forces (GSDF) by 5,000, compared to the 2010 DPJ Programme Guidelines totalling to 159,000, the defence budget for the year, starting April 2014, amounts to 4.9 trillion yen<sup>33</sup>. For the defence of the Senkakus, 12 large patrol boats are scheduled to be deployed by the Japanese coast guard by 2015. In 2014, 13.3 billion yen is assigned to build or modernise 11 of these boats. Additionally the coast guard is scheduled to add 400 personnel which will take their strength up to 13,208<sup>34</sup>. Furthermore, the new National Security Strategy was outlined focusing on bolstering defence to protect Japanese territory in the backdrop of an assertive China. China registered its strong

protest at these developments and accused Japan of fabricating a China threat theory to exacerbate regional tensions and as a pretext for arms expansion<sup>35</sup>.

## The US response

During the February Obama-Abe summit, the US reiterated that Japan was one of its closest partners, and described the US-Japan alliance as the 'central foundation for our regional security and so much of what we do in the Pacific region.'<sup>36</sup> But it did not make any reference to the contested islands. However, while referring to the contested islands on 29 April, US Defence Secretary Chuck Hagel stated that 'the United States opposes any unilateral or coercive action that seeks to undermine Japan's administrative control'. He further reiterated that while 'United States does not take a position on the ultimate sovereignty of the islands, but we do recognise they are under the administration of Japan and fall under our security treaty obligations'<sup>37</sup>. Meanwhile China demanded that the United States 'strictly

32 'Defence outlays to be hiked 5% amid China threat Abe plans to boost air, sea, land hardware to protect remote isles', *AFP-JJI*, 17 December 2013 [http://www.japantimes.co.jp/news/2013/12/17/national/defense-outlays-to-be-hiked-5-amid-china-threat/#.UuEUk\\_vhVkg](http://www.japantimes.co.jp/news/2013/12/17/national/defense-outlays-to-be-hiked-5-amid-china-threat/#.UuEUk_vhVkg) accessed on 30 January 2014.

33 'A lot of new equipment purchases in latest 5-year defence plan', *The Asahi Shimbun*, 14 December 2013 [https://ajw.asahi.com/article/behind\\_news/politics/AJ201312140033](https://ajw.asahi.com/article/behind_news/politics/AJ201312140033) accessed on 20 January 2014.

34 'Japan bolstering capabilities to defend Senkaku Islands', *The Asahi Shimbun*, 25 December 2013 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201312250066](http://ajw.asahi.com/article/behind_news/politics/AJ201312250066) accessed on 24 January 2014.

35 'MND spokesman: China resolutely opposes Japan's announcement of national security strategy', *China Military Online*, 23 December 2013, [http://eng.mod.gov.cn/DefenseNews/2013-12/23/content\\_4480420.htm](http://eng.mod.gov.cn/DefenseNews/2013-12/23/content_4480420.htm) accessed on 20 January 2014.

36 'Remarks by President Obama and Prime Minister Abe of Japan After Bilateral Meeting Oval Office' The White House Office of the Press Secretary *Oval Office*, 22 February 2013, <http://www.whitehouse.gov/the-press-office/2013/02/22/remarks-president-obama-and-prime-minister-abe-japan-after-bilateral-mee> accessed on 20 January 2014.

37 'U.S. warns against 'coercive action' over Senkaku issue', *The Asahi Shimbun*, 30 April 2013 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201304300129](http://ajw.asahi.com/article/behind_news/politics/AJ201304300129) accessed on 20 January 2014.

abide' by its assurance of neutrality with regard to the territorial claims in the East China Sea<sup>38</sup>. China registered its protest in October at the US-Australia-Japan trilateral dialogue held on the sidelines of the APEC in Bali and cautioned that any interference in the territorial row in the East China Sea will escalate regional tensions. The trilateral dialogue issued a joint statement opposing any coercive or unilateral measures that could potentially alter the status quo in the East China Sea<sup>39</sup>. During his East Asia tour to Japan, China and South Korea in the first week of December, Vice President Joe Biden opposed the Chinese ADIZ encompassing the disputed territories which 'raised regional tensions and increased the risk of accidents and miscalculation'<sup>40</sup>.

Japan argues that the disputed islands come within the purview of the security alliance, implying that in case of an armed conflict, the US is obliged to get involved under Article 5 of the US-Japan Treaty of Mutual Cooperation and Security. In September 2012, Kurt Campbell, former US Assistant Secretary for East Asian and Pacific Affairs also clarified that the contested islands fall within the scope of American defence

arrangement with Japan<sup>41</sup>. Furthermore, Campbell unpacked that the US had cautioned Japan regarding its nationalisation of three of the five disputed islands in September 2012<sup>42</sup>. Secretary of State John Kerry issued a strong statement following the establishment of the Chinese ADIZ in November 2013 encompassing the contested islands and said that, 'The United States is deeply concerned about China's announcement... escalatory action will only increase tensions in the region and create risks of an incident'<sup>43</sup>. The US position was reflected in the June statement issued following the Obama-Xi summit which underscored that 'the parties should seek to de-escalate, not escalate, and the parties should seek to have conversations about this through diplomatic channel and not through actions out on the East China Sea'<sup>44</sup>.

## Assessment

It is important to deconstruct the dispute to understand the conundrum. The energy

38 'China urges US to abide by neutrality on Diaoyu islands Updated', *Xinhua*, 18 September 2013, [http://www.chinadaily.com.cn/china/2013-09/18/content\\_16980260.htm](http://www.chinadaily.com.cn/china/2013-09/18/content_16980260.htm) accessed on 20 January 2014.

39 'China warns US, Japan, Australia not to gang up in sea disputes Updated', *China Daily*, 7 October 2013 [http://www.chinadaily.com.cn/china/2013-10/07/content\\_17012204.htm](http://www.chinadaily.com.cn/china/2013-10/07/content_17012204.htm) accessed on 20 January 2014.

40 'Japan, U.S. vow to not allow Chinese attempt to change status quo by force', *The Associated Press* 3 December 2013 [http://ajw.asahi.com/article/behind\\_news/politics/AJ201312030085](http://ajw.asahi.com/article/behind_news/politics/AJ201312030085) accessed on 20 January 2014.

41 'U.S. Says Disputed Islands Covered by Japan Defense Treaty', *Bloomberg News*, 21 September 2012 <http://www.bloomberg.com/news/2012-09-21/u-s-says-disputed-islands-covered-by-defense-treaty-with-japan.html> accessed on 20 January 2014.

42 'US advised Japan against purchase of Senkaku Islands', *Japan Daily Press*, 10 April 2013 <http://japandailypress.com/us-advised-japan-against-purchase-of-senkaku-islands-1026724/> accessed on 25 January 2014.

43 'Statement on the East China Sea Air Defense Identification Zone', *US Department of State*, 23 November 2013 <http://www.state.gov/secretary/remarks/2013/11/218013.htm> accessed on 25 January 2014.

44 'Obama urges de-escalation, dialogue in China-Japan maritime row', *Reuters*, 9 June 2013, <http://ajw.asahi.com/article/asia/china/AJ201306090035> accessed on 12 January 2014.

appetite of the world's second and third largest economy is shaping the nature of tension over these islands. The dispute is largely related to the energy reserves detected in the region. The 1968 UNESCAP survey projected the presence of hydrocarbon reserves in the region. The Agency for Natural Resources and Energy (ANRE, Japan) in 2006 estimated 500 million kilolitres of oil equivalent on the Japanese side<sup>45</sup>. According to Chinese estimates the East China Sea hosts 250 trillion cubic feet of natural gas deposits. The Energy Information Administration (EIA) projects that there are around one to two trillion cubic feet of natural gas deposits in the region<sup>46</sup>. The race to stake their claims has implications with regard to the Chunxiao gas field<sup>47</sup>.

The international community witnessed an escalation of tension around the contested islands since their nationalisation by the Japanese authorities in 2012. The developments of 2013 reflect that the security situation around the disputed territories will continue to remain tense in 2014 but is unlikely to culminate in a serious military confrontation or war. Responding to what is perceived as an increasingly assertive China, Japan is rethinking its strategy, in order to strengthen its capabilities. Several scholars

argue that developments around the territorial dispute have put US pivot/rebalancing policy and US-Japan security alliance to a litmus test. Japan has for long relied on the US-Japan security alliance, but there is a school of thought which argues that US is worried about getting dragged into Japan's conflict. An opinion poll conducted by the Japanese MOFA in December showed that the percentage of regular Americans who support the Japan-US Security Treaty has fallen to a record low.<sup>48</sup> Moreover, the territorial dispute has also fuelled the domestic debate relating to the revision of Article 9, and the demand for Japan becoming a 'normal country' is gaining momentum under Abe's leadership. Space for dialogue needs to be created for any peaceful conclusion to this dispute. Given the aggressive historical baggage between the two countries and the rising nationalism witnessed in the recent past, strong political will and commitment of the leadership to regional stability and security will be indispensable for addressing the challenge, and resolving the territorial issue.

---

45 'The value of Senkaku oil and the costs for Japan and China', *The Asahi Shimbun*, 29 October 2012, [https://ajw.asahi.com/article/forum/security\\_and\\_territorial\\_issues/AJ201210290009z](https://ajw.asahi.com/article/forum/security_and_territorial_issues/AJ201210290009z) accessed on 25 January 2014.

46 'East China Sea', *US Energy Information Administration*, 25 September 2012 <http://www.eia.gov/countries/regions-topics.cfm?fips=ecs> accessed on 25 January 2014.

47 'Why Are China and Japan Sparring Over Eight Tiny, Uninhabited Islands?', *National Geographic*, 26 October 2012 <http://news.nationalgeographic.co.in/news/energy/2012/10/121026-east-china-sea-dispute/> accessed on 20 January 2014.

---

48 'Survey: Fewer Americans support the Japan-U.S. Security Treaty', *The Asahi Shimbun*, 20 December 2013 [https://ajw.asahi.com/article/behind\\_news/politics/AJ201312200073](https://ajw.asahi.com/article/behind_news/politics/AJ201312200073) accessed on 31 January 2014.

## About the Authors

**Avinash Godbole** is a Research Assistant at IDSA and a doctoral scholar in Chinese Studies, Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. His area of interests include Chinese foreign policy, India-China relations, environmental changes in China, India's position, global debates on climate change and minorities in China. He can be contacted at [avingodb@gmail.com](mailto:avingodb@gmail.com).

**Bijoy Das** was a Research Associate at IDSA till February 2014. A fluent Mandarin speaker, he has undertaken language studies at Jawaharlal Nehru University, New Delhi as well as pursued advanced studies at the Beijing Language and Cultural University. His area of expertise is India-China bilateral security issues. He can be contacted at [bd.7feb@gmail.com](mailto:bd.7feb@gmail.com).

**Dolma Tsering** has interned at IDSA. She is a Doctoral Scholar in Chinese Studies, Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. She can be reached at [dolma19@gmail.com](mailto:dolma19@gmail.com).

**Jagannath P. Panda** is a Research Fellow and Centre Coordinator of the East Asia

Centre at IDSA. Dr. Panda has edited and authored a number of books on China and contributes regularly to international journals. He is a recipient of the V.K. Krishna Menon Memorial Gold Medal (2000) from the Indian Society of International Law and Diplomacy, New Delhi. He can be reached at [jppjagannath@gmail.com](mailto:jppjagannath@gmail.com).

**M.S. Prathibha** is an Associate Fellow at IDSA. Her research areas are China and nuclear order, Chinese views on war and strategy, strategic force modernisation, China and world order, China-US, India relations, Chinese social and cultural politics, security dynamics in East Asia, and Chinese civilisation and philosophy. She was a recipient of the India-China Government Scholarship and was a Senior Advanced Scholar in Beijing Normal University, Beijing (2009-2011). She can be reached at [msprathibha20@gmail.com](mailto:msprathibha20@gmail.com).

**Neha Kohli** is an Associate Editor of the Journal of Defence Studies, published by IDSA. She completed her MA and MPhil degrees from the School of International Studies, Jawaharlal Nehru University, New Delhi. Her research focus is West Asia, especially the Gulf region. She can be reached at [associateeditor.jds@gmail.com](mailto:associateeditor.jds@gmail.com)

**Pranamita Baruah** is a Research Assistant at IDSA. Her areas of interests are Japan and the Korean peninsula. She is a doctoral scholar in Chinese Studies, Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. She was a recipient of a research fellowship at the Japan Institute for International Affairs (JIIA) in 2011. She can be reached at pranamita.baruah@gmail.com.

**Prashant Kumar Singh** is an Associate Fellow at IDSA. His research interests are China's strategic, military and foreign affairs. Taiwan's state and society are his special academic interest. He obtained a one-year diploma in Mandarin Chinese at Tamkang University, Taipei and is recipient of the Taiwan Fellowship 2014. He can be reached at prashant.idsa@gmail.com.

**Rup Narayan Das** was on deputation as a Senior Fellow at IDSA. He earned his doctorate in Chinese Studies from Jawaharlal Nehru University, New Delhi. He has worked as additional director in the Lok Sabha. He writes for leading English dailies in India and abroad. He can be reached at rndas\_osd@yahoo.com.

**Shruti Pandalai** is an Indian television journalist, currently on a research fellowship at IDSA. Her areas of expertise and interest include strategic perception in international relations, media and strategic communication, new media and national security, India's neighbourhood relationships and international relations. She can be reached at shrutipandalai@gmail.com.

**Stuti Banerjee** is a Research Fellow at the Indian Council of World Affairs, New Delhi. She is engaged in research on the US and Latin America. Her research interests include: nuclear security and risks, Indian foreign policy, US foreign policy, defence and strategic studies. She can be reached at stuti69@gmail.com

**Titli Basu** is a Research Assistant at IDSA. Ms. Basu is pursuing her Doctoral research from Jawaharlal Nehru University. She was associated with the University of Tokyo as a Visiting Research Scholar (2010-2011) funded by the Japan Foundation. She can be reached at jnu.basu@gmail.com.

**Tsupokyemla** is Documentation Officer in the Gulf Studies Programme under Centre for West Asian Studies, Jawaharlal Nehru University, New Delhi. Her current research work is on the linkage politics in the Fertile Crescent.

## Contributors from the South Asia Centre

**Anand Kumar** is an Associate Fellow at IDSA. His area of specialisation is counter-terrorism, South Asian politics, Bangladesh, Maldives, proliferation of small arms and low intensity conflicts. He can be reached at anand\_rai@hotmail.com

**Ashok K. Behuria** is a Research Fellow and Centre Coordinator of the South Asia Centre at IDSA. His expertise is in politics and society in Pakistan, including internal political

dynamics and ethno-cultural diversity; India-Pakistan relations and Kashmir; and politics of nationalism and ethnicity. He can be reached at ashokkb@gmail.com

**Gulbin Sultana** is a Research Assistant at IDSA. Currently she is working on her doctoral thesis on 'Sri Lanka's Maritime Security'. Her areas of interests are Sri Lanka and Maldives. She can be reached at gsultana.idsa@nic.in

**Nihar Nayak** is an Associate Fellow at IDSA. His expertise is in Maoist insurgency in South Asia and has recently authored the book:

*Strategic Himalayas: Republican Nepal and External Powers*. He can be reached at nayak.nihar@gmail.com

**Sreyash Deshmukh** is an intern at IDSA.

**Vishal Chandra** is an Associate Fellow at IDSA. He was associated with the *Reintegration, Reconstruction & Reconciliation (R3)* Working Group on Afghanistan. He regularly lectures on Afghan affairs at various institutions. As part of his research, he has travelled widely in Afghanistan. He can be reached at chandra.vishal@gmail.com





An annual publication from the Institute for Defence Studies and Analyses (IDSA), the China Yearbook is a round-up of events and issues of significance that occurred in China during the past year and covers important developments in the domestic and foreign policy spheres.

The third of the series, the 2013 Yearbook comprises fourteen chapters spanning the diverse yet important issues occurring internally and externally with respect to China. The first section reviews internal issues of consolidation of power, and contours of the new leadership, ethnic unrest, media, nuclear developments and the debates on the military. The second section examines China's external relations including those with India and countries of South Asia, East Asia, Central Asia, West Asia, the United States, and a special focus on the challenges in the Senkaku/Diaoyu Islands.

The Yearbook seeks to promote a deeper understanding of contemporary issues affecting China and its interaction with India and the region. It would be useful for scholars, researchers, journalists and policy makers.

Rs. 795



MAGNUM Books Pvt Ltd

ISBN 978-93-82512-24-0



9 789382 512240 >