

Eye on China, 23 May 2020

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I. India-China Ties

Border Tensions: Tensions along the disputed Sino-Indian boundary remain high. In last week's newsletter I had covered two incidents, one on May 5 and 6 in Ladakh and the other on May 9 near Sikkim. This week, there's a bit more clarity, but no resolution. [Ajai Shukla reports](#) that "more than 5,000 Chinese soldiers of the People's Liberation Army (PLA) have intruded into five points in Ladakh – four along the Galwan River, and one near the Pangong Lake." He adds: "This is not shaping up like a routine patrol confrontation, or even a temporary occupation of disputed territory of the kind that took place in Depsang in 2013, or in Chumar in 2014. This time the PLA soldiers are digging defences, preparing bunkers, moving in heavy vehicles and have reportedly even moved artillery guns to the rear (albeit in their own territory) to support the intruders, say the sources. The Chinese have pitched close to a hundred tents at four points on the Galwan River between Patrolling Point 14 (PP 14) and another location called Gogra."

[Manu Pubby reports](#): "what started off as one of the many face-offs that occur between troops patrolling the disputed border has taken a more serious turn after the Chinese side brought in troops and heavy equipment from a military exercise that was being conducted in the region this week. It is believed that Chinese troops have also taken up positions along the Pangong Tso Lake in the finger area and are conducting aggressive patrols with motorboats to deter Indian forces in the region." The report adds: "Some temporary structures put up in the finger area are also said to have been damaged. At the Galwan flashpoint, Chinese troops have maintained their presence and are being countered by Indian reinforcements that have also moved in large numbers. Reports coming in suggest that the face-off position at Galwan (valley) is being broadened by the Chinese to almost four kilometres as it rushed in additional troops this week. Sources said that a possible target could be the Darbuk-Shyok-Daulat Beg Oldi (DBO) Road that was constructed last year and is a lifeline for Sub Sector North (SSN)."

[Sudhi Ranjan Sen reports](#) for Bloomberg that talks between local commanders on Tuesday ended in a deadlock. [Global Times had a piece](#) earlier this week, saying that the Galwan standoff wasn't likely to become another Doklam. The piece also said that Indian troops had trespassed into Chinese territory. The Chinese foreign ministry on Tuesday, in Mandarin remarks, [warned](#) of "necessary counter-measures" while asking "Indian personnel to return immediately and restore the control of the relevant areas." In response on Thursday, the MEA [said](#) that "All Indian activities are entirely on the Indian side of the LAC. In fact, it is Chinese side that has recently undertaken activity hindering India's normal patrolling patterns." On Friday, the [Indian Express cited](#) official data to report the jump in transgressions from China across the LAC in 2019 and the first four months of 2020. The report says: "the first four months of this year, according to official data, witnessed 170 Chinese

transgressions across the LAC, including 130 in Ladakh. There were only 110 such transgressions in Ladakh during the same period in 2019.”

Chinese transgressions				
Year	West	East	Middle	Total
2020	130	30	10	170
2019	110	70	7	187

Figures Jan to April

Aerial transgressions				
Year	West	East	Middle	Total
2019	32	64	12	108
2018	31	42	5	78
2017	27	11	9	47
2016	17	4	2	23
2015	19	0	1	20

Chinese transgressions, aerial transgressions

Amid all this, there’s also a bit of a spat between China and the US. Remarks by Alice G. Wells, the Principal Deputy Assistant Secretary of State, Bureau of South and Central Asian Affairs, **terming** Chinese behaviour along the boundary as “disturbing behaviour” piqued Zhao Lijian, who **dismissed** them as “utter nonsense.”

WHA Resolution: There was much drama earlier in the week, with the World Health Assembly meeting and the **adoption of a resolution** to investigate the Covid-19 pandemic. At the **end of it all**, China was a co-sponsor of the resolution, which the EU along with others had proposed. And the resolution passed comfortably without any objections. There’s some sections of the Indian media reporting that this is an example of China bowing to international pressure, such as **this** and **this**. I don’t see it that way. The mandate for the probe is very specific and apolitical. That’s not a bad thing from a scientific and public health perspective. But this lowered the political cost for Beijing, making a probe acceptable. From China’s perspective, this is something being done by the WHO, where it enjoys clout. Second, there’s a long and arduous process ahead, which can be monitored and frustrated if need be. Third, it puts to rest all the speculation and pressure around the origins of the virus for a while. Meanwhile, **here’s what Zhao Lijian had to say**.

Anyway, the WHA also elected ten new member states, including India, which will now serve on the executive board for three years. The push for Taiwan’s inclusion in the WHA as an observer didn’t yield results, but this could be back for discussion later in the year.

FPI Scrutiny: After tightening scrutiny over FDI from China, now **Reuters reports** that the Indian government has drafted rules proposing tighter scrutiny of new Foreign Portfolio Investors (FPIs) from China and Hong Kong. The report says that a draft proposal put together in consultation with SEBI and the Commerce Ministry is currently with the Finance Ministry. New rules could also entail a “security clearance” from the Home Ministry. For the record, at present, there are 111 FPIs from Hong Kong and 16 from China registered in India. The 16 from the mainland **include** the AIIB and PBOC, among others.

RCEP Talks: Suhasini Haidar [reported](#) last week that a deadline to respond to a proposal to rejoin the RCEP had passed on May 15, with no clarity whether the government had responded. The piece quotes Ashok Malik, policy advisor to the MEA, as saying that “if anything the COVID-19 experience, and the experience of countries that have been overly dependent on imports from China or one country would have reinforced and revalidated the decision to stay out of RCEP.” Nevertheless, China’s Vice Commerce Minister Wang Shouwen [told the press](#) on Monday that nearly 80% of the deal’s text has undergone legal review, but the door is still open for India if it would like to join.

Taiwan Message: Ananth Krishnan [reports](#) for The Hindu that a joint message from BJP MPs Meenakshi Lekhi and Rahul Kaswan was played during Tsai’s inauguration. It said: “Both India and Taiwan are democratic countries, bonded by shared values of freedom, democracy and respect for human rights. Over the past years, India and Taiwan have enhanced bilateral relations enormously in wide-ranging areas, especially trade, investment and people to people exchanges.” Officially, India was represented at the ceremony by Sohag Sen, the acting director general of the India Taipei Association.

HK Demarche: India, meanwhile, is one among many countries to whom China has sent demarches on Thursday night, explaining the need for a new National Security Law in Hong Kong. Sutirtho Patranobis [reports](#) for The Hindustan Times that the statement warns against interference; says that HK has become a “notable source of risk to China’s national security;” and has a not so subtle reference to economic interests, which ends with “we hope that your government will understand and support China’s relevant practices.”

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