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**Strange Days in Shanghai**

*By John S. Van Oudenaren*

**Introduction**

Over the past two years, deserted cityscapes have become a distressingly common sight, but the images of totally empty thoroughfares in the usually pulsating city of Shanghai are striking ([The Paper](#), April 2). By late March, government authorities reported that Shanghai had recorded 30,000 COVID-19 cases ([Xinhuanet](#), April 1). After failing to isolate the mushrooming outbreak through localized lockdowns, the Shanghai municipal government implemented a phased, city-wide lockdown beginning on March 28 ([Shanghai Municipal Health Commission](#), March 27). The vast majority of the 26 million inhabitants in the province-level municipality, which is China's financial center and largest city, are now confined to their homes.

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The Chinese government has been able to maintain its restrictive zero-COVID approach for over two years without engendering mass popular frustration in part because large-scale lockdowns in China's biggest East Coast cities have largely been averted; that is until recently. In late December and January, Xi'an, Tianjin, and several other big cities were placed under lockdowns. This was a clear indication that the Omicron variant's arrival in China presents a severe challenge to the government's "dynamic clearance" (动态清零, *dongtai qingling*) policy, which seeks to achieve a zero-infection rate among the population ([China Brief](#), January 14).

On March 27, the Shanghai Leadership Small Group for Epidemic Prevention, under guidance from the Central Government's National Health Commission, opted to implement mass testing of all 26 million city residents ([Xinhuanet](#), April 2). The municipal government implemented a phased lockdown in order to carry out testing and isolate cases. From March 28-31, ten million residents of Pudong on the western side of the Huangpu river were placed under stay-at-home restrictions; and from April 1-5, 16 million residents east of the Huangpu in Puxi were ordered into lockdown. The testing has underscored the severity of the current outbreak in Shanghai. On Thursday, 19,982 new COVID-19 cases were reported, which set a record for the sixth straight day ([South China Morning Post](#), April 7). As a result of these spiraling cases numbers, millions of residents in Pudong, where stay-at-home mandates were supposed to have been lifted by March 31, and nearly all of those in Puxi, remain under lockdown orders.



*(Image: The typically crowded intersection of North Shaanxi and Nanjing West Road is devoid of traffic on April 1 in Jing'an District in downtown Shanghai, Source: The Paper)*

### **Collateral Damage**

The municipal government's lockdown order mandated the closure of all government offices, and private workplaces except for those involved in epidemic prevention or provision of essential goods and services ([Shanghai Municipal Health Commission](#), March 27). Unsurprisingly, the requirement that all nonessential businesses close or shift to work-from-home operations has hit the city's economy hard. In a recent survey conducted by the American Chamber of Commerce in Shanghai: 99 percent of businesses reported the ongoing outbreak has had a negative impact on their operations. Around 82 percent of manufacturers have experienced production shortfalls due to lack of employees, supply shortages, and work disruptions due to government epidemic prevention restrictions ([AmCham Shanghai](#), April 1).

In its guidance on implementing the lockdown, the Shanghai Municipal Health Commission stressed the need to ensure uninterrupted medical services including pregnant women and patients with serious health conditions ([Shanghai Municipal Health Commission](#), March 27). This was clearly an attempt to avoid issues during past lockdowns, such as in Xi'an earlier this year, when individuals suffering medical emergencies were denied care. Despite this official guidance, numerous complaints have circulated online concerning family members who were unable to access emergency medical care, due to hospital closures, or because they were diverted from urgent care to COVID-19 testing or quarantine centers ([Human Rights Watch](#), April 6). In one particularly tragic account, a Weibo user described how his 77 year old father tested positive for COVID-19 and was diverted from hemodialysis treatment for kidney disease to an isolation unit ([Weibo](#), March 29). While in quarantine, the man received no hemodialysis for several days, and died of renal failure as a result. To add insult to injury, the man's son noted that he received a call from the Shanghai Centers for Disease Control (CDC) informing him that his father was alive and receiving urgent care, when he had actually already been dead for 12 hours.

As with past mass lockdowns, ensuring adequate food supply to an enormous urban population confined to their homes is a major logistical challenge. Reports indicate that food delivery service availability varies across the city, but some Shanghai residents have reported trying dozens of applications and still being unable to procure any kind of food deliveries ([Twitter](#), April 1). Sometimes, app users reported being able to purchase cakes, sweets or pet food, but not staples like rice and vegetables, which suggests supply as well as delivery issues. Even those who have been briefly permitted to leave their homes to purchase essentials reported completely empty shelves due to hoarding ([Weibo](#) April 8). Some people have even resorted to foraging. After several residents fell ill after eating toxic weeds that they had mistaken for leeks, authorities sent out an emergency notification urging people not to pick roadside vegetables due to the risk of food poisoning ([Twitter](#), April 1).

### **Viral Anger**

Despite the extensive state security and censorship apparatuses in China, public outbursts of dissatisfaction with the government's epidemic prevention policies have occurred and been captured in videos circulating on social media. For example, at one housing complex, which has been under lockdown since March 2 and has undergone ten rounds of testing, residents massed near the gates shouting demands into a loudspeaker at

white-clad health workers: “We want to eat,” “We want to go to work,” and “We have a right to know.” ([Quicktake](#), April 1). In addition, on social media sites such as Weibo and Tencent, open criticism of government health policies has occurred, and in many cases, gone uncensored. On Monday, videos of unsupervised crowds scuffling for food, water, and blankets were shared extensively on WeChat and Weibo ([What's On Weibo](#), April 4). The chaotic scenes spurred shocked netizens to express their frustrations with local authorities. One Weibo user asked “Where is the Nanhui District government?” Another asserted that “there is no public order at all, what is the point of such chaotic epidemic prevention work?” ([Weibo](#), April 4).

Last weekend, the state-run magazine *China Philanthropist* (中国慈善家, *Zhongguo cishan jia*) published an article detailing how infants and young children in Shanghai with COVID-19 have been separated from their families and placed in isolation facilities over their parents’ objections ([China Philanthropist](#), April 2). The story recounted the ordeal of a mother referred to by the alias “Zhao Qian” (赵倩), who along with her husband and infant daughter tested positive for COVID-19. Although Zhao was originally kept with her daughter, they were separated on March 29, and her daughter was moved to the “Jinshan Infant and Toddler Isolation Point” (金山婴幼儿隔离点, *Jinshan ying you'er geli dian*). Zhao protested being separated from her daughter, but health workers responded that they were implementing a “government regulation,” which would be carried out with or without her consent. When Zhao sought updates on her daughter’s status via the health center’s WeChat, the only update she received was that her child was “OK.” The *China Philanthropist* story cited another mother who noted the large ratio of children to healthcare workers in the infant isolation facilities, and estimated that one nurse must have to care for ten children.

As news of these family separations spread, social media outrage mounted. For example, a Tencent post acknowledged the difficulties facing health authorities but stressed that “parents and children cannot be separated under any circumstances” ([Tencent](#), April 2). Written from a concerned parent’s perspective, the post analyzes not only the emotional toll of family separation, but also details how the infant and toddler isolation centers are an inherently dangerous environment for young children. The post dissects pictures of the center revealing numerous dangers to young children, including inadequate adult supervision, fall risks due to high beds, danger of strangulation from loose bedding, and high risk of skin infections resulting from unchanged diapers and generally poor sanitary conditions.

On April 2, the Shanghai Municipal Health Commission issued a public notice responding to popular outrage over revelations of the infant and toddler isolation centers. The notice sought to assuage public anxiety by claiming that the photos circulating online of crowded, short-staffed facilities were not actually of the Jinshan Infant and Toddler Isolation Point, but of the hospital’s pediatric ward ([Xinhuanet](#), April 3). Nevertheless, the notice admitted that the pandemic has presented challenges that necessitate further adjustments including more effective ward management, improved communication with parents, and better treatment of pediatric patients. Starting on April 5, the Shanghai government sought to limit parent-child separations by establishing a new quarantine facility that allows infected parents to remain with children under age seven ([Duowei News](#),

April 6). However, concerns persist over continued separation of infected or exposed children from parents without COVID-19.

### **A Truth-Teller**

Just as the severity of the initial Wuhan outbreak in January 2020 was highlighted by a courageous whistleblower, Dr. Li Wenliang, a truth-teller has emerged who epitomizes growing public frustration with the current situation in Shanghai. On April 2, a recorded phone call between a Shanghai resident concerning his parents' difficulties with the health system, and a CDC official named Zhu Weiping (朱谓萍) went viral ([Tencent](#), April 4). The resident begins the call complaining that his father has received inconsistent COVID-19 testing results. He then notes that while in quarantine, his mother stayed with eight other people in a hospital room without a shower for a week. She was also forced to stand in the cold for several hours in transfer to a "makeshift hospital" (方舱医院, *fangcang yiyuan*). In response, the CDC official acknowledged that the health code system was manipulated. She also explained that authorities' insistence on placing people with mild or no symptoms in quarantine centers was not based on professional medical guidance, but on political motivations. Interestingly, the caller noted he was recording the conversation to which Zhu willingly consented.

Following the viral complaint call, the Shanghai CDC quickly issued new employee guidance on effective citizen consultation services. The notice stressed that staff must respond to citizens' concerns without diverging from national and municipal epidemic prevention policies ([Duowei News](#), April 3).

### **No Let Up**

Despite the immense economic disruption and extensive hardship caused by China's zero-COVID orthodoxy, the government appears unlikely to change course. As President Xi Jinping seeks to lock-in a third leadership term this fall, the efficacy of many of his signature policies has come under intense scrutiny, and some have even been moved to the backburner. For example, "Common Prosperity" (Xi's initiative to reduce China's enormous wealth gap) was a dominant theme in CCP politics throughout much of 2021, but was mentioned only once by Premier Li Keqiang in his annual Government Work Report to the National People's Congress last month ([China Brief](#), March 7). In the midst of the Ukraine conflict, Xi's approach to foreign policy, which has prioritized enhancing the strategic partnership with Russia, has also come under question from fellow elites. In this pressure cooker atmosphere, Xi is likely to cling to China's zero-COVID epidemic prevention approach as a major policy success, despite mounting evidence to the contrary. In his March 17 address to the Politburo Standing Committee, Xi stated "we must adhere to [the policy of] dynamic clearance in order to curb the spread of the epidemic as quickly as possible" ([Gov.cn](#), March 28).

As the outbreak rages in Shanghai, authorities show no signs of changing course. In her visit to Shanghai this week, Vice Premier Sun Chunlan, who is overseeing the government's epidemic prevention response, urged the construction of more makeshift hospitals and quarantine facilities ([Global Times](#), April 7). In line with this

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directive, the National Exhibition and Convention Center is currently being converted in to a massive *fangcang* hospital with room for 40,000 beds ([Xinhua](#), April 5). In ordinary times, the venue hosts China's International Import Expo. This in some ways is an analogy for Shanghai's experience in microcosm. A place that was once China's window on the world, has now been walled off. Whether this isolation is temporary or permanent will ultimately be determined not by what transpires in Shanghai, but in Beijing.

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**China's Contorted Response to Russia Sanctions**

*By Alicia García-Herrero*



*(Image: A freight train departing from China's Inner Mongolia Autonomous Region passes through the China-Russia border, Source: Xinhua)*

The unprecedented sanctions imposed on Russia in the wake of its invasion of Ukraine will devastate its economy, but the extent of the severity partially depends on China and how much economic aid it is prepared to extend. In the short term, surging commodity prices will undoubtedly boost Moscow's hard currency reserves, and mitigate the enormous cost of waging full-scale war against Ukraine. As a result, Western sanctions, while draconian, have not yet pushed Russia into the economic abyss. Meanwhile, China has voiced sharp opposition to Western sanctions on Russia or any other unilateral sanctions for that matter ([China Daily](#), March 25). For example, at a recent press conference, People's Republic of China (PRC) Foreign Ministry spokesperson Wang Wenbin averred that "escalating unilateral sanctions will fracture the global industrial and supply chains and hurt the livelihood of people of all countries, who should by no means be made to bear the brunt of geopolitical conflicts and major-country rivalry" ([FMPRC](#), March 21). However,

China has also provided clear indicators that it will comply with measures imposed by the West, or at least, where sanctions are concerned, with the letter of the law. For example, China's major commercial banks have announced they will stop issuing letters of credit to Russian counterparts ([The Standard](#), February 28). The Asian Infrastructure and Investment Bank (AIIB), a multilateral development financing institution launched by China and based in Beijing, has stopped its lending to Russia and Belarus ([AIIB](#), March 3; [South China Morning Post](#), March 3). In the same vein, Chinese manufacturers are no longer providing parts and components to the Russian aircraft industry ([Reuters](#), March 10).

The swift adherence to Western sanctions, even if underreported in the Chinese media, also parallels a very different push by Beijing, which is to create a wedge between the "letter of the law" and the "spirit of the law" on international sanctions. Almost immediately after Russia started its invasion of Ukraine, China announced that it would lift limits on Russian wheat imports due to phytosanitary reasons, as part of the agreements reached between President Putin and Xi on February 4 in Beijing ([PRC Customs Administration](#), February 23). In addition, the PRC ambassador in Moscow has exhorted Chinese entrepreneurs to contribute to the best of their ability to sustaining the Russian economy ([TASS](#), March 25).

### **Assessing China's Financial Capacity to Assist Russia**

All in all, Beijing seems to be following a two-pronged response to the War in Ukraine, ensuring that its financial institutions generally adhere to international sanctions, while still supporting the Russian economy as it struggles under the heavy weight of Western sanctions. Against this backdrop, considerable uncertainty remains as to how ready China really is to offer immediate, but also relevant enough support to the beleaguered Russian economy. But if we assume that this is China's objective; the real question that needs answering is, how much can Beijing really help?

In reality, Russia cannot rely on China to buy up all of the fossil fuel exports that it can no longer sell to the West, especially gas, as the physical infrastructure linking westward pipelines with those heading east to China is nonexistent. As for financial sanctions, China's financial infrastructure, namely China's international payment system (CIPS), is not an immediate solution either, for a very simple reason: it uses the same global messaging system as the cross-border payment system used globally, namely the Clearing House Interbank Payments System (CHIPS) ([NUS](#), March 4). In fact, CIPS relies on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network to conduct international transactions, which Russian institutions have been excluded from due to Western sanctions ([Sina](#), February 28). Furthermore, even if China were ready to dump SWIFT in favor of its own messaging system, CIPS is not liquid enough to provide a clear alternative to the CHIPS, at least not just yet.

In the same vein, China's digital yuan does not yet offer cross-border transactions of any relevance, nor does Russia have a formal agreement to accept circulation and settlement of China's digital currency. This situation however, hardly reflects lack of forethought on Russia's part. A wide circulation of RMB (or E- RMB for that matter) in Russia would only complicate life for the Russian Central Bank. Demand for the ruble is currently



very weak, while demand for hard currency remains very strong, so much so that the Central Bank has barred brokers from selling euros, dollars or other foreign currencies in exchange for rubles for at least six months ([The Moscow Times](#), March 9). Facilitating digital yuan circulation would put additional downward pressure on the ruble as Russians would inevitably turn to it as an alternative store of value. This is clearly not what the Russian Central Bank would consider a positive outcome, especially after having hiked rates aggressively to support a plummeting ruble. Beyond the short term, having a parallel currency in circulation, which is not even convertible, as is the case of the RMB, should not be very appealing for Russia.

One major tangible way that Beijing could render assistance to Moscow is through the \$90 billion worth of yuan that Russia has sitting on the People's Bank of China's (PBOC) balance sheet ([Nikkei Asia](#), March 14). Unfortunately for Moscow though, Russia can only use these yuan to pay for Chinese exports into Russia, but not to pay for goods imported from elsewhere or to meet debt obligations in hard (convertible) currencies. If the PBOC decided to convert Russia's yuan reserves into hard currency that would clearly help Russia navigate the current impasse, but the reputational cost of potentially breaching Western sanctions is a huge risk for the PBOC, and therefore makes such a move improbable.

### **Broader Economic and Strategic Considerations**

Over time, China will be able to more concretely support the Russian economy as new pipelines are built to redirect gas previously routed to Europe to China, and as China's international payment system develops into a credible alternative to CHIPS. Such developments would clearly be more beneficial to China than they would be for Russia. China would be able to strengthen its energy security by becoming Russia's largest, if not its only, importer of oil and gas. Secondly, progress in yuan internationalization would accelerate without Beijing having to give up capital controls. In essence, China has an economic incentive to support Russia as long as it does not fall afoul of Western sanctions.

For Russia, however, strong dependence on the Chinese economy and its financial system is suboptimal compared to remaining a part of the global economy and maintaining a convertible ruble as its currency. As for Beijing, the upside of having Russia shift further away from the West and becoming much more dependent on China is not the whole story. In fact, it needs to be juxtaposed against a risk that China has clearly underestimated, namely becoming the target of similar sanctions to those presently being heaped on Russia ([China Brief](#), March 25).

Beyond the risk of sanctions, the voluntary withdrawal of much of the international private sector from Russia cannot be ignored. About 500 multinationals have left Russia since the invasion of Ukraine started. China is likely closely watching these developments with considerable concern. For a long time, the Chinese economy was simply too big to be ignored, and Beijing's attempts to punish countries such as Australia or Lithuania for their actions deemed counter to China's interests, have not resulted in retaliation from other Western nations nor engendered explicit responses from Western investors (China Brief, [January 28](#); [November 19](#), 2021) . The War in Ukraine, however, demonstrates that in response to a grave enough event, Western companies

may actually retaliate or, at least, vote with their feet. These private actions are probably as important dissuasive tools as sanctions for China given its very large stock of foreign direct investment, and the international business community's key role in fostering exports, employment and productivity. Still, the Chinese leadership could calculate that China is not Russia, as its economy is at least ten times bigger. The potential losses that the West would need to incur to impose a similar level of sanctions on China are simply enormous, let alone the costs incurred by foreign companies that voluntarily opt to leave China.

Chinese leaders face a difficult call in balancing the long-term gains of aligning with Russia with those of sustaining unrestrained access to Western economies. Deepening alignment with Russia has the advantage of ensuring energy security and military cooperation. It also helps maintain China's most consequential strategic partnership in its quest to change the global order. Abandoning or downgrading that partnership to move closer to the West, or at least strict neutrality, reduces the risk of potential sanctions on China or even Western companies' withdrawal from China, but has many other drawbacks. To start, should Beijing jettison its partnership with Moscow, this would heighten the risk that Vladimir Putin, faced with a loss of his main source international support, is ousted from power. The specter of a democratic Russia aligned with the West is probably a more serious concern for Beijing than what it risks losing by supporting Russia, which is exactly why China has arrived at its contorted position on the current military conflict in Ukraine.

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**China and the Ongoing Political Crisis in Pakistan**

*By Syed Fazl-e-Haider*



**(Image: Chinese Premier Li Keqiang walks with Pakistani Prime Minister Imran Khan in Beijing, November 2018, source: SCIO)**

**Introduction**

The People’s Republic of China (PRC) is closely monitoring the rapidly developing political crisis in Pakistan. The current upheaval stems from the introduction in Parliament of a no-confidence vote against Prime Minister Imran Khan, and his subsequent allegation that the motion is due to a foreign conspiracy to topple his government. On Sunday, the Deputy Speaker of the National Assembly (the lower house of parliament), who is a member of Khan’s Pakistan Tehreek-e-Insaf party (PTI) party, dismissed the no-confidence vote as a violation of Article 5 of the Constitution, which establishes loyalty to the state as the basic duty of every citizen ([Dawn](#), April 3). Following the dismissal, President Arif Alvi dissolved the National Assembly on the Prime Minister’s advice ([The News](#), April 3). These developments are unfolding in the context of “letter gate,” which refers to Khan’s recent allegations that the no-confidence motion introduced by the opposition is driven by the efforts of a foreign power, which he later claimed was the US, to induce regime change in Pakistan. Yesterday,

Pakistan's Supreme Court declared both the Deputy Speaker's dismissal of the motion against Khan, and the president's decision to dissolve parliament unconstitutional. The Supreme Court restored the National Assembly and ordered it to reconvene on Saturday to hold a vote on the no-confidence motion ([Dawn](#), April 7). China's state-run media has reported extensively on the whole drama from the deputy speaker's ruling to the Supreme Court's verdict ([Xinhua](#), April 8; [NDTV](#), April 3).

Less than a week after the opposition's March 8 proposal of a no-confidence vote, Beijing began engaging Pakistan's political parties. On March 13, the deputy head of mission at the Chinese Embassy in Islamabad, Pang Chunxue, held a meeting with the leadership of the Pakistan Muslim League-Quaid (PML-Q), which is allied with Khan's PTI party, in order to discuss the pending no-trust motion. Pang and PML-Q leadership also discussed the China-Pakistan Economic Corridor (CPEC), which is integral to bilateral relations as the flagship project of China's Belt and Road Initiative (BRI). In light of the rising political tensions in the country, she emphasized that "China wants political and economic stability in Pakistan" ([Express Tribune](#), March 14).

### **China, "Letter Gate," and the No-Confidence Motion against Imran Khan**

During a large public rally in Islamabad on March 27, Imran Khan waved a letter purportedly containing a threat from a foreign country linking the no-confidence motion to an international conspiracy against his government. He claimed that foreign funding was being used to produce regime change in Islamabad and blamed the three leaders of the main opposition parties for playing the role of "three stooges." He claimed that the opposition's no-confidence motion against him was a result of a "foreign conspiracy" due to his pursuit of an independent foreign policy ([Dawn](#), March 30). In a televised address to the nation on March 31, Khan asserted that it was the U.S., which had sought his removal from office.

On March 31, the National Security Committee (NSC), Pakistan's highest security body, issued a "strong demarche" to Washington over a "threat letter"—purportedly showing evidence of a foreign conspiracy to oust the Khan-led government. Chaired by Khan, the NSC meeting's attendees included the country's top military and political brass including chairman joint chiefs of staff committee, services chiefs of land, air, and naval forces, and national security advisers ([Dawn](#), March 31). Hours after the NSC meeting, the acting U.S. envoy in Islamabad was summoned to the Foreign Ministry over the "threatening" letter that warned of dire consequences if the opposition's no-confidence motion against Khan failed. A demarche was handed over to the acting U.S. envoy that use of this kind of undiplomatic language was unacceptable ([Express Tribune](#), April 1). The U.S. State Department spokesman Ned Price however dismissed Khan's allegations of the U.S. meddling in Pakistan's politics. He said, "When it comes to those allegations, there is no truth to them" ([Express Tribune](#), April 1).

Despite doubts over Khan's allegations, China cannot stand even a hint of a foreign power influencing the power game or promoting regime change in Islamabad. At the same time, Beijing maintains a strong interest in promoting political stability in Pakistan. As a result, China vowed to extend its support to Pakistan in the wake of Khan's statement about a letter threatening his ouster of the sitting Prime Minister through conspiracy

and warned the U.S. against meddling in Pakistan's internal affairs. ([WIONews](#), March 30; [Times Now](#), March 31). For example, a recent editorial in the nationalist state media outlet *Global Times* exclaimed that "Washington has failed in its attempts to rope in Khan, so it is possible it now has meddled in Pakistan's politics to topple the current government" ([Global Times](#), April 6). It contends that Western countries, particularly the U.S., do not "want to see Khan remain in power since he has gotten tougher on them."

During his meeting with Pakistani Foreign Minister Shah Mehmood Qureshi on March 30, Chinese Foreign Minister Wang Yi made a veiled reference to Khan's claims of U.S. regime efforts. "We must not allow the return of the Cold War mentality or bloc confrontation in Asia, and must not allow small and medium-sized countries in the region to become tools or even victims of the major power games," he said. "No matter how the international situation changes, China will continue to view and promote China-Pakistan relations from a strategic and long-term perspective, and will, as always, support Pakistan in safeguarding its national sovereignty, territorial integrity and national dignity," added Wang ([Dunya News TV](#), March 31; [Express Tribune](#), April 1).

### **Beijing's Concerns over Political Turmoil in Pakistan**

Presently, the PRC is the biggest foreign investor and stakeholder in Pakistan. The PRC is carrying out a mega-development process through \$62 billion worth of investment through the China-Pakistan Economic Corridor (CPEC) ([The News](#), December 17, 2021). Political stability in Pakistan is vital to the smooth execution and timely completion of CPEC projects.

In the past, Beijing has not desisted from conveying concerns to Islamabad over security and stability issues, which could adversely impact progress in implementing the mega-development program laid out through CPEC. In November 2018, Pakistan experienced a serious breakdown of law and order due to the countrywide protests by the Tehreek-e-Labbaik Pakistan (TLP), an Islamist political party. TLP activists were protesting the Supreme Court's acquittal of Aasia Bibi, a Christian woman, in a blasphemy case. Khan was on a visit to China following the protests, which led to rioting with damages to public and private property. In frustration with the volatile security situation in Pakistan, Beijing declined to announce a pending financial aid package during Khan's visit, which was his first trip to China as Prime Minister ([Express Tribune](#), November 6, 2018).

Since the opposition parties introduced the no-confidence motion against Khan in parliament last month, China has monitored the country's rapidly shifting political landscape, and has expressed hope that political rivals can resolve their differences without acrimony. On March 31, PRC Foreign Ministry spokesperson Wang Wenbin noted that as "Pakistan's all-weather strategic cooperative partner and friendly neighbor, China sincerely hopes that all parties in Pakistan can maintain solidarity and jointly uphold development and stability" ([PRC Ministry of Foreign Affairs](#), March 31).

### **Does Beijing Have a Preferred Side in the Current Political Standoff?**

The no-confidence motion against the government is actually the result of a political struggle between the ruling PTI led by Khan and the two main opposition parties—the Pakistan Muslim League-Nawaz (PML-N) led by former Prime Minister Nawaz Sharif and the Pakistan People's Party (PPP) led by former President Asif Ali Zardari. China's chief concern is promoting political stability in Pakistan, regardless of whether it is brought about by a PTI, PPP, or PML-N government.

CPEC was conceptualized under the former PPP government that left office in 2013, but was officially launched under the former PML-N government, which was in power until mid-2018. If the no confidence vote succeeds, the opposition parties have already decided to replace Khan with Shehbaz Sharif—the brother of former PM Sharif, who is also the former chief minister of Punjab province. As the former chief minister of Punjab, Sharif dealt directly with Beijing and signed many agreements for infrastructure development projects in the province. However, Khan has been projecting China's economic progress and promoting its governance system internationally ([South China Morning Post](#), April 4). As a result, for China, PML-N may be the favorite contender in the current political crisis. The pace of development work on projects related to CPEC was faster under the PML-N government compared to under incumbent government. A senior Pakistani official reportedly said, "China prefers a PML-N government but, in the case that Imran Khan survives the no-confidence motion, China will still work with him, albeit with less enthusiasm" ([Nikkei Asia](#), March 16).

### **Conclusion**

Beijing's main interest lies in stability in Pakistan, as rejection of the no-trust move could escalate tensions between rival political parties, and produce further political uncertainty. Increased uncertainty on the political and security fronts means more risks for China's long-term interests and extensive investment in Pakistan through CPEC.

From a geopolitical viewpoint, the foreign conspiracy angle of the no-confidence motion against Khan, allegedly by the U.S., could raise Beijing's concerns and deepen China's involvement in Pakistan's political issues. Regardless of China's choice among political leaders in Pakistan, Beijing wants to minimize U.S. influence in Islamabad, particularly given the close China-Pakistan strategic partnership and extensive Chinese investments in the country.

Ultimately, Beijing recognizes that only peace and political stability will ensure smooth progress on CPEC. China mainly relies on Pakistan's military for the security of the CPEC. A possible change of government in Islamabad and the next political leadership matters greatly for China to ensure the legal, political, social, and economic viability of the BRI's flagship project. Beijing will continue to monitor political developments, and be vigilant should the current crisis in Pakistan spiral further out of control.

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*(UAE), Foreign Affairs, Daily Beast, New York Times, Gulf News, South China Morning Post, and The Independent.*

## Lessons of Ukraine Raise Doubts about PLA Modernization

*By David D. Chen*



**(Image:** A PLA Navy destroyer and a Russian anti-submarine ship sail alongside each other during bilateral joint naval exercises in October 2021, **Source:** Global Times)

### Introduction

In late 2021, ships from China's North Sea Fleet conducted "Maritime Joint-2021" (海上联合-2021, *Haishang lianhe-2021*) with the Russian Pacific fleet, which was a joint naval exercise focused on securing sea lanes of communication. Not only did the exercise, "demonstrate the resolve of two great powers," according to state media, it was also a chance for each side to observe the operational effectiveness of their counterparts ([CCTV-7](#), October 15, 2021). Like all modern militaries, the Chinese People's Liberation Army (PLA) is fundamentally a learning organization. Militaries must learn, adapt, and teach tactics and doctrine in a constant cycle. China's military modernization and doctrinal reform have been largely informed by U.S. campaigns, which PLA observers have carefully parsed, including the Iraq, Afghanistan and Kosovo wars. From these observations, the PLA has embarked on a herculean effort to restructure, reform, retrain, and properly arm its forces. In its own words, joint training is the "bridge" or "ship" for ferrying the PLA to becoming a high-quality force. **[1]** For the past two decades, the PLA has been a ship being rebuilt while also underway. Now in the shadow of a Russian invasion of Ukraine that has seen a large and similarly reformed Soviet-style military largely fail to



attain its primary objectives, the PLA must face the possibility that its own reforms are riddled with hidden weaknesses and fundamental faults.

For the PLA, one worrying observation must be that Russia has failed to conduct effective World War II-style combined arms operations, much less modern joint operations, with land, sea, air, cyber, and space forces operating in a coordinated fashion. PLA reforms have transformed an army once incapable of effectively coordinating ground fires in the 1979 Sino-Vietnamese War to an inter-service joint warfighting force. [2] One restricted-access doctrinal treatise defines the purpose of these joint reforms as: “to counter preparations by ‘Taiwan independence’ [elements] for military conflict and to directly link responses with specific training—this is the fundamental mission of integrated [joint] training.” [3] The quality of PLA joint capabilities has a direct bearing on the Chinese Communist Party’s (CCP) political objectives toward Taiwan, much like Russia’s military reforms since 2008 have been part of the Kremlin’s strategic calculus toward Ukraine. Whether the People’s Republic of China (PRC) stumbles into a debacle of their own making may depend on the lessons drawn from Russia’s invasion of Ukraine.

### **Command Models and Unit Initiative**

For modern militaries, operational agility requires devolving authority of command to lower echelon units in order to foster battlefield initiative when opportunities arise. A hierarchical command structure—over-reliant on the direct involvement of general officers—is not only detrimental to maintaining momentum, but those officers can also quickly become nodes of vulnerability in the fog of war. At least seven such Russian generals have been killed in the opening weeks of the invasion ([Japan Times](#), March 26). Empowering unit commanders would reduce the need to personally involve generals in frontline maneuvers. The restructuring of PLA brigade and division units has been a hallmark of PRC military modernization, including the creation of “combined battalions” (合成营, *hecheng ying*) and “combined brigades” (合成旅, *hecheng lü*), for conducting combined arms operations ([81.cn](#), March 20, 2020). These restructured units are similar to Russia’s battalion tactical groups (BTGs), which were designed to be “the primary fighting unit of the country’s army” in 2012, with approximately 100 of the 170 total BTGs committed to the Ukraine war ([Financial Times](#), March 16). In training exercises, PLA unit commanders are shown issuing commands to coordinate with other elements within their echelon, but are not generally reported as operating under degraded conditions or beyond the unit’s organic assets ([81.cn](#), March 21). In contrast to Russia, opposing forces exercises have become the norm in annual examination exercises for PLA ground forces and the PLA has expanded its non-commissioned officer (NCO) corps. [4] Russia’s reliance on conscripts and lack of progress in building a professional NCO corps may have contributed to its initial failures in Ukraine ([Congressional Research Service](#), July 20, 2020). Even as PLA exercise directors have imposed more complex exercise conditions on units, the scope of decision-making power for individual commanders remains limited and coordination with other units still depends on upper-echelon authorities.



Figure 1. Combined armored brigade training depicted in Military Report.

Russia's loss of so many generals also exposes a particular weakness of the PLA's own joint command model. Generals killed in Ukraine include those of the deputy commander and chief-of-staff grade, which is the grade that exercises joint operations coordination duties in the PLA ([China Brief](#), October 5, 2012). A brigade or division-sized unit may have only three or four officers of sufficient rank to perform these critical duties. If PLA units in wartime suffered such attrition among command staff, despite the increasing reliance on automation and information networks, such losses might result in retaining the technical means for joint coordination, but lacking the authorities to effectively task and respond to joint requirements.

### Hidden Capabilities, Crouching Stratagems

From enthusiast magazines to academic journals, widespread suspicion exists in China that the U.S. military possesses certain undisclosed capabilities in the space, cyber, and electromagnetic domains for which the PLA has no answer. Perhaps the most popular example of this is the U.S. Air Force's X-37B spaceplane, with suggestions that the vehicles could be platforms for fielding laser, kinetic, or microwave anti-satellite weapons. [5] The uncertain purpose of the spaceplanes has spurred China's defense industry academies to accelerate their own programs on developing hypersonic vehicles, satellite grabber arms, and other novel capabilities.

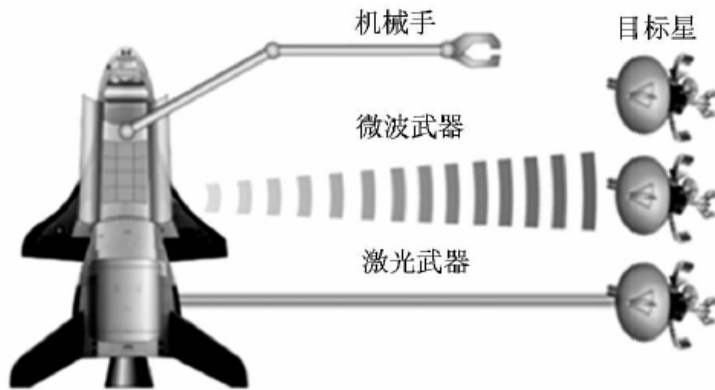


图2 X-37B 反卫星示意图

Figure 2. Depiction of potential X-37B uses in an academic paper.

PRC defense experts' suspicions extend to the electronic capabilities of specific U.S. programs. PLA analysts highlight programs like "Netted Emulation of Multi-Element Signature against Integrated Sensors (NEMESIS)" and the "Suter Project System" as examples of advanced electronic warfare systems that may be capable of creating false radar returns, among other uses ([Security Internal Reference](#), November 11, 2019). These anxieties have likely been exacerbated by Russian forces' inability to achieve air superiority in the Ukraine campaign. Royal United Services Institute (RUSI), a UK think tank, suggested that a "focus on the impressive combat-air equipment modernization conducted by Russia since 2010" had led to overestimations of the performance of the Russian Aerospace Forces in actual combat ([RUSI](#), March 4). In testimony to Congress, Director of the Defense Intelligence Agency Lieutenant General Scott Berrier and Director of the National Security Agency General Paul Nakasone affirmed the importance of diversified intelligence, surveillance, and reconnaissance (ISR) platforms, including "penetrating platforms" in conflict environments ([House Armed Services Committee](#), March 17). The term "penetrating platforms" will have piqued the anxieties of PLA observers, as it refers to stealthy platforms that can operate undetected in contested airspace. In addition to reconnaissance, the abilities of such platforms can be informed by capabilities that PRC defense industry engineers have imagined themselves. In one paper, researchers from the Chinese Academy of Equipment (装备学院, *zhuangbei xueyuan*) proposed a jamming system relying on *in situ* platforms to protect a ship by generating false target signals to fool space-based sensors. [6] Other examples involve the spoofing of global navigation satellite signals and commercial satellite communications. [7] Similar research topics appear frequently in Chinese academic journals, suggesting that the potential for advanced electronic warfare capabilities is well appreciated within PLA circles. In a wartime situation, the PLA would likely expect the battlespace to become cluttered and confused due to undisclosed adversary capabilities.

### Readiness or Red-ness

This discussion only scratches the surface of what might keep a PLA planner up at night. The emphasis on “red culture” and “red genes”—burnishing the origin mythos of the CCP and PLA—permeates all levels of society, but particularly the military. Devoting such energy to political education hints at the insecurity President Xi Jinping feels about the ideological purity of the armed forces, and by implication, their will to fight in an actual conflict. Early last month, during the “Two Sessions” period, when the National People’s Congress and the Chinese People’s Consultative Conference met, the PLA imposed mandatory study sessions at all levels, which occupied valuable training time ([81.cn](http://81.cn), March 21). Russian troops have shown pervasive morale and unit cohesion problems, which the CCP must recognize as a military lacking in ideological quality. Perhaps this will lead to doubling down on political education within the PLA, not only further eroding substantive training priorities, but also suggesting that the average “G.I. Zhou” may lack a compelling reason to fight.



Figure 3. A unit receives political education during the “Two Sessions.”

## Conclusion

Ultimately, the Russo-Ukrainian war has not only revealed fundamental flaws in Russia’s military, but has also demonstrated the resolve and capabilities of NATO and other democratic nations in supporting one another in times of crisis. This ought to give Xi pause in pursuing his own vision of capturing Taiwan before his tenure as president and general secretary comes to an end. Yet, while these setbacks observed from afar might delay a full-scale amphibious invasion of Taiwan, they might also prompt PLA leadership to accelerate the timetable for a smaller scale conflict. In order to truly test the outcomes of their two decades of technical investments and structural reforms, the Central Military Commission may choose to launch an outlying island seizure, naval blockade, or other limited campaign that could be de-escalated quickly under China’s own concepts of “war control” (战争控制, *zhanzheng kongzhi*). [8] This raises the stakes for deterrence forces in theater and underscores the imperative to improve the indigenous capabilities of the Taiwanese armed forces. Indo-Pacific forces must be ready to respond to any attempts at military misadventures by another aging authoritarian nursing revanchist dreams of restored imperial glory.

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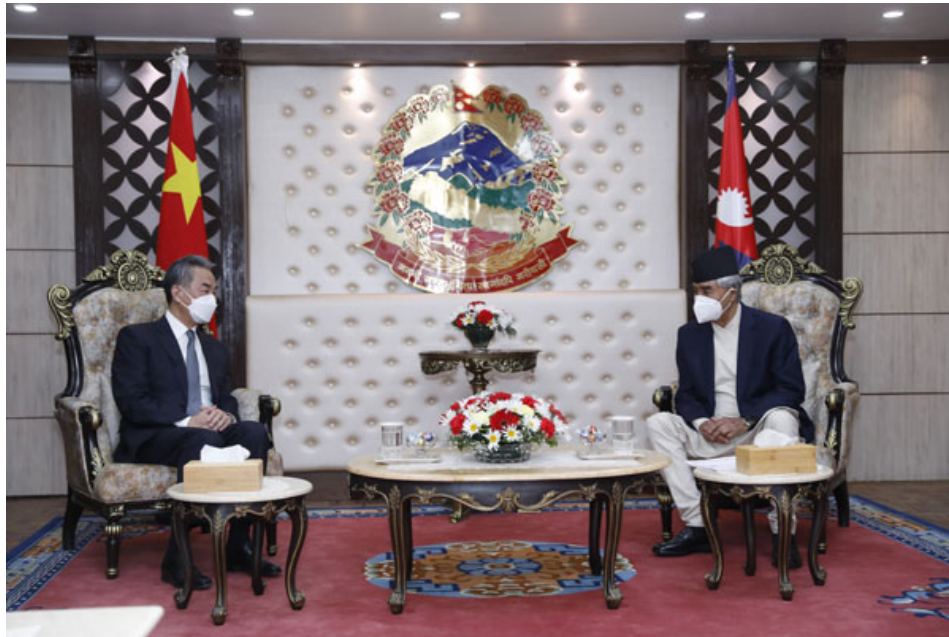
### Notes

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- [3] Liu Weiguo (刘卫国), ed., *Research on Integrated Training (一体化训练研究)*. PLA Press (解放军出版社). Beijing, China: 2005, p. 11.
- [4] Dennis J. Blasko. "PLA Conscript and Noncommissioned Officer Individual Training," in *The "People" in the PLA: Recruitment, Training, and Education in China's Military*. Roy Kamphausen, Andrew Scobell, and Travis Tanner, eds., Strategic Studies Institute. Carlisle, PA: 2008, p. 100.
- [5] Ren Sanhai, et al. "On Development of X-37B Program and Its Application Mode." *Winged Missiles (飞航导弹)*. December 1, 2014, pp. 3-8.
- [6] Ruan Hang (阮航), et al., "Evaluation of Deception Jamming Effect on Tri-Satellite TDOA Location System (三星时差定位系统欺骗干扰效能评估)." *Modern Defense Technology (现代防御技术)*. June 2013, Vol. 41, No. 3, pp. 18-23.
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## China's Declining Influence in Nepal: Implications for the U.S. and India

*By Sudha Ramachandran*



**(Image: Nepali Prime Minister Sher Bahadur Deuba meets with Foreign Minister Wang Yi in Kathmandu on March 27, Source: FMPRC)**

### Introduction

During Chinese Foreign Minister Wang Yi's visit to Kathmandu on March 25-27, China and Nepal signed nine agreements covering an array of fields including a technical assistance for a cross-border railway feasibility study, economic, and technical cooperation, and COVID-19 vaccine assistance to Nepal ([Kathmandu Post](#), March 26). However, none of the agreements concerned Belt and Road Initiative (BRI) projects ([Kathmandu Post](#), March 27). In the run-up to Wang's visit, Nepali media cited government sources that the visit's "major purpose" was "to push for the implementation of the BRI and sign at least two projects during the visit if possible." A senior Nepali government official stated "we have already received the text of the project implementation plan of the BRI from China," which will lay the groundwork for the execution of future projects ([Kathmandu Post](#), March 15).

Since 2015, China's political influence and economic presence in Nepal have witnessed remarkable growth. However, the failure of Nepal and China to finalize any BRI projects while Wang was in Kathmandu represents an unexpected setback to Chinese interests in the Himalayan country. It comes less than a month after the Nepali parliament ratified the controversial Millennium Challenge Corporation (MCC) compact, a \$500-million

U.S. grant for the development of power transmission and road construction projects, which makes the situation particularly mortifying for Beijing. What do these developments portend for Sino-Nepali relations, as well as for the Sino-Indian geopolitical rivalry playing in Nepal and the broader region?

### **Limited Interaction**

Nepal and China became neighbors only after Beijing's annexation of Tibet in 1950, prior to which Nepal shared borders with Tibet. For decades thereafter, Chinese influence in Nepal failed to meet Beijing's expectations for two main reasons. First, the Himalayas are a formidable barrier to connectivity and trade between the two countries. Second, India wields enormous influence in landlocked Nepal, which is economically reliant on its southern neighbor. India is Nepal's largest trade partner and is the destination for 74 percent of its exports. Almost all of Nepal's third-country trade transits through India ([Embassy of India](#), July 2, 2021). Furthermore, the 1950 India-Nepal Treaty of Peace and Friendship requires Nepal to consult India on defense and foreign policy issues. [1] Given its long-running geopolitical rivalry with China, India has ensured that Nepal remained firmly in its sphere of influence for decades.

Nepal's importance to China stems from its location: Nepal shares borders with Tibet to its north and India to its south. With a large number of Tibetans seeking refuge in Nepal, China needed a friendly government in Kathmandu to clampdown on Tibetan activism and also to prevent the U.S. and India from channeling support for anti-China activism inside Tibet through Nepal. Additionally, Nepal could act as a corridor for China to access India's vast market ([China Brief](#), November 16, 2015). Hence, China has had clear strategic interests in building a strong relationship with Nepal.

### **China's Growing Role in Nepal's Economy**

Despite the challenges posed by the geographic barrier of the Himalayas and India's firm influence, China has made inroads into Nepal, especially in recent decades. This progress was facilitated in part by Beijing's growing economic capacity to build infrastructure projects in Nepal and by the outreach of successive Nepali governments, who, anxious to counterbalance India's overbearing presence with that of China, wooed Beijing. This prompted King Mahendra to court Beijing in the 1960s. Chinese infrastructure projects including the Kathmandu-Kodari highway, which links the Nepali capital with the Chinese border, were completed in this period ([Xinhua](#), March 4, 2017). In 2005, when India halted military supplies in response to King Gyanendra's authoritarian moves, the Nepali monarchy turned to Beijing, which moved in swiftly to supply Nepal with weapons ([China Brief](#), November 16, 2015).

China also grew from a "marginal" lender in the early 2000s to become Nepal's top investor in 2014. China's role in Nepal's economy received a huge boost in 2015-16, when India imposed an 'unofficial blockade' on Nepal that lasted for several months. The ensuing scarcity of fuel, medicine, and other essential commodities triggered a tidal wave of anti-India sentiment in the country. The Nepali government turned to China, which stepped in to supply gasoline, breaking India's monopoly on fuel sales to Nepal ([China Brief](#), November 16,

2015). Several agreements followed, including the Transit Transport Agreement, under which China provided Nepal with seven transit points—four sea ports and three land ports—for trade with third countries. Such agreements sought to limit Nepal’s extreme dependence on India for global trade access, and consequently reduce its vulnerability to Indian pressure ([Kathmandu Post](#), January 2, 2020).

In 2018, Nepal signed a Framework Agreement to join the BRI. Kathmandu embraced the Chinese initiative as it presented the landlocked country with opportunities to build its infrastructure, improve connectivity, access global markets, and reduce its deep dependence on India. The two countries identified nine projects for potential BRI funding. These included four road projects, two hydroelectricity projects, one cross-border railway, one cross-border power transmission line, and one technical institution ([Kathmandu Post](#), January 18, 2019). China’s share of Nepal’s total foreign direct investment (FDI) surged from 42 percent in 2015-16 to a staggering 95 percent in early 2021 ([Gateway House](#), September 16, 2016; [Xinhua](#), September 16, 2021).

### **China’s Clout in Nepali Politics**

China’s rising political clout in Nepal is built on its growing economic presence. When Nepal became a republic in 2008, China lost its main patron—the monarchy—and therefore began cultivating Nepal’s communist parties. These efforts have been fruitful. During the presidency of Pushpa Kamal Dahal, the former Maoist chief, Nepal joined BRI and also enabled China to play a pivotal role in government formation.

Soon after an alliance of the Communist Party of Nepal-United Marxist Leninist (CPN-UML) and the Communist Party of Nepal-Maoist Center (CPN-MC) swept parliamentary elections in December 2017. Vice Minister of the International Department of the Chinese Communist Party (CCP), Guo Yezhou, reportedly worked to unite the two parties ([Kathmandu Post](#), February 21, 2018). In May 2018, Nepal’s two largest communist parties merged to form the Nepal Communist Party (NCP) in May 2018, which provided Prime Minister Khadga Prasad Sharma Oli with a majority government. Political and ideological consultations and bonds grew between the Nepali and Chinese communist parties. CCP officials held training sessions for NCP leaders and grassroots workers on “Xi Jinping Thought” (The Himalayan, [September 23, 2019](#), [September 25, 2019](#)). In October 2019, Chinese President Xi Jinping traveled to Nepal, which was the first visit by a Chinese president in over two decades ([Xinhuanet](#), October 12, 2019). During the visit, the two sides signed 20 agreements, marking the apogee of China’s influence in Nepal ([Himalayan Times](#), October 14, 2019).

Under the NCP government, Nepal’s foreign policy tilted away from India toward China. Oli took increasingly hostile positions vis-à-vis India, accusing it of trying to oust him from power and encroaching into disputed territory in the Lipulekh-Kalapani-Limpiyadhura area. He went on to alter Nepal’s maps to show this territory as part of Nepal, and even amended the constitution to make the new map official ([The Hindu](#), June 18, 2020). Indian Army chief M M Navarane said that the allegations against India were “at the behest of someone else,” hinting at a possible Chinese role in the charges ([The Wire](#), May 15, 2020). As a result, anti-India protests raged in Nepal.



China had high stakes in the survival of the NCP-majority Nepali government. Consequently, when a power struggle broke out in 2020 between Oli and Dahal, chairperson and co-chairperson of the NCP, respectively, Beijing swung into action. The Chinese ambassador to Nepal Hou Yanqi engaged with top leaders in an effort to keep the NCP united. Her direct access to Nepali officials and leaders, including President Bidhya Devi Bhandari, Oli, and Dahal raised eyebrows in the region ([Deccan Herald](#), December 27, 2020). When Hou's mediatory efforts failed, Beijing rushed a team led by Guo to save the government ([The Himalayan](#), December 30, 2020). However, China's dogged mediation efforts failed to forestall a split in the NCP and the Maoist government collapsed.

### **Setbacks for China**

The exit of the NCP from power resulted in a government led by the Nepali Congress (NC)—a party that is seen as more aligned with India's interests—taking charge in Kathmandu in July 2021. Since then, there has been a marked toning down in the Nepali government's criticism of India. Prime Minister Sher Bahadur Deuba's silence on India's road widening activity in the Lipulekh-Kalapani-Limpiyadhura area prompted criticism from the public and political opposition ([Nepal Live Today](#), January 9).

Since the exit of the NCP government, Chinese interests have suffered a setback in Nepal in recent months. Developments relating to the MCC and BRI projects lay bare China's declining ability to influence Kathmandu's decisions. China tried hard to stall the MCC compact's ratification by the Nepali parliament. The Chinese Foreign Ministry strongly criticized the U.S. for its "coercive diplomacy" and "infringement" of Nepal's sovereignty "for selfish gains" ([Annapurna Express](#), February 23). Despite Beijing's reservations, the Nepali parliament nevertheless ratified the compact on February 27 ([Deccan Herald](#), March 5). Beijing's inability to prevent the MCC compact's ratification signal its declining influence in Kathmandu.

As for the fate of BRI projects, despite the initial enthusiasm, not a single project has taken off over the past five years. Political turmoil in Nepal is partly to blame for the lack of progress under the NCP government, but the failure of the two sides to finalize projects during Wang's recent visit indicates that the NC government is taking a tough position on negotiating project terms. During discussions with Wang, the Nepali side reportedly insisted that the Chinese provide grants rather than loans, or at very least, soft loans. The Nepali side even set a cap on the interest that the Chinese could charge. They also told the Chinese that bids for project implementation should not be restricted to Chinese firms ([Katmandu Post](#), March 27). Nepali Prime Minister Sher Bahadur Deuba appears to be leveraging the MCC grant from the U.S. to secure better financing terms from Beijing for BRI projects ([The Diplomat](#), March 30).

### **Conclusions**

China's failure to prevent the ratification of the MCC compact and to bring Nepal on board with BRI projects on its terms signal a reduction in Beijing's capacity to influence policy and decision making in Kathmandu. This decline could impact China's strategic and economic interests in several ways. The future implementation of

the MCC will enhance the U.S. presence and influence in Nepal. As Indian and American interests in Nepal coincide, the rise of American influence will help India in its geopolitical competition with China in Nepal. The connectivity and power projects envisaged under the MCC will also provide Indian economic and other interests in Nepal with a shot in the arm. Overall, this round of the geopolitical battle between China on the one hand and India and the U.S. on the other, has gone in the latter's favor.

However, it is not the end of the road for China in Nepal. Beijing has worked systematically to build support for itself not just with Nepali politicians but also among the media, business community, and general public. This broad support for China and its BRI projects has not disappeared. Public sentiment against India is still far greater than against China and can be easily triggered to stir up mass unrest. Furthermore, the NC government is a minority government that is fragile and vulnerable to pressure. Therefore, a return of Beijing-preferred political parties and politicians to power in Nepal cannot be ruled out.

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