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**Editor's Note: Discontinuing the Use of Pinyin for Chinese Terms**

*John S. Van Oudenaren*

Previous volumes of *China Brief* have used pinyin for Chinese terms. However, beginning with this volume, *China Brief* will include only the Chinese characters for terms and no longer include transliterations of such terms using pinyin.

For example, an author translating “中国式现代化” as “Chinese-Style Modernization” would now render it

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simply as “Chinese-Style Modernization” (中国式现代化) versus “Chinese-Style Modernization” (中国式现代化, *Zhongguo shi xiandaihua*).

*China Brief* recognizes the value of pinyin for Chinese language learners. The decision to omit pinyin from future issues stems primarily from the prevalence of online transliteration and dictionary services currently available to language students.

Should you have any concerns about this change, please do not hesitate to contact me at [cbeditor@jamestown.org](mailto:cbeditor@jamestown.org) - John S. Van Oudenaren, *China Brief*, Editor-in-Chief

## **Warnings and Welcomes: China's Reopening and the Politics of International Travel**

*John S. Van Oudenaren*



**(Image:** *Chinese passengers hold complimentary gift bags and garlands following their arrival at Suvarnabhumi Airport in Thailand on January 9, source: Xinhua***)**

Over the past two months, as the People's Republic of China (PRC) has rapidly rolled back its strict zero-COVID epidemic prevention policy, COVID-19 has spread rapidly throughout the country. The combination of the PRC reopening its borders to outbound travel on January 8 and the ongoing pandemic has put countries that are major travel destinations for Chinese nationals in a bind. Governments have responded differently to the situation, with some imposing testing and quarantine requirements and others declining to do so. In China, official and social media have generally lauded countries that have desisted from testing requirements and opened their doors to Chinese tourists. Thailand, in particular, has been widely celebrated. Not only did Thailand decline to impose testing requirements on inbound travelers from the PRC, but several senior Thai government ministers went to the airport to welcome the first planeload of Chinese tourists following the lifting of travel restrictions on January 8 ([Guangming Daily](#), January 17). Scenes of smiling Thai officials and airport workers greeting the first group of arriving tourists circulated widely in Chinese media.

Several countries imposed COVID-19 testing entry requirements following the PRC's decision to downgrade COVID-19 from a Class-A to a Class-B infectious disease and reopen its international borders on January 8 ([CGTN](#), January 8). The U.S., Italy, Japan, South Korea and other countries implemented requirements for

arrivals from China to present a negative COVID test taken within 48 hours of boarding ([U.S. Embassy in China](#), December 29, 2022; [South China Morning Post](#), December 29, 2022). The PRC's official response to these moves has been critical. Following the European Union's decision to strongly recommend that member states require travelers from China to present a negative COVID-19 test taken within 48 hours of departure, Foreign Ministry spokesperson Mao Ning urged the EU to be "rational" and to "view China's COVID response situation in an objective and fair light" ([PRC Ministry of Foreign Affairs \[FMPRC\]](#), January 6). Moreover, China took counteractive measures by tightening its own enforcement of COVID-testing requirements for travelers from several countries that imposed testing requirements on Chinese nationals ([Beijing Daily](#), January 16; [PRC Embassy in the U.S.](#), January 16). However, China's frustration has not been evenly distributed. Most of the anger has been directed at Japan and South Korea, even though the PRC itself requires inbound travelers from both countries to show negative PCR tests ([PRC Embassy in Japan](#), December 27, 2022; [PRC Embassy in the Republic of Korea](#), December 28, 2022). Last week, Beijing escalated its retaliation against this alleged "discrimination," halting short, three-to-six-day visas from Japan and South Korea.

The tough responses to Japan and South Korea appeal to nationalist sentiments but also risk detracting from China's recent diplomatic efforts to reduce geopolitical tensions with its neighbors and prevent them from drawing closer to the U.S. Not only does Beijing's cut-off of short-term visa issuances generate unease in Japan and South Korea alike, it also curtails an excellent opportunity for China to revive people-to-people ties with key neighboring states and economic partners that atrophied during the pandemic. These links provide a floor for relationships increasingly characterized by strategic distrust.

### **An Epidemic Crests**

As late as mid-December, despite evidence of large-scale illness and deaths in major cities, senior officials maintained that only a tiny percentage of the population was infected with COVID-19 ([China Brief](#), December 22, 2022). However, in reality, authorities have been well aware of the dire public health situation. Leaked internal minutes from a National Health Commission (NHC) meeting revealed that nearly 37 million people in China may have been infected in a single day in late December ([Straits Times](#), January 8). At a press briefing on Saturday, Jiao Yahui, director of the NHC's Medical Affairs Bureau, stated that from December 8 to January 12, the official death toll was nearly 60,000 people ([Rfi](#), January 14). Although this is an increase on the previous official COVID-19 death toll of 37 for this period, actual deaths are assuredly far higher given the narrow official criteria for citing COVID-19 as a cause of death.

Despite the human toll wrought by the pandemic, the official narrative has remained positive, emphasizing the leading role of the Chinese Communist Party (CCP) in the "people's war against the epidemic" and forecasting a bright future as the economy revives. On January 8, the day that the NHC downgraded COVID-19 from a Class-A to a Class-B infectious disease, *People's Daily* ran a front page article on "Firmly Grasping the Initiative to Fight the Epidemic: Three Years of anti-epidemic unity—A Summary" ([People's Daily](#), January 8). According to the feature, reclassifying COVID-19 as a Class-B disease marks a new stage in the struggle against the epidemic, from "preventing infection" (防感染) to "protecting health and preventing severe illness" (保健康, 防重症). The piece credits the CCP and General Secretary Xi Jinping for always insisting on the supremacy of peoples' lives. The article cites China's increasing average life expectancy between 2019 and 2021, by nearly a year, from age 77 to 78, as evidence of this commitment.

The PRC's narrative that it has successfully handled the epidemic influences official criticisms of foreign countries' entry testing requirements for Chinese visitors. Although the PRC has long imposed similar or more stringent requirements on international travelers, foreign countries' precautions have been derided as driven by faulty scientific assessments as officials seek to defend the dubious official position that the COVID-19 situation in China is "predictable and under control" ([EMPRC](#), January 6).

### **Praise for Thailand**

Thailand declined to impose testing requirements for Chinese nationals and does not require a negative test result for entry. Tourism accounts for a sizable portion of Thailand's GDP and the government has stressed that the country welcomes Chinese tourists. Hours after the PRC opened its borders to international travel on January 8, tourists began streaming into Thailand, with 269 passengers arriving from Xiamen at midnight on January 9 ([Xinhuanet](#), January 10). Suvarnabhumi Airport held a welcome ceremony for the first Chinese arrivals, which was attended by several senior Thai government officials, including Deputy Prime Minister and Minister of Health Anutin Charnvirakul and Minister of Sports and Tourism Phiphat Ratchakitprakarn ([Guangming Daily](#), January 17). Airport staff held a welcome banner reading: "China and Thailand are one family. Marvelous Thailand remains warm and forever welcoming to the Chinese people." Deputy PM Anutin made a particular impression by personally greeting arrivals without a mask on and handing out garlands to tourists. He also released a video using a mixture of English and Chinese to convey Lunar New Year's greetings from the Royal Thai government to the Chinese people and to express the mutual affinity between the two countries ([Hunagiu](#), January 14).

Chinese state media outlets contrasted Thailand's "welcoming attitude" toward Chinese tourists with the "discriminatory" approaches of Japan and South Korea. An article in *Guangming Daily* claimed that "when Japan, South Korea and other countries targeted Chinese tourists, the Thai government firmly stated that no one should discriminate against or treat Chinese tourists differently" ([Guangming Daily](#), January 17). Another article in *Xinmin Evening News* was entitled, "Thailand welcomes Chinese tourists, what do Japan and South Korea think?" The piece praises Deputy PM Anutin's welcoming of tourists from China, stating that "it is clear that Thailand has made this judgement based on the latest research and has adjusted its policy accordingly" ([Xinmin Evening News](#), January 10). This favorable treatment is contrasted to the approaches of Japan and South Korea, which are described as less welcoming to Chinese tourists than they were before the pandemic. The article directs particular opprobrium at South Korea for purportedly setting up specific airport lines for passengers from China, requiring some Chinese arrivals to wear yellow identification bands and providing subpar, yet expensive, quarantine conditions.

### **Furor at South Korea, Japan**

Since January 5, South Korea has required all incoming travelers from China to show either a negative PCR test result taken within 48 hours, or a rapid test from the past 24 hours, prior to boarding ([Korea Herald](#), January 5). On January 10, South Korea began requiring all planes from Hong Kong and Macau to land at Incheon airport. The state-affiliated *Yangtze Evening Post* slammed the move stating that "South Korea's "special policy" on entries from China has been further expanded. Putting it bluntly, this is a discriminatory measure"



([Yangtze Evening Post](#), January 11). Moreover, some Chinese citizens were given yellow cards upon arrival, which many Chinese netizens lambasted as evidence of further discrimination by South Korean authorities. One editorial in a leading state-run online portal claimed that some “extreme radical South Korea journalists even secretly photographed Chinese tourists, but the South Korean government has not taken adequate protective measures to address this matter” ([China.org.cn](#), January 11). On January 11, the PRC National Immigration Administration (NIA) announced the suspension of 72 and 144-hour transit privileges for Japanese and South Korean citizens in response to “discriminatory entry restrictions” on Chinese nationals, ([NIA](#), January 11).

The cutoff of short-term visa issuances risks undercutting China’s recent efforts to improve relations with Japan and South Korea, respectively. The 30<sup>th</sup> anniversary of the establishment of relations between China and South Korea received a high-level of official participation, with then Foreign Minister Wang Yi attending a reception held by the South Korean Embassy in Beijing for the occasion ([FMPRC](#), August 24, 2022). The anniversary followed signs from President Yoon Suk-yeol that his tough campaign trail rhetoric on China would not translate into major policy shifts, e.g. declining to meet with U.S. Speaker Nancy Pelosi during her trip last summer to South Korea, which immediately followed her visit to Taiwan. Likewise, while Japan is unnerved by the PRC’s increasing military assertiveness, Tokyo has sought to maintain a working relationship. In November, Prime Minister Fumio Kishida met with Xi on the sidelines of the Asia-Pacific Economic Cooperation summit in Bangkok and agreed on a five point consensus to stabilize and develop the bilateral relationship ([FMPRC](#), November 18). Despite this limited momentum at the leader-level of China-Japan and China-South Korea relations, respectively, curtailing business, academic and cultural exchanges will undercut the people-to people ties that undergird these relationships.

### **Conclusion**

Japan and South Korea are both close American allies that host large U.S. troop contingents. However, in their relations with China, both countries have historically demonstrated a willingness to disaggregate geopolitical and economic concerns. The intensification of U.S.-China strategic competition has made this balancing act more challenging. For example, with the U.S. recently imposing extensive restrictions that seek to limit China’s ability to produce advanced semiconductors, Washington has apparently already asked Japan to cooperate by imposing its own export controls ([Japan Times](#), December 11, 2022). However, China’s use of international travel as a political cudgel provides a reminder to Japan and South Korea that Beijing bears much responsibility for fostering a regional environment in which geopolitical and economic considerations are now intertwined. Japan and South Korea are hardly unique in imposing testing requirements on travelers from China, but have nevertheless been singled out for harsh criticism and targeted retaliation. Such arbitrariness, which appears more grounded in nationalist sentiment than policy rationale, is undoubtedly unsettling to Tokyo and Seoul alike.

*John S. Van Oudenaren is Editor-in-Chief of China Brief. For any comments, queries, or submissions, please reach out to him at: [cbeditor@jamestown.org](mailto:cbeditor@jamestown.org).*

## **At a Dead End? China's Drive to Reform Defense Science and Technology Institutes Stalls**

*Arthur S. Ding and K. Tristan Tang*



(Image: A trade booth for China South Industries Group Corporation, a state-owned defense conglomerate, source: Anhui Normal University)

### **Introduction**

Since becoming China's top leader ten years ago, General Secretary Xi Jinping has sought to sustain a three-decade effort to reform the defense industry in order to advance the development of defense technology and improve the People's Liberation Army's (PLA) capabilities. Recent reforms have focused on transforming defense science and technology (S&T) institutes into enterprise-like entities, but due to political and economic impediments, progress has been slow. This article examines the rationale for defense industry reform, assesses progress in implementation and explains difficulties encountered in the reform process.

### **Rationale**

Since 1949, China has built a large-scale defense industry system with some unique characteristics. [1] The key attributes of this system include complete autarky in each defense industrial sector, from spare parts to assembled systems; total reliance on state support, which contributes to a lack of efficiency and autonomy; and a focus on mission-oriented military research without civil-military integration. Defense S&T institutes, the focus of this round of reform, have been a part of the defense industry system and share these features.

Reforms seek to address key deficiencies in defense S&T institutes, many of which stem from their designation as "public institutions" (PI) (事业单位). In China, PIs are wholly owned and financially supported by the Chinese state with their funding included in the government budget. The assets of defense S&T institutes fall

under the Ministry of Finance with day-to-day oversight managed by the State-owned Assets Supervision and Administration Commission (SASAC) ([SASTIND](#), March 9, 2016). Consequently, these state-managed institutes have suffered from all kinds of bureaucratic restrictions, which has contributed to a lack of efficiency and autonomy. For example, decisions over eight million RMB (about \$1.14 million) require approval from related government departments ([People's Daily](#), March 14, 2017). For years, these factors have combined to limit China's capacity for defense technology innovation.

Reducing the fiscal burden of state assets is another priority of S&T reform. Chinese analysts point out that defense S&T institutes are valuable assets in the capital market with ample room for growth, e.g., compared to their counterparts in the U.S., where more than 80 percent of defense S&T institutes have been listed in the stock market and are responsible for their own profits and losses. [2]

### **Process and Content**

The launch of defense S&T institute reforms was first reported in 2013, with the preliminary proposal submitted to the State Council in 2014 ([Sina](#), October 10, 2013; [SASTIND](#), January 4, 2015). On July 7, 2017, the State Administration for Science, Technology, and Industry of National Defense (SASTIND) issued an "Implementation Opinion on the Transformation of Defense S&T Institutes into Enterprises," which took an important step in comprehensively deepening the reform of defense S&T institutes by announcing the first set of 41 institutes to be overhauled ([People's Daily](#), July 10, 2017). On May 7, 2018, a "Reply on the Implementation Plan for the Transformation of the Institute on Automation of China South Industries Group Corporation (CSIGC IA)" was jointly released by eight Chinese Communist Party (CCP) and state departments, formally approving the proposal made by CSIGC IA to transform the Institute on Automation into an enterprise ([China Securities](#), May 8, 2018). This step indicated that the transformation of defense S&T institutes into enterprises was to be formally implemented.

The reform office of SASTIND issued a classified document that stipulates the rule and category for defense S&T institutes. All the institutes are divided into three main groups: PI I, PI II and enterprise. PI I entities are those institutes that involve national security and core secrets (涉及国家战略安全 and 国家核心机密的少数核心能力单位); PI II includes institutes for defense maintenance service (军工保障服务单位); and enterprises are work units that have professional advantage and provide support or stand-alone products for systems integration (具有较强专业技术优势、为系统集成提供配套分系统及单机产品的单位). Nevertheless, PI II (institutes for defense maintenance service) is further divided into two sub-groups: units for basic maintenance (从事基础性保障业务的单位) and units for publishing-related issues (从事出版发行等业务性质的单位). [3]

The entities in PI I are not included in the transformation project, while those in the enterprise list must be corporatized. As for those in PI II, a distinction exists between the two sub-groups. Those designated as units for publishing-related issues must be corporatized, but those specified as units for basic maintenance could either be maintained as PIs or be corporatized (*see the below table*).



**Table: Groups and Rules for Defense S&T Institute Reform**

Groups for Defense S&T Institutes		PI Category	Reform Rules
Units involving national security strategy and core secrets		PI I (公益一类)	Do not involve the current transform project
Units for defense maintenance service	Units for basic maintenance	PI II (公益二类)	Could either be maintained as PI or be corporatized
	Units for publishing-related issues		Must be corporatized
Units possessing professional advantage and supporting the overall system with subsystems and products		Enterprise (企业类)	

The technological level of the 41 institutes is not sensitive and they are all slated to be transformed into enterprises. These institutes either deliver components or spare parts for final assembly or produce dual-use items. For instance, according to China Aerospace Science and Technology Corporation's (CASC) official website, the 15th Institute of CASC, responsible for the rocket launcher system, is one of the 41 institutes ([CALT](#), September 27, 2017). Its transporter erector launcher that is used for the DF-41 missile, the HTF5980A chassis, could easily be used for civilian purposes, such as special rescue and fire trucks ([NetEase](#), October 10, 2019).

Thus far, S&T Institute reforms have followed a bottom-up approach. Institutes draft their own reform plans and submit them to the relevant authorities. To take the 20<sup>th</sup> institute of China Electronics Technology Group Corporation (CETGC) as an example, the institute inventoried its properties and developed plans for asset transformation, personnel rearrangement and defense industry credential affirmation for the corporatized element of the entity. The reform plan would then have been submitted to its parent corporation, SASTIND, the Ministry of Finance, SASAC and other relevant CCP and state agencies for approval. [4]

In brief, it is necessary to remove those 41 institutes from the PI category through mixed ownership reform (混合制改革). This entails incorporating other state-owned and civilian enterprises to join those 41 institutes so that they can be removed from PI status. If possible, those newly created enterprises would be listed on the stock market so that they could attract resources from capital markets.

After the joint document was released in May 2018, the Chinese public had a euphoric sentiment that the transformation of the 41 defense S&T institutes could be completed by 2020 and a new milestone for defense industry reform will be achieved ([Shanghai Securities News](#), May 8, 2018). Nevertheless, as of August 2022, no progress has been reported for the remaining 40 institutes, indicating that CSIGC IA was the only institute to complete its planned transformation ([SASAC](#), August 3).

### **Trouble with Reform**

Since 1978, China's defense industry has undergone different reform measures in the context of a rapidly growing economy. The status of China's economic conditions bears on the prospects of reform measures. Recent developments in China's economy and politics are likely unfavorable to the success of reform. [5] First, gloomy economic trends may make the corporatization of defense S&T institutes less viable and thereby impede the reform. China is experiencing declining economic growth due to the consequences of the COVID-19 epidemic, zero-COVID lockdowns and an aging population. The slowdown has weakened consumption and driven up savings. As a result, liquidity remains in short supply in China's capital markets at this time. Given their advanced technologies, defense S&T institutes are expected to raise more funds than in previous years. Nevertheless, given the current level of economic uncertainty, raising sufficient funds in the capital market cannot be guaranteed.

In terms of assets, the situation is also complex with many questions unanswered. Should newly transformed enterprises from defense S&T institutes pay all public utilities, including water, electricity, gas, property management and relevant taxes which were previously covered by local governments as they were categorized as PIs? Right of land disposal and use of land are also issues that central and local governments need to work out.

To take the 206th institute of CSIGC as an example, the institute assessed in 2014 that it would receive a total government-sponsored fund about 160.7 million RMB (about \$ 23 million), which would be canceled after it lost the status of PI. Considering that its average annual profit was 170 million RMB (about \$ 24.42 million) and it would have to bear additional pension insurance of an average of 8,000 RMB (about \$ 1,149) for each employee, the institute might be unable to make ends meet following corporatization. [6] In order to avoid such an undesirable financial outcome, the institute would have devote its resources to generating revenue, which could slow progress on reform and transformation.

How to manage personnel costs, namely the "Five Insurances and One Gold" (五险一金), is another issue that defense S&T institute reform must address. [7] The "five insurances" are retirement, medical, unemployment, employment injury and maternity insurance and the one gold is the housing provident fund. If the institution is categorized as PI, insurance and pension costs are all covered by the state, but corporatized institutes are responsible for at least a portion of these costs for their employees. A related issue is the disparity in benefits between serving and retired staff, who continue to be covered by the state with better benefits, versus newly recruited staff, who have to pay their own insurance costs and generally receive subpar benefits. Secondly, China's current political atmosphere could also detrimentally impact progress on reforms. Due to their PI status in the party-state political system, defense S&T institutes' reform requires inter-departmental

coordination. Nonetheless, Xi's tightening and centralization of political power could reduce political flexibility by fostering hesitation in policy coordination among bureaucrats seeking to avoid punishment for making errors or misinterpreting Xi's will. It is reasonable to predict that Xi himself could not constantly step in and take the lead on reform details, when bureaucratic coordination stalls, so China's political atmosphere might lead to reform stagnation.

To make matters more complicated, the administrative structure of defense S&T institutes is not unified across all sectors. For instance, corporates in the space sector have academies (院) with institutes (所) below them; while some institutes in the aviation sector report directly to their parent corporations ([Twgreat Daily](#), April 2, 2020). Furthermore, missions vary among institutes. Some institutes are only responsible for R&D, such as the 601st Institute of Aviation Industry Corporation of China (AVIC), while others are involved in manufacturing and after-service, such as the 14th Institute of China Electronics Technology Group Corporation. These cases show that it is extremely difficult for China to develop a universal transformation program for its defense S&T institutes ([NetEase](#), December 8, 2017).

Under the current political climate in China, progress on reform may prove difficult. Since each institute requires a unique reform plan, negotiations among the party and government apparatus are inevitable and require time-consuming coordination. However, Xi has monopolized almost every aspect of the decision-making process and utilized anti-corruption campaigns to ensure policy execution as he wishes. Given the stakes involved in reforms, which would have a profound impact on China's defense industry, it is rational for related parties to avoid taking uncertain steps. Associated departments and corporations might even pause negotiations on the implementation of this reform plan to await further guidance from the center, which takes considerable time or could even cause deadlock as Xi cannot always intervene.

### **Policy Implications**

In the wake of slow economic growth and a restrictive political atmosphere, the reform of defense S&T institutes has proceeded extremely slowly, if at all. As a result, long-lasting institutional problems continue to hamper the efficiency and autonomy of China's defense S&T institutes. Especially as these defense S&T institutes cannot achieve the aspired outcomes that would boost incentives for innovation and are, therefore, conducive to advancing the PLA's capabilities.

Nevertheless, it is vital to note that while the pace of reform of China's defense S&T institutes is slow, this may not stop China from developing new technology and weapon platforms.

*Dr. Arthur S. Ding is a Professor Emeritus at National Chengchi University (NCCU), Taipei, Taiwan. He now teaches part time at both the NCCU and Taiwan's National Defense University. His research focuses on China security related fields, including China's defense, party-military relations, as well as China's defense industry. Dr. Ding holds a Ph.D. in Government and International Studies from the University of Notre Dame.*

*K. Tristan Tang is a graduate student at the Department of Political Science, National Taiwan University. His research focuses on defense economy and China's foreign policy.*

**Notes**

[1] Authors have published an analysis on this topic; see: 丁樹範, “中共國防科技改革現況之評析,” 2022 中共年報, *中共研究雜誌社*, April 2022.

[2] This figure derives from China Galaxy Securities Research Division, December 30, 2019; see: “[改革加速疊加热点事件催化军工行业再迎投资窗口期](#),” *银河证券*, December 30, 2019.

[3] For related details; see: “[四大维度解析军工改革系列报告之二—从事业到企业：军工科研院所改制呼之欲出](#),” *国金证券*, April 19, 2017.

[4] For related details; see: 张琪, “探索事业单位分立转制模式 提升军工科研能力,” *國防科技工業*, 2019.

[5] See Arthur S. Ding and K. Tristan Tang, “[How Far Can China’s Defense Technology Reforms Go?](#)” *The Diplomat*, November 12, 2022.

[6] For related details; see: 刘智峰, “军工科研事业单位改革问题探讨及应对措施,” *中国总会计师*, 2014. It is worth noting that 刘智峰 could be the chief accountant of 206th institute of CSIGC at that time; see: “[西安雷通介绍](#),” *企查查*.

[7] For related details; see: “[五险一金怎么交](#),” *太平洋保险*, February 4, 2021.



## The Clash at Tawang: Tensions Rise on the China-India Border

*Amrita Jash*



(Image: A landscape in Arunachal Pradesh in northern India, **source:** Wikipedia)

### Introduction

On December 9, the Chinese People's Liberation Army (PLA) and the Indian army clashed at Yangtse along the Line of Actual Control (LAC) in Tawang Sector in Arunachal Pradesh resulting in injuries on both sides. Following the incident, the local Indian commander held a flag meeting with his Chinese counterpart on December 11 in order to restore peace. The clash at Tawang marked the first major skirmish between the two armies in the eastern sector since the Galwan Valley clash in the western sector in Eastern Ladakh on June 15, 2020 ([China Brief](#), July 15, 2020).

In reviewing the situation on December 13, Indian Defence Minister Rajnath Singh told Parliament that "PLA troops tried to transgress the LAC in Yangtse area of Tawang Sector and unilaterally change the status quo. The Chinese attempt was contested by our troops in a firm and resolute manner ([Press Information Bureau](#) [PIB], December 13). China responded in two ways. First, PLA Western Theater Command spokesperson Colonel Long Shaohua categorically stated that the PLA was conducting a "routine patrol" on the Chinese side of LAC in the Dongzhang area" and "encountered obstruction from the Indian troops who illegally crossed the LAC." He stressed that the "Chinese troops made a professional, normative and resolute response, bringing on-site situation under control. Up to now, the Chinese and Indian troops have disengaged"



([Ministry of National Defense of the People's Republic of China](#), December 13). Second, Chinese Foreign Ministry spokesperson Wang Wenbin stated in a press briefing that “[...] China-India border areas are generally stable” ([Ministry of Foreign Affairs of the People's Republic of China](#) [FMPRC], December 13).

The PLA's transgression across the LAC can be understood against the backdrop of two key developments that have occurred in the context of the ongoing border standoff in Eastern Ladakh. The first is the conduct of the 18<sup>th</sup> iteration of Indo-U.S. joint training exercise “Yudh Abhyas 22” near the LAC at Auli in Uttarakhand (middle sector), which was held from 15 November -December 3 ([PIB](#), December 15). China opposed the joint military exercise claiming that it “violated the spirit of relevant agreements signed by China and India in 1993 and 1996, and does not help build bilateral trust” ([FMPRC](#), November 30, 2022). The second incident in question was Indian Prime Minister Narendra Modi's visit to Arunachal Pradesh on November 19 to inaugurate the Donyi Polo Airport in Itanagar ([PIB](#), November 19).

More importantly, the clash happened while the Eastern Ladakh standoff has yet to be resolved. Thus far, the 16 rounds of India-China Corps Commander Level Talks have resulted in disengagements that have led to the creation of “buffer zones” in five areas: PP-14 in Galwan Valley in July 2020; the north and south banks of Pangong Tso in February 2021; PP-17 A in Gogra in August 2021; and PP-15 in Gogra-Hot Springs area in September 2022. A few days after the Yangtse incident, the 17<sup>th</sup> round of Corps Commander Talks was held On December 20 with the two sides exchanging views “on the resolution of the relevant issues along the LAC in the Western Sector” ([China Military Online](#), December 22). There was notably, however, no mention of Tawang. Hence, it is reasonable to ask: was the clash at Tawang a sign of another “standoff” in the making’ in the eastern sector?

### **The “McMahon Line”: A Sticking Point?**

In the eastern sector, the LAC is disputed in Sikkim and Arunachal Pradesh. With regard to Arunachal Pradesh, Beijing disagrees with New Delhi's position on acknowledging the “McMahon Line” as the boundary between China and India. The Sumdorong Chu standoff in 1986 was the first military confrontation along the disputed McMahon Line after the 1962 War. In Beijing's view, the Sino-Indian boundary has never been adequately demarcated; no treaty or agreement has been made between the Chinese Central Government and the government of India. As a result, China rejects the McMahon Line as an “imperialist legacy” that is “illegal” and “unacceptable.” This view was outlined by Chinese Premier Zhou Enlai in his letter to Indian Prime Minister Jawaharlal Nehru on September 8, 1959:

“The so-called McMahon Line was a product of the British policy of aggression against the Tibet region of China and has never been recognized by any Chinese Central Government and is therefore decidedly illegal. As to the Simla Treaty, it was not formally signed by the representative of the then Chinese Central Government [...] Regarding the eastern section of the Sino-Indian boundary, [...] the Chinese Government absolutely does not recognize the so-called McMahon Line.” [1]

However, in 1960, Beijing accepted the McMahon Line as the basis for settling its border dispute with Myanmar. Thus, a discrepancy exists in China's attitude to the matter. Why then does China refuse to accept the validity of the McMahon Line as the basis of its boundary with India? Here, the watchword is ‘Tawang’. As historian and Tibetologist Claude Arpi argues, should India return Tawang to China (including the monastery), it would

be a denial by Delhi that the 1914 Indo-Tibet border agreement and the McMahon Line ever existed ([The Diplomat](#), November 15). Moreover, Tawang also matters as the birthplace of the sixth Dalai Lama, Tsangyang Gyatso and as an important pilgrimage center for Tibetan Buddhists. Thereby, China's claim to Arunachal Pradesh is an extension of its claim to Tibet.

### **What China's claims as 'South Tibet', India administers as 'Arunachal Pradesh'**

In China's perception "Arunachal Pradesh" is "Zangnan" or "South Tibet." China's first claims to "South Tibet" can be traced in Zhou's letter to Nehru in 1959, wherein in the context of the Simla Treaty, he wrote:

"The Tibet local authorities themselves later also expressed their dissatisfaction with this line [McMahon Line], and, following the independence of India in 1947, cabled Your Excellency [Nehru] asking India to return the territory of the Tibet region of China south of this illegal line. This piece of territory corresponds in size to Chekiang Province of China and is as big as 90,000 square kilometers." [2]

China's initial claims were relegated to the Tawang region, however, since the 1980s, Beijing has claimed all of Arunachal Pradesh as part of its "South Tibet" territory. Such claims can be considered a response by China to Arunachal Pradesh becoming a 'state of India' in 1987. Until 1972, the area was known as the North-East Frontier Agency (NEFA) before becoming a Union Territory on January 20, 1972 and being renamed Arunachal Pradesh.

In 2006, the Chinese Ambassador to India, Sun Yuxi, stated that "in our position, the whole of what you call the state of Arunachal Pradesh is Chinese territory and Tawang (district) is only one place in it and we are claiming all of that - that's our position" ([China Daily](#), November 14, 2006). At present, China's official claims over "Arunachal Pradesh" are based on the pretext that "Zangnan" is located in the Tibet Autonomous Region of China. Furthermore, Chinese officials have stated repeatedly that the area "has been China's territory since the ancient times. China's ethnic minorities such as the Moinba and Tibetan ethnic groups have lived and worked in this area for a long time" ([FMPRC](#), December 31, 2021).

Apart from transgressions by the PLA in the eastern sector, China also asserts its claims by lodging routine protests over Indian leaders and the Dalai Lama's visit to Arunachal Pradesh. However, New Delhi rejects such rebukes and reiterates that "[Arunachal Pradesh is an integral and inalienable part of India](#)" ([Hindustan Times](#), October 13, 2021).

### **China's Actions to Reinforce its Claims**

In 2017, on the 90<sup>th</sup> anniversary of the founding of the PLA, Xi Jinping categorically stated: "we [China] will never allow any people, organization or political party to split any part of Chinese territory from the country at any time, in any form" ([Xinhuanet](#), August 1, 2017). Due to this uncompromising attitude, the recent clash at Tawang can also be seen in the context of China's increasing attempts to revive, legitimize and reinforce its sovereignty claims in general and over the Indian state of Arunachal Pradesh, in particular.

For instance, in 2021, the Chinese Ministry of Aviation standardized the names of 15 locations in Arunachal Pradesh, comprising eight residential settlements, four mountains, two rivers, and one mountain pass ([Global](#)

[Times](#), December 30, 2021). [3] This followed China's first standardization of the names of six Arunachal Pradesh localities in 2017. The 2021 standardization can also be seen as a development precipitated by China's adoption of its new "Land Border Law." Article 2 of the law entails taking the requisite measures to ensure the "delimitation and determination of the land boundaries of the People's Republic of China, the defense, management, and construction of land borders" ([The National People's Congress of the PRC](#), October 23, 2021).

China is also building "Xiaokang" model villages in Arunachal Pradesh's Upper Subansiri district- conforming to the Chinese plan of "developing border areas" by "Construction of Villages of Moderate Prosperity", as mentioned in the 2021 White Paper on Tibet ([Xinhuanet](#), May 21, 2021). According to the U.S. Department of Defense's annual China Military Power Report, "within disputed territory between the Tibet Autonomous Region and India's Arunachal Pradesh state in the eastern sector of the LAC," China has built a 100-home civilian hamlet (located on the banks of the River Tsari Chu, along the disputed border in Upper Subansiri district in Arunachal Pradesh) ([U.S. Department of Defense](#), November 3, 2021). Such practices align with Chinese President Xi Jinping's call to the Tibetan herdsmen to "put down roots in the border area" in order to protect "Chinese territory" ([The State Council Information Office](#), October 30, 2017).

In addition, China has also ramped up the construction of infrastructure capabilities along the LAC's eastern sector. One of the most impactful projects is the Sichuan-Tibet Railway (STR) connecting Chengdu to Lhasa, which is still under construction ([China Daily](#), March 9, 2022). This is the second railway in the Tibetan autonomous region after the Qinghai-Tibet Railway. According to some Chinese scholars, with STR, "[s]trategically, China's Tibetan region will have much stronger capabilities in material transportation and logistical supplies", and that "[i]f a scenario of a crisis happens at China-India border, the railway will provide great convenience for China's delivery of strategic materials" ([Global Times](#), October 31, 2020). Thereby, by its actions, China has upped the ante against India in Arunachal Pradesh.

### **Conclusion**

The clash at Tawang further indicates that Sino-Indian relations are far from normal. On the contrary, confrontational coexistence is becoming the new reality at the border. Recent efforts by Beijing to legitimize its claims over "Arunachal Pradesh" have only added to tensions. As a result, the risks of another flare-up between China and India at the border, which had been relatively peaceful for a long time despite the lack of resolution, are high.

*Amrita Jash is an Assistant Professor at the Department of Geopolitics and International Relations, Manipal Academy of Higher Education (MAHE), India. She was a Pavate Fellow at the Department of POLIS, University of Cambridge. Dr. Jash is the author of The Concept of Active Defence in China's Military Strategy (2021).*

### **Notes**

[1] See "Premier Chou En-lai's [Zhou En-lai's] Letter to Prime Minister Nehru", September 8, 1959, Wilson Center, Digital Archive, pp. 5-8. <https://digitalarchive.wilsoncenter.org/document/premier-chou-en-lais-zhou-enlais-letter-prime-minister-nehru>

[2] Ibid., pp. 6-7.

[3] The eight residential places in the second batch are Sêngkêzong and Daglungzong in Cona County of Shannan Prefecture, Mani'gang, Duding and Migpain in Medog County of Nyingchi, Goling, Damba in Zayu County of Nyingchi, and Mêjag in Lhunze County of Shannan Prefecture. The four mountains are Wamo Ri, Dêu Ri, Lhünzhub Ri and Kunmingxingzê Feng. The two rivers are Xênyogmo He and Dulain He, and the mountain pass is named Sê La, in Cona County.

## Fentanyl Precursors from China and the American Opioid Epidemic

*Martin Purbrick*



(Image: A police officer warns construction workers about the risks of drugs in Bozhou, Anhui province, in June 2021, **source:** China Daily)

### Introduction

The fentanyl epidemic was born in America, rose from the supply of precursor chemicals made in China and is now even more destructive as Mexican drug cartels profit from huge demand. The involvement of suppliers of fentanyl precursors from China is a controversial issue that negatively impacts U.S.-China relations. The U.S. government has claimed that not enough is being done to curtail the production and trafficking of fentanyl precursors from China. The People's Republic of China (PRC) government has claimed that it has taken strong action while also emphasizing China's antipathy to illegal drugs by falling back on the historical legacy of the harm wrought by Western merchants' trading of opium with China in the 19th century.

According to the U.S. Drug Enforcement Agency (DEA), fentanyl precursors from China were a major source of the supply until 2019, when the PRC government listed most of these as controlled substances, commenced investigations of fentanyl manufacturing, imposed regulations on fentanyl advertising and created special teams to investigate the problem ([DEA](#), January 2020). The measures taken by the PRC authorities resulted in the diversification of fentanyl precursor supply from China to India as well as Mexico. The DEA reported the discovery of links to the Sinaloa Cartel in Mexico from Chinese as well as Indian nationals known to be involved



in the supply of fentanyl. There now seem to be complicated supply chains for fentanyl itself as well as the used precursors to manufacture the drug. A major concern is that if suppliers in China are providing these materials to drug cartels in Mexico, this would effectively be an expansion of transnational organized crime that will be more difficult for the authorities in both the U.S. and China to combat.

The lethality of fentanyl was apparent as long ago as 2002, when in response to an attack by Chechen militants who took 850 hostages in the Dubrovka Theater in Moscow, the Russian authorities covertly pumped fentanyl into the building, resulting in the death of at least 170 people, which was well reported by Chinese news media ([China Daily](#), October 31, 2002). That a manufactured drug used by the Russian military to kill terrorists could become one of the most trafficked drugs on the planet for human consumption, contributing to hundreds of thousands of deaths in the U.S., requires all governments to collaborate in the fight against the criminal business driving this epidemic.

### **Born in the USA**

The U.S. has been in the grip of an opioid epidemic since the late 1990s, when overdose deaths from prescription drugs such as methadone, oxycodone and hydrocodone began to increase. From 1999 to 2020, over 564,000 people died from overdoses involving an opioid, but from 2019 to 2020 synthetic opioid related deaths increased by 56 percent. In 2020, more than 56,000 Americans died from overdoses involving synthetic opioids (other than methadone) and fentanyl analogs ([Center for Disease Control \[CDC\]](#), June 1, 2022).

Fentanyl is a synthetic pain release drug approved by the U.S. Food and Drug Administration for controlled medical use. However, over the past several years, recreational use of Fentanyl has become a major cause of overdose deaths in the U.S. Fentanyl is around 100 times more potent than morphine and 50 times stronger than heroin as an analgesic ([DEA](#), October 2022). Fentanyl use as an intravenous anesthetic started in hospitals American hospitals in the 1960s, but legal pharmaceutical products containing fentanyl have been diverted to illegal channels to create a massive black market fueled by transnational organized crime groups. The DEA has stated that illegal fentanyl is often sold on social media sites as fake prescription pills that look identical to real medicines such as OxyContin, Percocet and Xanax. These counterfeit medications are often deadly, with DEA testing finding that 60 percent of these tablets contain a potentially deadly dose of fentanyl.

The fentanyl abuse problem in America is worsening. In December, the DEA announced the seizure of over 50.6 million fentanyl-laced fake prescription pills and more than 10,000 pounds of fentanyl powder during the year, which they estimated comprises over 379 million potentially deadly doses ([DEA](#), December 20, 2022). The DEA went on to state that most of the fentanyl is trafficked into the U.S. by the Sinaloa Cartel and the 'Jalisco New Generation Cartel' (CJNG), and is mass-produced at secret factories in Mexico using precursor chemicals sourced largely from China.

### **Made in China**

Government officials in China have been rather defensive in their statements regarding fentanyl and precursors originating from the PRC and have rejected the notion that China is the root cause of the problem. Official Chinese accounts have focused on the U.S.'s domestic situation as the primary driver of the epidemic. For

example, an article in *People's Daily* last year asserted that “the U.S. has itself to blame for the root cause of fentanyl abuse in the country” and “the responsibility to prevent the entry of non-scheduled chemicals and their use in illicit drug-making falls on the import country.” ([People's Daily](#), June 20, 2022)

PRC officials also assign blame for problems that China historically faced to western nations, including in relation to drugs. Qin Gang, then Chinese Ambassador to the U.S., made comments last year that refer to the CCP's historical narrative regarding the sale of opium to China, the related wars with Britain and the resultant “unequal treaties.” He said in a September 2022 interview that:

“China was a painful victim of opium in history. In the 19th century, Britain profited immensely from smuggling opium into China. When China decided to ban the material to save its population and economy, the British launched the Opium War, which started a century of humiliation for China, marked by a slate of unequal treaties and waves of Western aggressions. The repercussions of history are felt even today. With such searing pains in our national memory, China holds an understandably stronger antipathy for narcotics than any other country, as displayed in its zero-tolerance attitude towards all narcotic drugs, as well as stringent control and tough punishment measures. Thanks to these efforts, narcotics are not endemic in China” ([Embassy of the PRC in the United States of America](#), September 30, 2022).

According to these PRC narratives, the U.S. governing system is weaker than the CCP led system. Hence, the U.S. illegal drug problem is the result of the demand side, which stems from internal issues in U.S. society and not the supply side of fentanyl from China.

Nevertheless, PRC authorities have acted to crackdown on fentanyl production over an extended period. By 2017, the National Narcotics Control Bureau reported that 138 kinds of synthetic psychoactive substances, including 23 types of fentanyl, had been listed as controlled substances in China and acknowledged that abuse has become widespread around the world since 2009 ([China Daily](#), June 19, 2017). Fentanyl-related substances were added to the list of controlled narcotic drugs by the PRC in May 2019. Liu Yuejin, Deputy Director of the China National Narcotic Control Commission and Assistant Minister for Public Security, was reported as saying that including all fentanyl-like substances on the control list would provide a solid legal basis for the crackdown on fentanyl-related crimes, efficiently prevent large-scale fentanyl abuse and stamp out illicit fentanyl production, trafficking and smuggling. The action was coordinated by the Ministry of Public Security (MPS), the National Health Commission and the National Medical Products Administration. The enforcement effort included commitments to investigate fentanyl manufacturing and smuggling and to cooperate with other countries, including the U.S., against drug trafficking networks. Liu's comments indicate the seriousness of the coordinated action, but also perhaps that the MPS officials also recognized the potential for fentanyl to become more widely abused in China, hence the need to take preventive action ([Xinhua](#), April 1, 2019).

The continued development of enforcement action by the PRC authorities has been facilitated by the promulgation of international agreements as the basis for multinational action against illicit fentanyl production and trafficking. In 2022, the International Narcotics Control Board (INCB) agreed to the proposal from the U.S. Government to add three precursors that can be used for the manufacture of fentanyl, 4-AP, boc-4-AP and norfentanyl, to the international schedule of the Convention against Illicit Traffic in Narcotic Drugs and

Psychotropic Substances ([UNODC](#), April 2022). This step provided governments with a legal basis to prevent these substances from being diverted from legitimate uses for illicit fentanyl production.

However, the PRC government's statements and approach to international cooperation on illegal drug enforcement can be contradictory and often involve other political imperatives, which in recent years have been driven by the increasingly confrontational U.S.-China relationship. A key shift came in May 2020, when the U.S. Department of Commerce added the Ministry of Public Security's Institute of Forensic Science and also the Aksu Huafu Textiles Company to the "Entity List," which places restrictions on access to U.S. technology, for entities engaging in human rights abuses in Xinjiang ([U.S. Department of Commerce](#), May 22, 2020).

Changes in the PRC's approach to counter-narcotics cooperation with the U.S. are well illustrated by the case of Chinese national Zhang Jian. In August 2021, the U.S. Department of State offered a reward of \$5 million for information regarding the location or leading to the arrest and/or conviction of Zhang, who was alleged to be "a key leader of the transnational criminal Zhang Drug Trafficking Organization." Under Zhang's leadership, the organization allegedly imported and distributed controlled substances and their analogues to North America. The case also involves criminal charges against other Chinese, Canadian and U.S. nationals pertaining to drug trafficking and international money laundering ([U.S. Department of State](#), August 30, 2021).

In September 2017, when the MPS announced the addition of two new fentanyl precursors as controlled substances, they referred to the investigation of Zhang and the accusation that he had been producing fentanyl and other drugs in China, using the internet to find buyers, and smuggling drugs to the U.S. via international parcel or express services ([China Daily](#), November 4, 2017). By September 2021, the MFA was demanding that U.S. authorities cancel their offer of a reward for Zhang Jian as they claimed the charges related to chemicals that were not scheduled as drugs in China and hence not illegal ([China Daily](#), September 1, 2021).

This is in stark contrast to the indictment against Zhang Jian and his co-conspirators in the U.S., which states clearly that he "was the organizer and leader of this criminal conspiracy in China and did so by establishing and using the business name "Zaron Bio-tech," based in China," a company that "facilitated the unlawful importation of fentanyl, acetyl fentanyl, ANPP, beta-hydroxy-thiofentanyl, U-47700, ethylone and furanyl fentanyl from China to the United States and Canada." ([U.S. District Court for the District of North Dakota](#), September 21, 2017).

By mid-2022, the Ministry of Public Security claimed that China has the strictest drug control measures in the world and the largest number of listed controlled substances, resulting in all fentanyl and synthetic cannabinoid substances being put under control ([China Daily](#), June 23, 2022). The MPS was highly self-congratulatory, releasing data indicating the control of illegal drugs in China, but did not provide any information on the impact of controls on the export of controlled substances.

PRC authorities have made statements that seek to establish that law enforcement actions countering fentanyl are not in fact related to any potential problem in China, but rather, stem from altruistic moral reasons. In August 2022, the Office of China National Narcotics Control Commission, a part of the MPS, stated that:

“In recent years, as the world drug situation evolves, fentanyl-related substances and other new drugs are widely abused in the United States and other countries, ramping up the death toll year by year and causing serious social problems. To safeguard the health, safety and well-being of all mankind, China has given full, comprehensive and selfless support to relevant countries to help address these problems, even though fentanyl does not impose serious threat in China with neither large-scale abuse nor death toll reported” ([MPS](#), August 25, 2022).

By August 2022, the political influence on U.S.-China drug enforcement cooperation was apparent, with the MFA blaming the U.S. for the suspension of counter-narcotics efforts. In August 2022, an MFA spokesman stated that in response to the visit by House Speaker Nancy Pelosi to Taiwan the PRC government had halted eight “countermeasures,” including China-US counter narcotics cooperation, and firmly placed the blame on the US government:

“The responsibility for undermining China-U.S. counternarcotics cooperation is entirely on the U.S. It has been over two years since the U.S. put the Institution of Forensic Science of the Ministry of Public Security and the National Narcotics Laboratory of China, which are responsible for testing and controlling fentanyl-related substances, on the U.S.’s “entity list” in the name of so-called human rights issues in Xinjiang. They still have not been removed from the list. The U.S. has been publicly making irresponsible remarks and repeatedly rehashing old cases. The U.S. has sanctioned Chinese companies in the name of controlling fentanyl-related substances and offered high reward for the arrest of certain Chinese citizens. The U.S. has done this to mislead the public, deflect the blame, and shift away the responsibility for the botched response to narcotics abuse in the U.S. China has made démarches with the U.S. side over this multiple times, but has received no response. All the consequences arising therefrom, including the damage caused to bilateral relations and China-US counternarcotics cooperation must be borne by the U.S. side” ([MFA](#), August 12, 2022).

The PRC government clearly bases its willingness to engage in international counter-narcotics cooperation with the U.S. (and indeed other national governments) on political factors, in particular any deviation from the PRC narratives regarding the status of Taiwan as well as criticism of the human rights situations in Xinjiang, Tibet, and Hong Kong. In this regard, there is no consistent moral approach to combating illegal drugs, contrary to the remarks made by former Ambassador Qin Gang.

### **Death from Mexico**

Drug cartels have become such a challenge to the Mexican state that the military leads the fight against them. An indication of the strength of the Mexican cartels was shown in early January, when Mexican security forces captured Ovidio Guzman, the son of the imprisoned Sinaloa cartel leader Joaquin “El Chapo” Guzman, leading to heavy fighting between cartel members and security forces, resulting in the deaths of 10 soldiers and 19 alleged criminals ([Mexico Daily News](#), January 6). Similarly, in August 2022, members of the Jalisco New Generation Cartel rampaged through Guadalajara, burning vehicles, setting up roadblocks and engaging in firefights with the Mexican army ([El Pais](#), August 11, 2022).

Fentanyl is increasingly manufactured in Mexico and smuggled north, as illustrated by U.S. Customs and Border Protection in San Diego, who seized over 5,000 pounds of the drug (out of 8,425 pounds seized in all of the U.S.) in the nine months leading up to June 2022 ([U.S. Customs](#), August 11, 2022). According to U.S. Customs, seizures of fentanyl in San Diego are up 323 percent from 2019 to 2022, an increase which is attributed to the growing involvement of Mexican drug cartels in the fentanyl trade.

Mexico is clearly the main source of the supply of fentanyl entering the U.S., but its involvement in the supply chain of precursor chemicals sourced from China to produce fentanyl in Mexico is contested. Chinese government sources have denied that fentanyl or precursors are being shipped from China to Mexico, with Ambassador Qin Gang stating in October 2022 that "China has never received any report or data from Mexico on the use of Chinese precursor chemicals for drug production there, nor has the U.S. provided any evidence about the flow of Chinese chemicals into Mexico for fentanyl production" ([China Daily](#), October 1, 2022). This assertion contradicts the DEA, which stated this January that "most of the fentanyl trafficked by the Sinaloa and CJNG cartels is being mass-produced at secret factories in Mexico with chemicals sourced largely from China" ([DEA](#), January 5).

There are indications of relationships between Mexican drug cartels and Chinese organized crime groups to collaborate in drug trafficking. In the 2000s, the Sinaloa cartel reportedly started developing import and export connections in the Asia Pacific region, which involved cooperation with Hong Kong based Triad societies that had easy access to precursors in southern China produced by the huge chemical industry. By 2022, Hong Kong was suspected to be an increasingly important transshipment hub for methamphetamine based on major seizures by Customs, and part of Mexican drug cartels' extensive links to organized crime groups in the Asia-Pacific region. [1]

### **Conclusion**

At present, no interruption of the fentanyl supply that is fueling the opioid crisis in America appears likely. The crisis clearly results from an endemic illegal drug use problem in U.S. society, which traces back several decades. The opioid crisis was worsened by the supply of fentanyl and its precursors before 2019, based on the unlimited availability of the chemicals from the vast number of factories able to produce them in China.

The PRC authorities cooperated with the US government to restrict production of fentanyl and precursors by listing more precursors as controlled substances and jointly investigating trafficking. However, this cooperation has recently ground to a halt because of the political conflict between the U.S. and China, with the PRC government increasingly linking the cessation of counter-narcotics cooperation with issues such as criticism of human rights in China or U.S. engagement with Taiwan.

The current deadly problem of powerful Mexican drug cartels, particularly the Sinaloa and New Generation Cartel, is proving to be insoluble for both the Mexican and U.S. authorities and is leading to increasing levels of violence as the cartels expand their trafficking of fentanyl. Also of concern, analysts are increasingly drawing links between Mexican cartels and organized crime groups in Asia, particularly in China, which if correct indicates that fentanyl trafficking may not only be a continued deadly problem for the U.S. but could also start to impact other countries where those criminal groups tranship drugs as well as launder the proceeds of crime.



As a result, the opioid crisis in the U.S. and the impact of fentanyl are increasingly likely to be experienced in Asia as well.

*Martin Purbrick is a writer, analyst, and consultant. He spent over 32 years in Asia working in the Royal Hong Kong Police serving in Special Branch and the Criminal Intelligence Bureau, followed by senior leadership roles managing financial crime risk with several major companies. Martin is an Honorary Fellow at the Keele Policing Academic Collaboration (KPAC) of the Keele University focused on public order and criminology in Asia.*

## **Notes**

[1] see Vanda Felbab-Brown, "[The foreign policies of the Sinaloa Cartel and CJNG – Part II: The Asia-Pacific](#)," The Brookings Institution, August 5, 2022.

## **After the Kabul Hotel Attack: The Taliban and China Confront Security Challenges in Afghanistan**

*Zafar Iqbal Yousafzai*



*(Image: Taliban Government Foreign Minister Amir Khan Muttaqi greets then Foreign Minister Wang Yi upon his arrival in Kabul last March, **source:** FMPRC)*

### **Introduction**

On December 12, members of the Islamic State Khorasan Province (ISKP) attacked a local hotel in Kabul, where several Chinese nationals were staying. The attack injured five Chinese nationals along with 18 other victims, while the three attackers were killed by security forces ([China Daily](#), December 14, 2022). It was reported that Chinese businesspeople run the hotel, which is frequently visited by Chinese diplomats and business people ([Global Times](#), December 13, 2022). In response, People's Republic of China (PRC) Foreign Ministry spokesperson Wang Wenbin stated: "China is deeply shocked at the attack, which is highly egregious, and firmly opposes terrorism in any form" ([China Daily](#), December 14, 2022).

The ISKP strike in Kabul will further reinforce Beijing's commitment to giving special attention to the security and stability of Afghanistan. An unstable and volatile Afghanistan threatens Chinese interests and could be a hurdle to the success of the Belt and Road Initiative (BRI). Moreover, Chinese sources have expressed concern that uncertainty and unrest could lead to Afghanistan becoming a hotbed for terrorists "targeting China's Xinjiang and its interests overseas, such as the China-Pakistan Economic Corridor (CPEC) projects, where enhanced communication and coordination between China and Pakistan is required to tackle potential threats" ([Global Times](#), August 19, 2021). In response to these challenges, China has sought to provide the Taliban with enough support to combat all forms of terrorism and extremism in Afghanistan.

Following the U.S. withdrawal from Afghanistan and the fall of Kabul, ISIS has emerged as one of the main threats to the Taliban government, ethnic minorities, especially the Hazara community and foreign nationals, including Chinese nationals and business interests ([China Brief](#), October 4, 2022). After the withdrawal, the U.S. offered the Taliban assistance in combating ISIS, but the group declined, stating that they could handle the issue. However, the ISIS threat does not seem to be under control in Afghanistan and has now become a headache for the Taliban.

### **Drivers of China-Taliban Engagement**

Several factors have recently driven China to deepen its engagement with and support for the Taliban. When Kabul fell to the Taliban, the world was stunned and concerned about the Taliban in power; however, some countries like Iran, Russia, China, and Pakistan were among those expecting stability in Afghanistan and asking the international community to help the Taliban stabilize the country. At the time, the PRC envoy stated that “China expects the Taliban to fulfill its commitment to ensure a smooth transition of the situation in Afghanistan, curb all kinds of terrorism and criminal acts, keep the Afghan people away from wars and rebuild their beautiful homeland,” stated response to the Taliban takeover of Kabul ([Xinhuanet](#), August 16, 2021).

In addition, China saw the U.S. presence in Afghanistan as a strategic threat to China. As a result, the U.S. withdrawal and the return to power of the Taliban, with whom Beijing has close ties, were generally seen as advantageous geopolitical developments for China. Following the Taliban’s victory, many foreign embassies closed their missions in Afghanistan; however, the Chinese mission remained in operation ([Xinhuanet](#), August 16, 2021). China has strategic, political, economic, and security interests in Afghanistan that it wants to secure. The existence of any central administration ruling Kabul that is comfortable with China is favorable to the latter. Furthermore, China knows the Taliban needs its support as they seek political, economic, and moral support to consolidate their rule and attain international legitimacy.

Likewise, the Taliban wants China to support them politically and to invest in the war-torn country to advance stability and provide job opportunities that help build up the shaky Afghan economy. Before the fall of Kabul, a Taliban delegation led by Mullah Abdul Ghani Baradar visited China in late July 2021 and held meetings with high-level Chinese officials, including then Foreign Minister Wang Yi ([Xinhuanet](#), July 28, 2021). The Taliban delegation gave the impression that they do not believe in interfering in any country’s internal affairs, an indication of acquiescence to the PRC’s prerogatives with regards to Xinjiang. The Taliban stressed that their agenda is limited to Afghanistan and does not pose a direct threat to any neighboring country. Despite these assurances, the Taliban’s return to power encourages other insurgent groups to accelerate their struggle and overtake the area they are fighting for. The Tehrik-i-Taliban (TTP) in Pakistan is a prime example in this regard.

The Taliban administration in Kabul believes that, considering the profound uncertainty and difficulties confronting the country, Beijing has emerged as arguably its best partner. The Taliban are looking for cordial relations with all neighbors and global actors to gain politico-economic and moral support and establish a meaningful engagement. The state-affiliated *Global Times* reported: “U.S. President Joe Biden has stated that the U.S. “mission in Afghanistan was never supposed to have been nation building” and is weighing further sanctions to cripple the Afghan economy,” arguing that the U.S. has failed and China will move the mission forward ([Global Times](#), August 26, 2021). Hence, China views its ability to fill the void left by the U.S. in Afghanistan as advancing its interests and expanding its clout in the region.

## **Quid Pro Quo?**

China-Taliban engagement is not new. The Taliban have been frequent visitors to China for years. Even in the 1990s, Beijing engaged with the Taliban to curb militants' infiltration into western China. [1] Afghanistan is important to Beijing strategically and economically as it connects China with the Persian Gulf and Iran. Similarly, Afghanistan is a potential route for BRI with extensive natural resources. Hence, China had been pressing the Taliban to take a clear stance vis-à-vis militancy, i.e., East Turkistan Islamic Movement (ETIM) ([South China Morning Post \(SCMP\)](#), August 6, 2021). So far, the Taliban have stated unequivocally that they will not interfere in the internal affairs of any country.

In order to promote security and advance its economic and strategic interests in Afghanistan, China has closely cooperated with and supported the Taliban during the post-U.S. withdrawal period. China is providing humanitarian aid and concessions to the Taliban government; however, several developments are still off the record. One such behind the scenes development is China's provision of Unmanned Aerial Vehicles (UAVs) to the Taliban, which has significantly boosted its forces' combat capabilities. [2]

## **How Does Chinese Drone Technology Assist the Taliban?**

The Taliban has had access to UAV technology since at least 2016, when the group released a suicide bomber's footage taken from a drone driving a Humvee vehicle into a police camp in southern Helmand province ([YouTube](#), October 24, 2016). The Taliban first used a simple camera-bearing drone to shoot footage used in propaganda videos. Also, the Taliban tactfully capitalized on using these drones to put psychological pressure on their enemies, especially the Afghan forces. Those drones were commercial, not combat, but they psychologically impacted the Afghan forces' minds. "It was very obvious that the Taliban were going to imitate American drone warfare because what we've seen for a couple of years, not just in Afghanistan but also in other regions where Americans have waged war, is that militant groups try to imitate this kind of warfare," said Emran Feroz in an interview ([TRT World](#), January 1, 2021).

For around three years, the Taliban used commercial drones for various purposes that needed to be more capable of hitting any vital target. They used to conventionally modify commercial drones by putting grenade shells in beverage bottles. However, the Taliban's use of UAV technology has evolved over time. In 2019, the Taliban established a specialized unit for drones that could help the group carry out combat operations. [3] The drone unit, which was headquartered in Kunduz, was responsible for hitting the Afghan government's high-value targets. However, for such an operation, the 'unit' needed an advanced combat drone capable of hitting targets. Hence, the unit asked an Afghan company to purchase an advanced drone. Thus, the first drone was attained through a front company from China and cost \$60,000, which engineers tailored to carry four mortar rounds ([New Lines Magazine](#), September 15, 2021). This provided the Taliban with a more enhanced machine that would efficiently hit any target. The unit engineers painted the drone a dark blue color that was difficult to detect.

The first coordinated attack by the Taliban drone unit was recorded in Kunduz in November 2020, when UAVs attacked the bodyguards of a provincial governor at his residence ([TOLO News](#), November 9, 2020).

Previously, the Taliban had conducted several dry-run attacks on the Afghan forces' check posts. Besides targeting Afghan government officials, the Taliban drone unit once planned to attack U.S. soldiers. However, the plot was detected and U.S. officials warned the Taliban's Qatar office to refrain an act that could violate the Doha deal ([New Lines Magazine](#), September 15, 2021).

The drone unit was reportedly instrumental in the Taliban's string of military victories that resulted in the August 2021 capture of Kabul. However, the drone unit still uses modified commercial drones for surveillance and operations. In order to upgrade its UAV capabilities, the Taliban have struck a deal with China to purchase Blowfish attack drones. Since the fall of Kabul, the Taliban have faced stiff resistance from ISKP targeting the Taliban, foreign missions, and civilian targets ([Global Times](#), October 26, 2022). For the Taliban, this situation is frustrating and they are presumably looking for weapons, such as attack drones, which can help neutralize the ISKP threat.

The Blowfish strengthens the Taliban's combat capability in operations against its opponents, especially ISKP. It will also put considerable pressure on other resistance movements, including the National Resistance Front in the Panjsher Valley. The Taliban are militarily active against the NRF members in the valley. Ahmed Masoud recently called for a new anti-Taliban "political front" at a Vienna conference in mid-September 2022, where 30 anti-Taliban leaders participated and demonstrated commitment to resist the group ([The Express Tribune](#), September 16, 2022). Moreover, these drones can also be used for border security, especially on the border with Iran and Pakistan, where clashes often break out. At the moment, the Taliban are bent on securing a firm hold over Afghanistan, extricating it from the economic crisis and getting international recognition and aid, despite banning girls' schools and establishing authoritarian rule over the country.

### **Conclusion**

The recent attack by ISKP on a hotel in Kabul that mostly housed Chinese nationals is one of several concerning recent security developments in Afghanistan, not only for China, but also for the Taliban. The group desperately needs financial support, political support and even hopes that Beijing may someday extend diplomatic recognition. China has economic, political, security and strategic interests in Afghanistan and has maintained close contact with the Taliban over the last decade. Moreover, Beijing wants the Taliban not to allow Afghanistan's soil to be used as a base for operations targeting China. As the Taliban comes to see China as a crucial supporter, they have made greater efforts to meet Beijing's prerogatives.

It is evident that the Taliban took a turn after 9/11 and accepted the use of advanced technologies, both in the form of new communication methods to disseminate their voice and narrative and by adopting new weapons for combat purposes. For the last several years, the Taliban have been comfortable with using drone technology. The Taliban's use of drones and their evolution is unique, as they started with small commercial drones, then went on to acquire agricultural drones that were modified and used as military drones. And now, despite an uphill journey, the Taliban has acquired Blowfish attack drones. During the Taliban's campaigns against its opponents, Afghan government forces vacated checkpoints before the attacks were conducted as they could not counter drone strikes. This demonstrates that drones have had a considerable impact on the Taliban's way of warfare. The limitations of commercial or agricultural drones led them to acquire advanced



combat drones from China. China's reported delivery of combat drones to the Taliban will considerably impact U.S.-China relations and the Taliban's combat capability to target ISKP and other adversaries.

*Zafar Iqbal Yousafzai is the author of The Troubled Triangle: US-Pakistan Relations under the Taliban's Shadow (Routledge, 2021).*

## **Notes**

[1] Miwa Hirono, "China's Conflict Mediation and the Durability of the Principle of Non-Interference: The Case of Post-2014 Afghanistan," *The China Quarterly*, March 4, 2019, 614-634.

[2] Interview with a relevant person involved in China's drone technology company, September 19, 2022.

[3] Interview with a Taliban official, December 23, 2022.