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WATER

CHINA'S STATEMENT ON TRANS-BOUNDARY RIVERS AND ITS STRATEGIC WATER PLANS

26 Apr 2011

During a regular press briefing on 19 Apr 11, the Chinese Foreign Ministry spokesperson Hong Lei was asked a question on China's actions on trans-boundary rivers originating in China and concerns of certain neighbouring countries.¹ The question was based on recent reports that China is accelerating construction of dams on such rivers, which has raised the concerns of its neighbouring countries. Speculation that China may thus lay an impact over the lower riparian countries by using water resources as a political tool was also mentioned. In reply the Chinese spokesperson avoided any mention of dams or of China's political intentions. Instead he said that China, as a responsible country, would never do anything to harm the legitimate interests of lower riparian countries. China would strengthen interaction and coordination with all relevant parties on the basis of equal consultation and mutual benefit through negotiations and channels of cooperation, he said.

However, according to another report by the People's Daily on 24 Apr 2011, China would undertake certain water management measures to combat extreme climate conditions like drought and floods.² These measures include increasing China's strategic water reserves, implementing its Diverting Southern Water North policy, recharging ground water, stricter implementation of water conservancy rules and norms, administration of terrace cultivation, boosting generation of hydro-electricity, accelerating water conservancy projects, land reclamation and irrigation. As regards to its water-abundant South-west, which notably includes Tibet Autonomous Region, Sichuan, Yunnan and Guizhou, China intends to strengthen its "control" over the water resources of this basin in order to provide emergency water supply in times of extreme drought.

Endnotes:

1. http://chn.chinamil.com.cn/xwpdxw/2011-04/20/content_4423429.htm
2. <http://politics.people.com.cn/GB/1026/14466333.html>

DEFENCE

HU JINTAO ISSUES MILITARY ORDINANCES ON FINANCIAL ACCOUNTABILITY, SECURITY

15 Apr 2011

Mr. Hu Jintao, as Chairman of the Central Military Commission (CMC) of the Communist Party of China, has recently issued two important ordinances for the People's Liberation Army to enhance fiscal accountability and strengthen security of classified information. These ordinances are the "Financial Ordinance of the PLA of China"¹ and the "Ordinance on Protecting Classified Information of the PLA of China".² Both of them came into force with effect from 01 May 2011.

The Financial Ordinance has given detailed guidelines to adhere to for the accounting and operational departments of PLA's Headquarters, Military Regions, Group Armies and units below them. There are several provisions aimed to enhance fiscal discipline, control of budgetary plans and expenditure, auditory oversight, cut down on non-essential expenses and exercise austerity. There is even a provision to recover extra-budgetary expenditure. Methods to implement the ordinance include norm-based budget preparation, administration of major expenditures and projects, maintaining asset inventories etc. Interestingly, authority for all of these exercises has been given to the respective Party Committees of the PLA formations/units. This lends credence to the belief that the Party has lately been concerned about PLA's financial conduct. So it seems that this ordinance seeks to rein in arbitrary and irregular financial behaviour

and tighten budgetary allocations for the PLA by empowering the accountants/auditors and strengthening the Party's control over PLA.

The ordinance on classified information is actually an amendment of the 24 March 1996 ordinance of the CMC and would act as the basic military law in this area. The amendment was done in order to suit "new situations and changes" that have undergone since the 1996 ordinance. PLA's increasing evolution as a force that is networked with information technology and the wide usage of internet and mobile telephony might be such major changes that necessitated the amendment. Similarly, a Taiwanese claim in March 2011 about China increasing its nuclear missile stockpile and nuclear plants can also be one of the reasons.³ The ordinance is based on past regulations of the CMC, PLA headquarters, practical experiences of PLA units and shall be implemented in conjunction with the "PRC Protection of National Secrets Act". It also claims to have changed the basic scope of China's military secrets in accordance to their relevant guiding thought of "narrow the scope, shorten the front, bring into focus and confirm the focus". The ordinance has dealt with topics like classifying and disclosing secrets, fixing responsibility at various levels and coordination.

Endnotes:

1. http://politics.gmw.cn/2011-04/01/content_1780364.htm
2. http://mil.gmw.cn/2011-04/02/content_1786504.htm
3. http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=37695&tx_ttnews%5BbackPid%5D=517

CHINESE FOREIGN MINISTRY DENIES PRESENCE OF CHINESE TROOPS IN POK

11 Apr 2011

During a regular media briefing on 07 Apr 2011, the Chinese Foreign Ministry spokesperson Hong Lei was asked to respond to the recent statement made by Lt. Gen. KT Parnaik, GOC Northern Command of Indian Army that Chinese troops

were present in PoK.¹ The Chinese spokesperson responded saying such statements are baseless and absurd.²

Endnotes:

1. http://www.ptinews.com/news/1488870_China-s-presence-in-PoK-increasing-steadily-
2. <http://www.chinanews.com/gn/2011/04-07/2958203.shtml>

FOREIGN AFFAIRS

CHINA'S WHITE PAPER ON FOREIGN AID

28 Apr 2011

On 21 April 2011 China issued its first-ever white paper on foreign aid.¹ This 11363 character document titled "China's Foreign Aid" states that China first began to provide foreign aid in 1950 with the Democratic People's Republic of Korea (North Korea) and then Vietnam. By the end of 2009, China had offered aid to 161 countries and more than 30 international and regional organizations. According to the white paper, China provided \$38.54 billion in aid to foreign countries, with Asia and Africa accounting for 80 percent of the total figure. The aid funds are mainly geared toward agriculture, industry, economic infrastructure, public facilities, education and medical & health care. The white paper describes China's foreign aid activities as "South-South cooperation" and "mutual help between developing countries," as China describes itself as the world's largest developing country. The document states that while focusing on its own development, China has provided as much aid as possible to other developing countries with economic difficulties and has thus fulfilled its international obligations. It is underlined that through foreign aid China aims to help recipient countries attain their self-development objectives. Finally, the white paper underscores the benign nature of China's foreign aid in contrast to the assistance provided by other countries. It claims that firstly, China imposes no political conditions on the recipient country, secondly, it does not use foreign aid as a means to interfere in the internal

affairs of the recipient countries, and thirdly, China does not seek political privileges for itself through such aid. It is however silent on how China has benefitted economically and strategically from such aid programmes.

Endnotes:

1. http://www.china.org.cn/china/2011-04/21/content_22410688.htm

SENIOR CHINESE LEADER CONCLUDES VISIT TO MYANMAR, AUSTRALIA, SAMOA

18 Apr 2011

Mr. Jia Qinglin, head of the Chinese People's Political Consultative Conference recently concluded a 12-day visit to Myanmar, Australia and Samoa during 02-13 Apr 2011.¹ The stated purposes of the visit were to promote mutual trust, cooperation and friendship, affirm the peaceful intentions of China's growth and create a favourable external environment. In Myanmar the Chinese leader re-invoked the spirit of "Paukphaw" (blood brothers) to reiterate China's commitment towards this country in this neighbourhood for whom China is the second largest trading partner. He also stressed the Chinese intention of strengthening cooperation with Myanmar in transport & communication, energy and large scale infrastructure projects. The Myanmar side reportedly also conveyed their interest to further boost trade and economic relations with China. Mr. Jia also sought to strengthen China's coordination with Myanmar in UN and other multilateral fora and promote China-

ASEAN ties. The Myanmar side reportedly committed to Mr. Jia to coordinate with China in international and regional fora. As a goodwill gesture, the Chinese leader had carried with him essential medicines and other relief material for the quake victims of Myanmar. While visiting the Pacific island country of Samoa too, the Chinese leader invoked long marriage ties between the peoples of the two countries. He also provided a Chinese government grant of 40 million Yuan to the Samoan government.²

Endnotes:

1. http://news.xinhuanet.com/world/2011-04/13/c_121301746.htm
2. http://www.samoobserver.ws/index.php?option=com_content&task=view&id=32540&Itemid=62

CHINA, AUSTRALIA STRENGTHEN COOPERATION

01 May 2011

China and Australia signed five documents to strengthen mutual cooperation during the recent China visit of Australian PM Julia Gillard.¹ These were signed in the presence of Ms Gillard and the Chinese Premier Wen Jiabao on 26 April 2011. The documents respectively are a joint ministerial statement between the Chinese Ministry of Science & Technology and the Australian Ministry of Innovation, Industry and Scientific Research, an MoU between the Chinese Commerce Ministry and the Australian Ministry of Foreign Trade for the establishment of a Service Trade Promotion Forum, an MoU of cooperation and mutual assistance between the Customs authorities of both countries, an MoU on further opening of the Chinese tourist market to Australian operators, and a financing framework agreement between the China Development Bank and the Carrara Mines Ltd on

Carrara iron ore project. Though the visit marked a notable progress in bilateral ties, it must be noted that the Australian PM kept China at the final leg of her three nation tour starting with Japan and then South Korea. Another noteworthy element from Ms. Gillard's visit to Japan and South Korea is that in both countries there were stated anti-China overtones. While Australia strengthened its defence and security cooperation with both Japan and South Korea, the Australian PM during her South Korea visit felicitated Australian martyrs and veterans who had fought the Chinese in the Korean War.^{2,3}

Endnotes:

1. http://politics.gmw.cn/2011-04/26/content_1889018.htm
2. <http://www.theage.com.au/world/gillard-moves-to-deepen-ties-with-japan-korea-20110421-1dqnp.html>
3. <http://www.news.com.au/national/prime-minister-julia-gillard-in-seoul-south-korea-for-anzac-day-service/story-fn8g495p-1226044360969>

CHINESE PREMIER VISITS MALAYSIA AND INDONESIA

01 May 2011

The Chinese Premier Wen Jiabao paid official visits to Malaysia and Indonesia during 27-30 April 2011.^{1,2}

China is Malaysia's largest trading partner and its second-largest export destination. It was also the largest source of Malaysian imports in 2010. Malaysia has been China's largest trading partner in ASEAN for the last three years. Bilateral trade reached \$74.2 billion in 2010. During the latest visit a number of deals were signed between China and Malaysia. These deals, reportedly worth \$3 billion, include a contract between China Huadian Engineering Co and Malaysia's Janakuasa to build

a coal-fired plant and an agreement between Malaysian mobile service provider DiGi and China's ZTE Corporation to supply telecom infrastructure. Aluminium Corporation of China also signed a joint venture agreement with Smelter Asia Sdn Bhd to build a \$1 billion smelter in Sarawak. The two governments also reached agreements on expanding and deepening economic and trade cooperation, and on frameworks to facilitate mutual recognition of higher education qualifications. During his visit, Wen called on the two countries to boost maritime cooperation and ensure the safety of the Malacca Straits. There has been friction in the relationship between the two countries over the Nansha (Spratly) Islands in the South China Sea. Wen also said that he believed the concerned countries should carry out joint development in the South China Sea.

During Wen's subsequent visit to Indonesia, China offered multibillion-dollar loans and \$10 billion worth of business contracts to Indonesia which is Southeast Asia's largest economy. Bilateral trade volume between China and Indonesia reached \$42.7 billion in 2010. The offers include a \$1 billion preferential buyer's credit – the largest that Beijing has ever given to a foreign country, as well as \$8 billion worth of financing contracts for investors in Indonesia's much-needed infrastructure projects and major industries. Wen has said that China will provide 1 billion Yuan to start a fund for the program for tangible cooperation ranging from maritime security and research to resources exploitation and disaster prevention. China has no territorial disputes with Indonesia in the South China Sea but the two sides still have maritime rights and interests to be settled. The agreements came two days after China and Indonesia set up a joint oceanic observation station in Padang, the capital of Indonesia's West Sumatra province, the

first time for China to jointly establish an overseas observation station with a foreign country.

It is clear that these two visits are intended to allay fears about China's intentions in Southeast Asia, particularly after the debate over the South China Sea disputes last year.

Endnotes:

1. <http://english.people.com.cn/90001/90776/90883/7365153.html>
2. <http://english.people.com.cn/90001/90777/90851/7366179.html>

BO'AO FORUM FOR ASIA

29 Apr 2011

Coinciding with the BRICS Summit recently held in Sanya, China also organized the Bo'ao Forum for Asia (BFA) on 14 Apr 2011. The theme of this year's BFA annual conference was "Inclusive Development: Common Agenda and New Challenges".¹ The BFA is a non-government non-profit international organization for global political, business and academic leaders and aims at pushing forward economic cooperation in Asia, and providing intellectual support for the region's sustainable development. It was founded by 28 nations in 2001 and is modelled on the World Economic Forum, Davos. This year's meet marked the tenth anniversary of the BFA. More than 2,000 political and business leaders, scholars and media celebrities discussed a wide range of topics such as how to achieve inclusive growth and Asia's way to avoid the middle income trap. China has been in the forefront of promoting BFA. In his address, the Chinese President Hu Jintao spoke of the need for multi-polarity and economic globalisation with Asian integration. Asian countries should work united for development, stability, harmony and good neighbourly relations while respecting the

diversity of civilisations, he said. The Chinese President also proposed a new security concept for Asian countries based on cooperation, coordination, mutual understanding, trust, scientific & technological innovation and a focus towards green economy. The bigger and richer countries could help the smaller and weaker ones in this process, he said.² Other attendees included the Russian President Dmitry Medvedev, Brazilian President Dilma Rousseff, South African President Jacob Zuma, Republic of Korea (ROK) Prime

Minister Kim Hwang-sik, Spanish Prime Minister Jose Zapatero, Ukrainian Prime Minister Mikola Azarov and New Zealand Deputy Prime Minister and Minister of Finance Bill English.

Endnotes:

1. http://www.chinadaily.com.cn/china/2011-04/06/content_12281915.htm
2. http://www.chinadaily.com.cn/china/2011-04/15/content_12333205.htm

SCIENCE & TECHNOLOGY

CHINA TO HAVE SPACE STATION, CARGO SPACESHIP BY 2020

27 Apr 2011

China would build a 60-ton space station made up of three capsules. This plan was unveiled on 25 April 2011 by the China Manned Space Engineering Office which is in charge of the Chinese manned space program.¹ According to reports, the 18.1-meter-long core module, with a maximum diameter of 4.2 meters and a launch weight of 20 to 22 tons, will be launched first. The two experiment modules will then blast off to dock with the core module. Each laboratory module is 14.4 meters long, with the same maximum diameter and launch weight of the core module. Compared to the International Space Station (419 tons), and Russia's Mir Space Station (137 tons) which served between 1996 and 2001, the planned Chinese space station is certainly much smaller. If successful this would be only the third multi-module space station ever built.

It was also announced that China will develop a cargo spaceship to transport supplies and lab facilities to the above mentioned space station. This cargo spaceship would have a maximum diameter of 3.35 meters and a launch weight of less than 13 tons. This is the first time that an official confirmation for the development of a cargo spaceship has been made. This development was seen by China as essential for long term space missions. In an effort to popularize China's space programme authorities have also asked the public to get involved by suggesting names for the space station, due to be completed around 2020. Clearly, China remains committed to its space endeavours and is attempting to generate public backing for the same. This contrasts sharply with the budgetary cuts faced by the United States' NASA in recent times.

Endnotes:

1. http://news.xinhuanet.com/english2010/china/2011-04/26/c_13846112.htm

ENERGY

CHINA TO BUILD NEW NUCLEAR POWER PLANTS

25 Apr 2011

On 22 April 2011, China Daily reported that new nuclear power projects in China may be approved when a nuclear safety plan is issued possibly in August this year.¹ In the aftermath of the Japanese tsunami and nuclear crisis, China's State Council on 16 March 11 had suspended approval for new plants pending a safety review. According to the China Electricity Council, the country had a total of 10.82 gigawatts (GW) of nuclear capacity at the end of 2010. China's revised nuclear capacity was

expected to reach 86 GW before Japan's nuclear crisis. Zhou Dadi, Director of China's Energy Research Institute, has reportedly stated that China can be expected to add 12 GW of nuclear capacity annually in the near term and is expected to boast of 70 to 80 GW by 2020. Although questions over the safety of its nuclear power plants continue, China's resolution to develop nuclear power appears to be unshaken by the situation in Japan.

Endnotes:

1. http://www.chinadaily.com.cn/china/2011-04/22/content_12373663.htm

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