
**CHINA:
DOMESTIC AND FOREIGN POLICIES**

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“CHINA: BITTER DISH WITH COMPLEX GARNISH”

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Abstract. In mid-late 2024, the priorities of the Chinese leadership shifted towards the economy. The 3rd plenary session of the 20th Central Committee of the Chinese Communist Party (CCP) in July 2024, and the subsequent changes in financial and economic policies are aimed at correcting the mistakes that led to a slowdown in domestic demand and business activity. The CCP leadership saw the risks of not achieving the set targets for the country's GDP growth of about 5% in 2024. The economic situation remains difficult – most statistical indicators are either unstable or have not reached pre-COVID levels. Against this background, Beijing is launching various measures to support economic growth, mainly through monetary policy mechanisms. On the one hand, these measures will have a positive effect on the short-term dynamics of China's economic development. On the other, they are probably being adopted late: most of them were postponed until after the 3rd Plenum, and their positive effect will most likely not have time to manifest itself before the final calculation of the rate and volume of GDP by the end of 2024. In addition, they are focused on stimulating supply rather than consumption, the rate of which is still low enough to form and launch a new model of economic growth of the “dual circulation”. In foreign policy, along with maintaining the priority of the Russian and American directions, there was increased military-political activity of Beijing in Southeast Asia and economic activity in Africa. In relations between Russia and China, against the background of the stable development of bilateral relations of the “comprehensive strategic partnership”, the “fields of divergence” in the positions of the parties continued to expand. In the economy, these are problems of cross-border payments. In politics, the “fields of divergence” touched upon the topics of strategic vision of world development, Ukraine, regional conflicts, military cooperation with the United States. In the near future, China, in our opinion, will continue to seek external incentives for economic development – despite the wave-like changing and often unfavorable political background. The PRC will not “withdraw into itself”, will not build a new Chinese wall, will continue to rely on globalization and the unity of world development, in which it assigns itself a leading role.

Keywords: China, foreign policy, domestic policy, Chinese economy, Russian-Chinese relations.

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“КИТАЙ: ГОРЬКОЕ БЛЮДО СО СЛОЖНЫМ ГАРНИРОМ”

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Аннотация. В июле 2024 г. в Китае состоялся 3-й пленум ЦК КПК 20-го созыва, на котором были закреплены основные направления экономического развития КНР как минимум на среднесрочную перспективу. В целом ответы на вызовы, с которыми страна столкнулась в “новую эпоху”

(общее снижение эффективности прежней модели социально-экономического развития), Пекин видит в научно-техническом прогрессе, продолжении глобализации, расширении внутреннего спроса и т. д. Соответственно, основные задачи китайской внешней политики определяются внутренними социально-экономическими потребностями.

Ключевые слова: КНР, внешняя политика, внутренняя политика, китайская экономика, российско-китайские отношения.

INTRODUCTION

The paper analyzes two key interconnected dimensions of modern Chinese life – the economy and foreign policy which have been undergoing strategic changes since the second half of 2024. The priorities of the Chinese leadership are shifting towards the economy; to accelerate its development, Beijing is seeking to create the most favorable foreign policy environment possible – with an emphasis primarily on Chinese-Russian and Chinese-American relations.

From July 15 to 18, 2024, the “long-awaited” 3rd Plenum of the 20th CPC Central Committee was held in the PRC. Traditionally, it was to take place in October-November 2023 but was postponed without an official explanation. Presumably, the delay of more than six months was due to the need to carefully develop an updated strategy for the socio-economic development of the PRC, which was presented at the plenum. Hypothetically, the strategy should respond to the main challenges that China has faced in the “new era”, namely, the decline in the effectiveness of traditional factors of Chinese economic growth, as well as the deterioration of the external environment for the development of the PRC.

After the guiding documents of the plenum were published and the authorities, in accordance with them, implemented a number of measures to stabilize and intensify the country’s economic development, it is now timely to make an interim assessment of their effectiveness and prospects.

THIRD PLENUM OF THE CPC CENTRAL COMMITTEE OF THE 20th CONVOCATION

The significance of the third plenums in the PRC’s history lies in the important economic decisions taken, determining the main directions of the country’s development at least in the medium term. For example, at the third plenum of the 11th

CPC Central Committee in 1978, a decision was made to begin economic reforms; in 1993, partial privatization of state enterprises began; in 2013, the authorities decided to strengthen the role of the market in the distribution of resources. In 2024, experts expected some revolutionary decisions from the third plenum, which, in their opinion, were long overdue [1].

In reality, it consolidated the main directions of China’s recent development. In the economic sphere, this includes “further comprehensive deepening of reforms”, “Chinese modernization”, “high-quality development”, etc. In the area of state governance, it includes the “completion of socialist modernization by 2035”, and more broadly, the need to “fully implement Xi Jinping’s thought on socialism with Chinese Characteristics for a new era.” In addition, the communiqué of the third Plenum also mentioned other “necessities” – the construction of a “beautiful China”, of a “peaceful China”, etc. [source 1].

On the one hand, the final text of the communiqué does describe specific mechanisms by which China will address current economic problems, such as the insufficiently high level of final household consumption, the reduced multiplier effect from investment in infrastructure, problems in the real estate market, challenges for Chinese exports, etc. On the other hand, Beijing’s main task is to determine and consolidate the main paths for continuing the socio-economic development of the PRC. These include, first of all, further development of the country based on scientific progress (Chinese modernization), maintaining openness and commitment to globalization, focusing on a market economy and, to a certain extent, private capital, improving the well-being of the population and expanding consumption, as well as generally improving the living environment (“ecological civilization”, care for the elderly, etc.).

More specific and substantive plans are disclosed in the “Decision of the CPC Central Com-

mittee on Further Comprehensive Deepening of Reforms to Advance Chinese Modernization” [source 2]. Some of these measures were implemented with varying degrees of success in previous years, while others can be considered innovations. In our opinion, one of the most significant is Beijing’s intention to establish a full-fledged legal system to ensure the activities of private capital and once again attempt to equalize the conditions under which it operates with those of state-owned enterprises. Next is the unification of the domestic Chinese market, that is, the standardization of norms and rules for doing business across all provinces of the PRC. Predictably, much attention in the “Solutions” is given to the “digital”, “green”, and “silver” (designed for an aging population) economies as well as new urbanization and infrastructure, innovative development, education, culture, and people’s democracy.

Notably, the announced plans appear, for now, to be more aspirational than concrete, and their implementation is not guaranteed. Fundamentally, most of them are tactical steps aimed at improving results China has undoubtedly already achieved. Yet the answer to the question of whether China will be able to implement a new development model based on scientific and technological progress – one that will allow it to move forward – was not provided by the 3rd Plenum. Is it even possible?

FIGHTING NEGATIVENESS IN THE PRC ECONOMY

By mid-to-late 2024, concerns began to arise about the delay in the Chinese authorities’ response to the worsening economic situation. Presumably, as decisions on launching new measures to stimulate the national economy were postponed until after the Third Plenary Session of the 20th CPC Central Committee, it seemed that Beijing would likely have difficulty achieving the recommended 5% growth rate for China’s GDP.

The latest available statistics on the Chinese economy confirmed these concerns – for example, the growth rate of total consumer goods sales, having peaked at 10.1% in November 2023, fell to 2.1% by August 2024, demonstrating weak demand among the population (Fig. 1).

The growth rate of the consumer price index from August 2023 to August 2024 did not even reach 1% (Fig. 2), which likely indicates the risk of deflation and once again confirms weak consumer demand.

The growth rate of investment in fixed assets from January-August 2023 to January-August 2024 also decreased from a peak of 4.5 to 3.4%, reflecting, in addition to the expected reduction in investment in housing construction, a probable delay in the launch of new infrastructure construction programs aimed at supporting the economic dynamics of the PRC (Fig. 3).

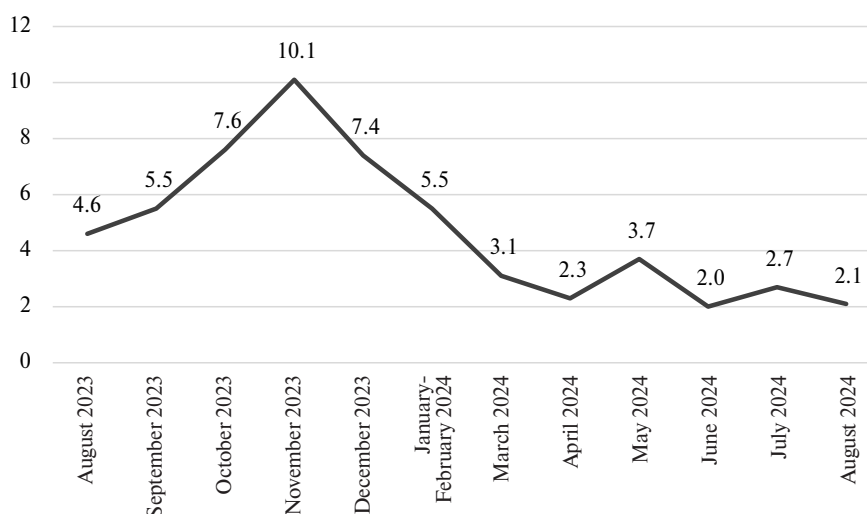


Fig. 1. Growth rate of total retail sales of consumer goods in August 2023–August 2024, %
Compiled based on: [source 3].

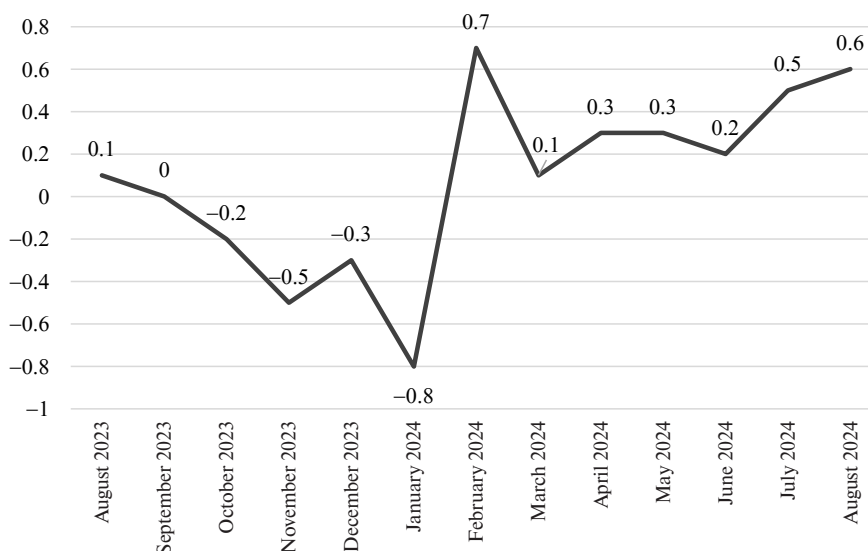


Fig. 2. Growth rate of the consumer price index in August 2023-August 2024, %
Compiled based on: [source 3].

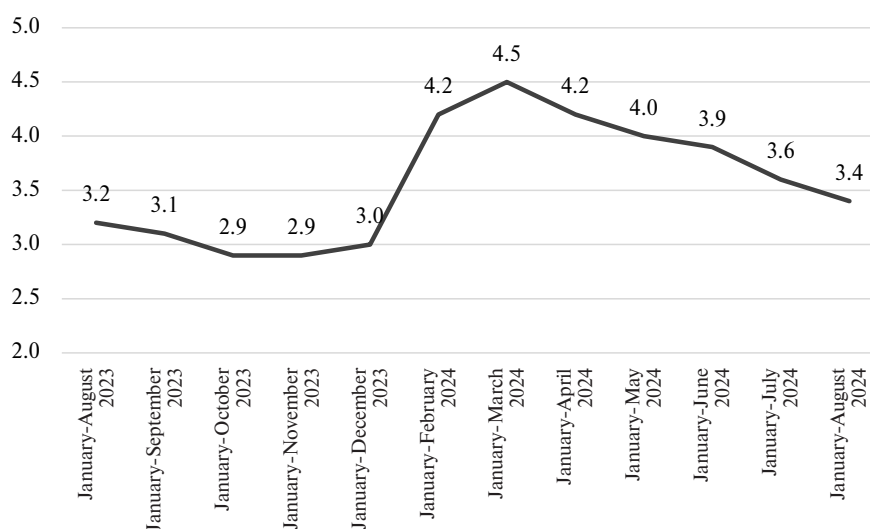


Fig. 3. Growth rates of investment in fixed assets from January-August 2023 to January-August 2024, %

Compiled based on: [source 3].

Chinese exports were also unstable: statistical indicators for export growth compared to 2023 fluctuated between negative and positive values (Fig. 4). In other words, the limited demand for Chinese products in foreign markets (even taking into account problems in the American and European directions) cannot compensate for the insufficient demand in the domestic market.

The so-called Purchasing Managers' Index (PMI), which reflects the dynamics of the volume of industrial goods purchased in China, also con-

tributed to concerns about exports: values above 50 p.p. indicate an increase in purchases, while those below indicate a decrease. From September 2023 to September 2024, PMI values were mainly below the 50% mark (Fig. 5). With high probability, this may also be reflected in a reduction in Chinese exports in the short and medium term (less purchases – less exports).

In addition to weak demand, purchasing activity, and exports, the Chinese real estate market continued to experience serious difficulties, further

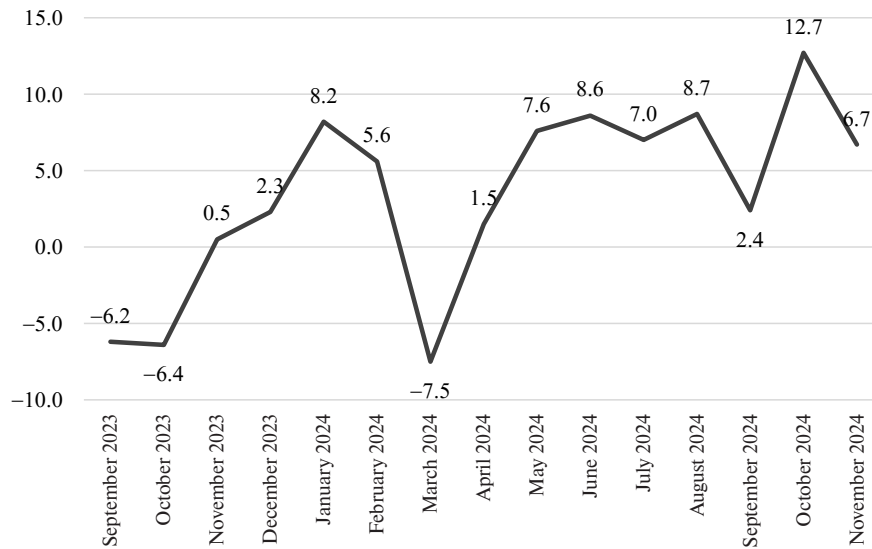


Fig. 4. Growth rate of total Chinese merchandise exports, September 2023-August 2024, % (same period last year = 100%)

Compiled from: [source 3].

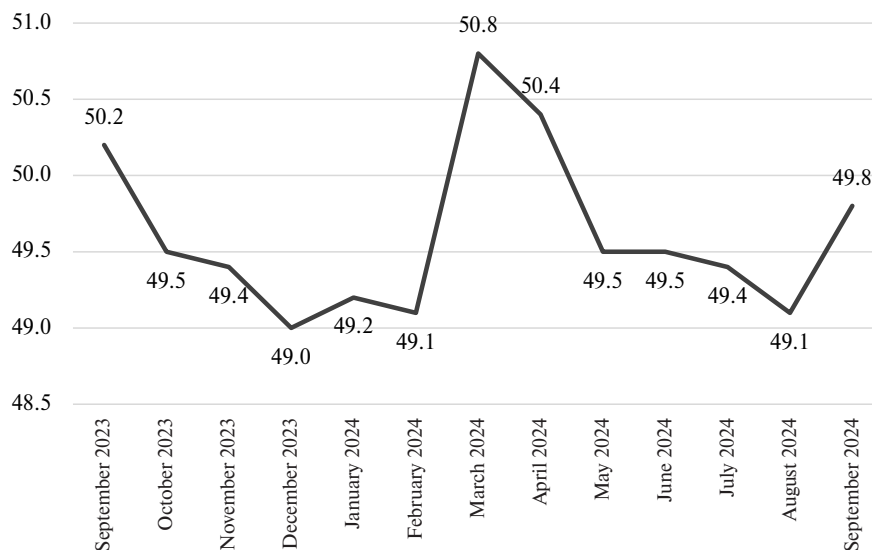


Fig. 5. Dynamics of China Purchasing Managers Index, September 2023-September 2024

Compiled from: [source 3].

negatively affecting the overall economic dynamics of the country. According to a report by the China Index Academy, the average price of housing on the existing market in China in July 2024 continued its 27-month decline, falling by nearly 6.6% compared to July 2023, to 14.6 thousand yuan per 1 m² [source 4].

Real estate sales also continued to decline. Taken together, these trends have impacted both individual and regional budgets. For individuals, a mortgage taken out at peak property prices must

still be repaid despite the housing now being worth less; if the mortgage cannot be paid, the property cannot be sold at its previous value to offset the loss. For regional budgets, this has meant a reduction in land lease revenues and difficulties selling housing in projects where local governments were financially involved.

Based on the above statistics and taking into account the economic situation that has not yet recovered from the coronavirus crisis, the authorities eventually launched various incentive programs.

On August 3, 2024, the State Council approved the “Opinions on Ensuring High-Quality Development of Service Consumption”, which include 20 points and are mandatory for regions, departments, and relevant organizations or their divisions [source 5]. In general terms, this is a list of recommendations from the central authorities on the areas the quality and range of services should be improved. For example, in the area of food and accommodation, it is recommended to develop national cuisine festivals, high-quality restaurants, snack bars, and grocery stores designed for tourists, as well as hotel complexes. In the area of elderly care, medical, social, and cultural services are to be improved, and residential complexes are to be built with consideration for the aging population, etc. In the area of cultural and entertainment events, the tourism sector of the economy, as well as the production of films, plays, and computer games, are to be expanded.

We believe two important points in the “Opinions” should be noted. First, the leading role in their implementation is given primarily to private entrepreneurs, who contribute approximately 60% of China’s GDP, own 90% of legal entities, and provide employment for 80% of the urban population, 70% of innovations, and 50% of tax revenues [source 6]. Second, foreign tourists are expected to help boost consumer demand. Accordingly, the visa regime has been abolished for many countries,

and there has been a call to modernize Chinese payment systems to make them more accessible to foreigners.

By the end of 2024, the People’s Bank of China (PBOC) took a number of measures to stimulate economic development. According to experts, these actions could increase the amount of funds available for long-term borrowing by about 1.5 trillion yuan [2]. In addition, the PBOC introduced instruments (totaling 800 billion yuan) to support the Chinese securities market. These measures are summarized in the table.

On the one hand, the actions of the Chinese authorities to support the national economy can be welcomed. However, doubts arise about their effectiveness in the medium and long term. For example, the 20-point plan issued in late 2024 remains theoretical, and it is not yet clear how it will be implemented. The PBOC’s measures are mainly focused on supporting the securities and real estate markets, and aim to increase liquidity in the economy through lending (see table). However, it can be assumed that the problem in China is not a shortage of people willing to take out loans. Rather, the issue lies elsewhere: due to uncertainty about the country’s economic outlook, few people are willing to invest in new projects. Enterprises and individuals simply do not want to take out loans – thus, the problem of negative expectations and insufficient demand must be addressed first.

Table. PBOC measures to stimulate the economy

Field	Mechanism	Aim
Monetary policy	Reserve requirements	Decrease by 0.5 percentage points, likely further decrease by 0.25–0.5 p.p. by the end of the year
	Seven-day reverse repo rate ¹	Decrease by 0.2 p.p.
Real estate	Mortgage rate	Decrease by 0.5 p.p.
	Down payment on the second home	Decrease from 25 to 15%
	Affordable housing programs	Increase in funds provided by the PBOC from 60 to 100%
Securities market	Various swap ² tools for insurance and brokerage companies, as well as funds for the purchase of Chinese stocks	500 billion yuan
	Mechanisms for refinancing share buybacks	300 billion dollars

¹ Purchase of securities with the obligation to sell them in the future.

² Temporary exchanges of assets during trading on the stock exchange.

Compiled according to: [source 7].

One possible reason for consumer pessimism is the “psychological trauma” of the pandemic. Before the coronavirus crisis, the average Chinese citizen believed that “tomorrow will be better”, but the crisis showed that the future could be worse. As a result, people now feel the need to save more and spend less.

In addition, China appears to have reached the limits of its current development model – it has surpassed all other countries that used similar growth strategies in terms of economic indicators and now has no one left to emulate except the United States. However, copying the American model is likely impossible: the U.S. has a completely different ideology, political system, domestic policies, and an active expansionist foreign policy it is willing to finance.

On January 17, 2025, the National Statistics Office of the People’s Republic of China published preliminary data on the main indicators of the country’s socio-economic development. According to the results for 2024, the average annual growth rate of China’s GDP was 5% [source 8] – a precise match with the previously set target of about 5%. It can be assumed that this achievement was positively influenced by economic support programs actively implemented at the end of the third and beginning of the fourth quarter of 2024, as well as by Chinese exports, investment in high-tech industries, and other contributing factors.

At the same time, given the mixed dynamics of several indicators – such as the area of land transferred for development, private investment in the construction sector, gaps in provincial budgets, and the level of youth unemployment – it is clear that the recovery remains unstable. Based on this, it can be hypothetically assumed that China once again finds itself in a situation where it is necessary to “cross the river, feeling for the stones with your feet.” As a result, new uncertainties and risks of policy errors or localized crises may emerge.

RUSSIAN-CHINESE RELATIONS

Against the backdrop of the stable development of bilateral relations and the officially emphasized commitment of Moscow and Beijing to a “comprehensive strategic partnership” and “comprehensive practical cooperation”, once again confirmed

during the visit of Chinese Premier Li Qiang to Russia in August 2024 and in the speech of PRC Chairman Xi Jinping on the occasion of the 75th anniversary of the establishment of diplomatic relations between Russia and China in October 2024, the “fields of divergence” in the positions of the parties have recently continued to expand.

In economics, these include the widely reported issues surrounding payments in mutual trade, stemming from the reluctance of large and medium-sized Chinese banks to cooperate with Russian companies due to fears of secondary U.S. sanctions [2]. In politics, differences pertain to strategic visions of global development, the conflict in Ukraine, regional crises, and military cooperation with the United States.

China supports globalization and aims to become one of its key leaders. It promotes concepts such as global security, development, governance, and the idea of a “community of shared destiny for mankind.” China is moving away from categorizing countries as “friendly” or “unfriendly” and sees the pursuit of its national interests as aligned with the unification of global aspirations.

During the UN General Assembly at the end of September 2024, Chinese Foreign Minister Wang Yi presented a four-point plan for “building a better world”: countries should 1) adhere to the concept of joint security and resolve disputes through dialogue and cooperation; 2) pursue people-oriented development and implement inclusive, mutually beneficial globalization; 3) build an equal and orderly multipolar world, oppose unilateral sanctions, and protect the interests of developing countries; and 4) make global governance more fair and equitable. Although, like many Chinese proposals, it contains more broadly appealing rhetoric than specifics, it nonetheless reflects the direction of China’s strategic thinking in the global arena.

Differences in approaches to shaping a new world order are also visible in areas critical to modern Russian diplomacy, such as cooperation within BRICS, the SCO, and the Global South. Chinese experts believe that neither the SCO nor BRICS currently has sufficient capacity to compete with the Western world led by the United States. Moreover, the rapid expansion of these formats com-

plicates their functioning due to contradictions among member states – India’s anti-Chinese stance is frequently cited as an example.

Additionally, a common view among Chinese analysts is that, unlike Russia, China does not seek to create an alternative global governance system. Rather, it aims to reform the existing one to make it fairer and more balanced with respect to the interests of developing countries. Regarding the term “Global South”, some Chinese scholars question how countries with opposing interests can be meaningfully united [3].

Concerning Ukraine, Beijing continues to pursue the role of a “peacekeeper above the fray.” It strongly opposes Western pressure that demands a tougher Chinese stance toward Russia, while at the same time maintaining active economic and political contacts with Kyiv. At the end of July 2024, the now-former Minister of Foreign Affairs of Ukraine, D. Kuleba visited China. Beijing did not condemn the incursion of Ukrainian Armed Forces into the Kursk Region, instead calling on all parties to refrain from escalating the conflict – though it did voice opposition to Ukrainian strikes deep into Russian territory.

Recently, significant new aspects have appeared in China’s peacekeeping policy – initially, it relied on promoting its “12-point” proposal addressed to Russia and Ukraine, and now it is expanding the political geography of its activity.

In May 2024, together with Brazil, China put forward a new “six-point peace plan” that provides for the delivery of humanitarian aid to areas affected by the fighting, protection of civilians, exchange of prisoners of war, and a refusal to expand the combat zone. However, as with the previous plan, it avoids the fundamental issue of the political settlement’s geography – whether according to the Ukrainian version (within the 1991 borders) or taking into account new geopolitical realities. In addition, it does not reflect the Russian position, which includes Ukraine’s agreement to a neutral, non-aligned, and non-nuclear status; recognition of Donetsk, Luhansk, Kherson, and Zaporizhia as Russian regions; and the lifting of sanctions.

On the sidelines of the September 2024 session of the UN General Assembly, China launched a new political format in support of its “*Meeting of*

Friends of Peace” initiative. This format involved Indonesia, South Africa, Mexico, Zambia, and 17 other countries of the Global South, as well as Switzerland and France, alongside China and Brazil. According to Chinese estimates, the “*Friends of Peace*” initiative is supported by 110 countries, while it is rejected by the U.S., the EU, and Ukraine [4].

Beijing clearly remains interested in resolving the Ukrainian conflict, which would, among other things, allow it to resume implementation of its “Belt and Road” through Ukraine to Europe. However, it seems that at this stage, China’s primary tactical goal is not the settlement itself, but rather building broad international support for its role as the principal peacemaker in Ukraine. In the view of the Chinese leadership, this would help counter Western accusations that Beijing is siding with Moscow and reduce pressure on China over its stance on the conflict.

Moreover, China – currently facing significant economic challenges – fears, first, an economic crisis in Europe resulting from the Russian-Ukrainian conflict, as the European Union remains the largest export destination for Chinese goods; and second, the uncontrolled escalation of the conflict, which could trigger a global crisis that would further damage the Chinese economy and, consequently, the authority of the CPC under Xi Jinping’s leadership.

Another “area of divergence” relates to military cooperation between China and the United States. In early September 2024, China participated in the *Formosa* naval exercises (unrelated to the former name for Taiwan) organized by Brazil. The Brazilian Navy Command described them as exercises involving friendly nations [5]. The scenario involved an amphibious landing on a hostile coast. Alongside Brazil and China (which sent 33 military personnel), the exercises included participation from the United States (54 military personnel), as well as Argentina, France, Italy, Mexico, Nigeria, Pakistan, Congo, and South Africa. Notably, Brazil, China, and South Africa are BRICS members, while Russia considers the United States, France, and Italy to be “unfriendly countries.”

Western analysts emphasize that these were the first joint Chinese-American military exercises

since 2015, when China participated in the U.S.-led naval exercises in the Asia-Pacific region (PAC RIM). Apparently, by intensifying military diplomacy toward countries considered “unfriendly” to Russia and toward the states of the Global South, Beijing – much like in its recalibrated diplomatic approach to Ukraine – is attempting to soften anti-Chinese sentiment in the West. At the same time, it continues to diversify its military partnerships and demonstrate the ongoing importance of military cooperation with the Russian Federation. At the end of September 2024, China itself organized Chinese-Russian naval exercises in the waters of the Sea of Japan and the Sea of Okhotsk, as well as in the airspace above them.

Another “field of divergence” may be forming on the Korean Peninsula. The demand for denuclearization remains one of the cornerstones of Chinese foreign policy in Northeast Asia. However, denuclearization is currently categorically unacceptable for Pyongyang, which, at the end of 2023, officially declared itself a “nuclear state” in its Constitution. Nuclear weapons are now considered the main guarantor of national security in the DPRK [6]. In May 2024, Pyongyang publicly and sharply criticized Beijing for signing a joint resolution with South Korea and Japan following a trilateral summit, which included a demand for the denuclearization of the Korean Peninsula – including the DPRK.

Against this backdrop, hypothetical concerns may begin to form in Chinese expert circles regarding a possible shift in Russia’s approach to denuclearization. For example, it is likely that Russia may align with North Korea’s position, which asserts that a nuclear missile shield and other self-defense measures are essential for maintaining independence and security, and that in the current geopolitical context, the very term “denuclearization” has lost its relevance when applied to the DPRK.

Beijing has issued no official response to Moscow’s apparent change in position regarding North Korea’s nuclear weapons, and it is unlikely to do so. China will seek to avoid letting the North Korean issue negatively impact its relationship with Russia. Nonetheless, it is also unlikely to abandon its long-standing strategy of advocating for denu-

clearization of the Korean Peninsula, as it sees North Korea’s nuclear ambitions as a potential threat to both regional security in Northeast Asia and to the PRC in particular.

CHINESE-AMERICAN RELATIONS

Relations between China and the United States in the second half of 2024 remained generally poor, though both sides sought to find common ground where possible. The main points of contention lay in the areas of propaganda, politics, defense, and economics.

In late September 2024, the U.S. Congress approved a bill allocating \$1.6 billion over five years to counter Chinese propaganda globally, including the promotion of the Belt and Road Initiative, which Washington demands to be made more transparent. The law targets the Chinese Communist Party (CCP), the Chinese government, and their representatives for allegedly “undermining a free and open world order”, promoting “opposite ideas of a repressive world order”, and “undermining the economic security and sovereignty of the United States and other countries” [7]. Although it remains unclear how, through which structures, and for what specific purposes the allocated funds will be used, Beijing viewed the legislation as another hostile step.

China was also irritated by the law “On Assistance to the Resolution of the Tibetan-Chinese Dispute”, adopted in July 2024, which rejects the concept of Greater Tibet and calls on the U.S. government and the Special Coordinator for Tibetan Issues to counter what it describes as Beijing’s “disinformation about Tibet” [8]. Although President Biden stated at the time that signing the bill did not indicate a change in U.S. policy recognizing the Tibet Autonomous Region and other Tibetan-populated areas as part of the PRC, official Beijing accused the U.S. of violating its own commitments, breaching international norms, and grossly interfering in China’s internal affairs.

On the economic front, the Biden administration imposed 100% tariff surcharges on imports of Chinese electric vehicles into the United States. It also called on its European allies to jointly address what the Western mainstream sees as China’s overproduction of goods, which undermines the com-

petitiveness of American and European manufacturers, and to oppose China's support for Russia's Special Military Operation (SMO) in Ukraine.

To reduce China's dominance in the rare-earth metals industry, in September 2024 the United States announced the creation of a "mineral security financial network" with partners from Europe and the Indo-Pacific – Japan, South Korea, and Australia. This structure is intended to coordinate efforts, share information, and co-finance projects aimed at reducing global dependence on Chinese supplies of rare-earth minerals [9].

In parallel, in response to Beijing's announced plans to merge China Shipbuilding Industry Company and China State Shipbuilding Corp – forming the world's largest shipbuilding corporation, expected to control nearly one-third of global orders – U.S. lawmakers began drafting a new bill to support the development of the domestic shipbuilding industry.

These economic tensions were further compounded by alarmist reports in U.S. analytical circles highlighting China's existing or emerging superiority in several areas of the innovative economy, including nuclear energy, semiconductors, electric vehicles, and materials science [source 9].

In the military-political sphere, new concerns emerged for China following the agreements reached at the most recent summit of the United States, India, Japan, and Australia (the Quad group of nations, Quad/QUAD), held in Delaware. The four countries agreed on closer coordination aimed at containing Chinese activity in the Indo-Pacific region (IPR). In contrast to previous practices, which focused mainly on non-military cooperation, the new direction involves expanding joint operations in defense and security throughout the entire IPR, as well as increased coordination among the parties' coast guard forces.

The decisions made at the latest QUAD Summit and the qualitatively new direction of the format irritated Beijing. Its response was largely symbolic, focusing on reinforcing the Chinese-Russian strategic and military partnership and strengthening its military-political posture in Southeast Asia (SEA) and the South Pacific. Reports of Chinese military activity also served this narrative – for example, China tested an intercontinental ballistic

missile for the first time in 44 years, with a reported range of 15,000 km. In August 2024, according to media reports, China launched a successful "attack" on American positions in the African arms market: the Egyptian Ministry of Defense placed its first order for modern Chinese J-10C fighters, classified as 4.5-generation aircraft [10].

In late 2024, military exercise competition between China and the U.S. intensified in Southeast Asia. The U.S. emphasized complex multilateral exercises such as the *Super Garuda Shield* drills, involving the U.S., Indonesia, Australia, Japan, the United Kingdom, France, Canada, and Singapore. China, by contrast, leaned on bilateral formats but has also recently begun organizing multilateral exercises in Southeast Asia. For example, one set of drills included Laos, Cambodia, and Singapore; another involved Cambodia, Laos, Vietnam, Thailand, and Malaysia.

In July 2024, the Taiwan issue once again escalated. In protest against the continued supply of U.S. weapons to the island, Beijing suspended the Sino-American dialogue on strategic security.

Despite the ongoing tensions in U.S.–China relations, a few "fields of rapprochement" emerged toward the end of 2024:

- visit of US National Security Advisor J. Sullivan to Beijing (the first such visit in eight years) in August 2024 and his meeting with Xi Jinping. The key agreements included maintaining direct contact between the leaders of both countries and promoting mutual coexistence and engagement, even within a framework of continued rivalry and competition;
- meeting of Wang Yi and A. Blinken on the "sidelines" of the UN General Assembly in September 2024, which also discussed peaceful coexistence, cooperation, nuclear non-proliferation issues and security in the Asia-Pacific region.

At the end of August 2024, the second meeting of the U.S.–China Commercial Issues Working Group was held.

The two countries emphasized cooperation in the medical field. Successful joint developments were announced in the area of artificial intelligence for drug discovery, including the creation of a treatment for brain cancer by a Chinese-U.S.

research team. The parties also agreed to resume government-level cooperation in medicine, which had been suspended for seven years [11].

In the same month, the U.S.-China Commercial Issues Working Group held its fifth meeting in Shanghai. During the meeting, the PBOC and the US Treasury Department signed an agreement on the exchange of notes aimed at strengthening cooperation in the field of financial stability. They also exchanged lists of contact persons responsible for financial stability to ensure timely and effective communication between their financial regulatory authorities in the event of a crisis [12].

The United States resumed military dialogue with China, with expected outcomes including enhanced coordination of military policies and the maintenance of communication during crises. The first video conversation between theater commanders since 2022 took place to address military security issues in Southeast Asia.

Official Beijing maintained a neutral stance, stating that the election result was “the American people’s choice” regarding Donald Trump’s victory in the U.S. presidential election, although initial sympathies had leaned toward the Democrats. However, immediately after the results were announced, Xi Jinping formally congratulated Trump, and notes of cautious optimism began to emerge in Chinese political and analytical circles, expressing hope that the new administration would include more figures with a pragmatic approach to relations with China.

OTHER DIRECTIONS AT THE END OF 2024

In the economic sphere, emphasis appears to have been placed on Africa, while in the military-political sphere, the focus shifted to Southeast Asia and the South Pacific. Following the re-election of Ursula von der Leyen for a new term as President of the European Commission, China’s relations with the EU remained at a low level. New tariff restrictions – primarily on Chinese electric vehicles – continued, alongside criticism of Beijing’s insufficiently tough stance on Russia regarding Ukraine. European support for the U.S. narrative of China’s “excess production capacity” and “overproduction”, seen in the West as an

unfair competitive advantage, also contributed to the sluggish nature of bilateral relations.

In China’s approach to Japan – since the appointment of new Prime Minister Shigeru Ishiba in September 2024 – elements of both confrontation and cooperation coexist. Beijing has noted Ishiba’s tougher stance toward China, including his call for the creation of an “Asian NATO” to contain Beijing, as well as his recalibrated policy toward the United States, which combines military-political alliance with more balanced bilateral relations, providing Tokyo with greater foreign policy flexibility [13].

Negative trends are evident in China’s relations with the Philippines and India. In the Sino-Philippine territorial dispute, Beijing has faced new challenges: U.S. plans to deploy Typhoon medium-range missiles in the Philippines, and Manila’s efforts to internationalize the conflict by engaging NATO countries – namely France and Italy – as well as allied states in the Asia-Pacific region, including Australia, Japan, and South Korea.

Another strategic concern for Beijing is Manila’s proposal – though not yet supported by other non-aligned ASEAN states – to adopt a Mutual Defense Treaty within the region.

In its relations with India, tensions have intensified over control of key ports in the Indian Ocean. China also views the expanded scope of QUAD activities – now encompassing joint military actions – as a troubling sign of the internationalization of its confrontation with India, extending beyond the traditional border disputes in the Himalayas into the broader IPR.

One of China’s strategic disappointments in 2024 was the loss of influence in Sri Lanka. In early October, a new leader came to power in Colombo, declaring a course of balanced relations with both India and China, in contrast to the previous government’s pro-Beijing orientation.

In response, Beijing has sought new opportunities in the ASEAN direction. Negotiations were intensified on modernizing the Free Trade Agreement, particularly in areas such as electric vehicle production and e-commerce. In Cambodia, construction began on a \$1.7 billion canal linking the Mekong River basin to the sea [14]. Beyond its

economic value, the project carries political significance, aiming to reduce Vietnam's role in favor of China as a primary transport corridor in Cambodia's development

In early September 2024, the China-Africa Summit was held in Beijing, where China reaffirmed its commitment to expanding its presence on the continent through the Belt and Road Initiative. The focus has now shifted toward East African nations – Kenya, Tanzania, Ethiopia, and Djibouti, the latter hosting China's only overseas naval base. The summit adopted an Action Plan for 2025–2027, which provides for the allocation of \$50 billion in loans and aid to Africa. Politically, the summit aimed to reinforce China's image as the economic leader of the Global South.

During the event, Xi Jinping also unveiled ten new “partnership action” plans covering trade, industrial cooperation, infrastructure connectivity, healthcare, agriculture, cultural and educational exchanges, green development, and joint security initiatives.

Beyond the African track of the Belt and Road, China also announced plans for the Trans-Caspian Project – a multimodal transport network linking China to Europe via Central Asia, the Caspian and Black Seas, and Turkey – with \$50 billion in funding over three years.

Another active area of Chinese diplomacy at the end of 2024 is the Middle East. In early September, Chinese Premier Li Qiang visited Saudi Arabia and the UAE. Beijing also worked to accel-

erate negotiations on the creation of a free trade zone with the Gulf Cooperation Council, which includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

In the Western Pacific, China initiated cooperation with countries traditionally under U.S. and Australian influence, particularly in the field of law enforcement, including the training of police personnel.

At the same time, Beijing is seeking common ground with states that remain more cautious than friendly. In August 2024, representatives of China's Ministry of Defense and Ministry of Foreign Affairs held 2+2 format meetings with their counterparts from South Korea and Indonesia.

In the near future, China will likely continue to search for external drivers of economic growth, despite a volatile and often unfavorable political environment. The country will not “withdraw into itself” or build a new Great Wall, but will instead maintain its commitment to globalization and a unified model of global development – one in which it envisions itself playing a leading role.

The most important question – for China, for the world economy and security, and certainly for Russia – is what compromises Beijing is prepared to make in the search for a new, more effective model linking economic growth with foreign policy. In this regard, we may soon witness new “taste” preferences emerging within the Chinese leadership.

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