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BRIEFLY

# China in the changing world order

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## ABOUT

# Briefly - China in the changing world order

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'Briefly - China in the changing world order' is brought to you by the Adarga Research Institute (ARI), which is dedicated to delivering in-depth geopolitical and geoeconomic analysis, enriched by its AI software and proprietary data models.

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## DEFENCE

# Joint military exercise between China, Mozambique, and Tanzania

**On 29 July the militaries of China, Mozambique, and Tanzania commenced a trilateral joint exercise in Tanzania.<sup>1</sup> The exercise – 'Peace Unity 2024' – is centred on counter-terrorism operations and involves land and sea phases.**

The Chinese forces participating in the exercise consist of two groups: ground units from the 82<sup>nd</sup> Group Army of the People's Liberation Army (PLA) Central Theatre Command, and the 45<sup>th</sup> Naval Escort Task Force, a naval flotilla sent by the PLA Southern Theatre Command.<sup>2</sup> This second group includes guided missile destroyer *Hefei*, and the amphibious transport dock ships *Qilianshan* and *Wuzhishan*.<sup>3</sup> A spokesperson for China's Ministry of National Defence, Colonel Zhang Xiaogang, described the exercise's aims as to enhance the participating troops' capabilities in joint counter-terrorism operations, as well as to deepen military mutual trust and practical cooperation. Reporting from the *Global Times* indicated that the sea phase ended on 5 August and that the land phase would continue until 11 August.<sup>4</sup>

**ARI Analysis:** 'Peace Unity 2024' is the fourth joint military exercise between Tanzania and China, after exercises in 2014, 2019/20, and September 2023.<sup>5</sup> In 2016, China and Mozambique signed a Comprehensive Strategic Partnership and Cooperation Agreement, aimed at strengthening contacts between the two countries' armed forces and police and intelligence services.<sup>6</sup>

As well as marking an expansion of the exercise through the inclusion of Mozambique, the exercise is also significant because of the additional capabilities and military projection opportunity that it represents for China. It is the first time that the PLA has sent whole units to an exercise in Africa with its Y-20 strategic transport aircraft, showcasing its long distance airlift capabilities, and the first time the PLA has sent Type 071 amphibious warfare ships to Africa, enabling the transportation of heavy equipment as well as troops.<sup>7</sup> In addition to regional security threats, the counter-terrorism focus aligns with China's interest in the gas fields off the coast of northern Mozambique and Tanzania.<sup>8 9 10</sup>



## US-China technology competition

**On 31 July Bloomberg reported that the US is considering imposing new unilateral restrictions to prevent China from acquiring AI memory chips and related equipment.<sup>11</sup> The new restrictions, which could potentially be announced as early as the end of August, would seek to prevent major memory chip manufacturers such as Micron, SK Hynix, and Samsung Electronics from selling high-bandwidth memory (HBM) chips to China.<sup>12</sup>**

HBM chips are essential in the development of generative AI programs; they are required to run AI accelerators, which are necessary for the memory-intensive workloads of large language models and other complex AI systems.<sup>13</sup> In response, the Chinese government and enterprises have expressed opposition to these potential unilateral sanctions and restrictions, arguing that they damage the legitimate rights and interests of Chinese enterprises, break international trade rules, and threaten the stability of the global industrial supply chain.<sup>14 15</sup>

**ARI Analysis:** If the US introduces further restrictions on China's access to HBM chips, such a move would mark a significant escalation in the technological rivalry between the two countries. Limiting access to advanced

AI chips could significantly hamper China's R&D progress in AI, while also placing further strain on US-China relations and potentially lead to retaliatory measures. This move would not only intensify US-China tech competition, but also likely impact global supply chains, especially for HBM chips.

Micron is unlikely to be significantly affected as the chipmaker has held back from exporting its HBM products to China after Beijing banned its memory chips from critical infrastructure in 2023. However, other major players in the global HBM market, notably South Korean firms SK Hynix and Samsung Electronics, would face pressure to choose between the US and China.

It remains unclear what authority the US might use to restrict South Korean firms. The mechanism used could include the foreign direct product rule, or FDPR, which lets the US impose controls on foreign-made products that use some amount of US technology. Reports suggest that the new measures would curb direct sales of HBM chips to Chinese companies, but it is uncertain whether selling high-end memory chips bundled together with AI accelerators to China would remain permissible – in which case South Korean companies would not have to choose between the US and Chinese markets.

## Prime Minister Meloni visits China

**On 29 July, Italian Prime Minister Giorgia Meloni visited China to “relaunch” relations between the two countries, signing a three-year plan to strengthen economic cooperation.<sup>16</sup>**

The trip was Meloni's first visit to China since taking office and the first visit by an Italian Prime Minister in five years.<sup>17</sup> It also came after she withdrew Italy

from China's flagship Belt and Road Initiative (BRI) in December 2023.<sup>18</sup> During the press conference, the two leaders announced deals across the electric mobility, renewable energy, and automotive sectors.<sup>19</sup> Chinese media coverage emphasised “complementary industrial advantages” across a broad range of industries and the importance of mutual understanding.



**ARI Analysis:** Meloni's visit marks a shift to closer relations between China and Italy following Italy's withdrawal from the BRI. This suggests a willingness on Rome's part to cooperate with Beijing in areas of mutual interest, while recognising the need to guard against excessive Chinese geoeconomic influence (as evidenced by Meloni's support for EU tariffs on Chinese electric vehicles). Overall, the visit reflects China's evolving relationship with Italy individually and Europe as a whole. While Italy has deepened security cooperation with Japan, the

Philippines, South Korea, and Vietnam, as well as increasing its own naval presence in the region, China remains its second-largest non-EU trade partner.<sup>20</sup> The challenge faced by Italy is similar to that confronting other European countries – how to balance concerns around China's increasing assertiveness with economic dependencies, and how to engage constructively with China amid growing US-China tensions. This is particularly important in the context of European security, given heightened NATO criticism of China's support for Russia.

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