

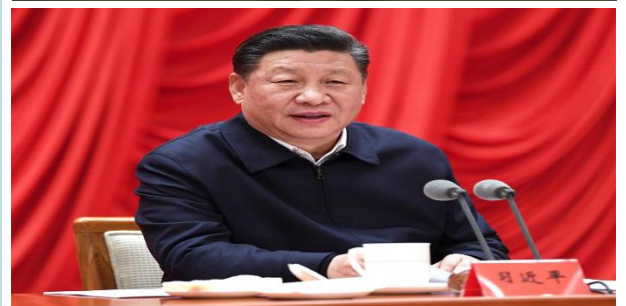


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ABOUT US

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In keeping with India's increasing global profile as a leading power and the accompanying dynamism of India's foreign and security policy, the Delhi Policy Group has expanded its focus areas to include India's broader regional and global role; India's initiatives to strengthen its strategic periphery; India's political, security and connectivity challenges and policies across the Indo-Pacific; and the strategic partnerships that advance India's rise. To support these goals, the DPG undertakes research, publishes policy reports and organises conferences on strategic and geo-political, geo-economic, and defence and security issues.

DPG China Monitor

DPG China Monitor is compiled by our research team from open source Chinese media. Your comments and feedback can be addressed to Antara Ghosal Singh at antara@dpg.org.in

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U.S. Trade Representative Robert Lighthizer and China's Vice Premier Lie He during the opening of US-China Trade Talks in Washington, January 30, 2019. Source: Reuters, <https://www.reuters.com/article/us-usa-trade-china-talks/u-s-china-launch-high-level-trade-talks-amid-deep-differences-idUSKCN1PO1N5?feedType=RSS&feedName=businessNews>

Commerce Secretary Anup Wadhawan met with Zhang Jiwen, vice minister of the General Administration of Customs of China (GACC) in Beijing, January 21-22, 2019. Source: Global Times, <http://www.globaltimes.cn/content/1136851.shtml>

Chinese President Xi Jinping addressed the opening ceremony of a study session at the Party School of the CPC Central Committee attended by senior provincial and ministerial officials in Beijing on January 21, 2019. Source: People's Daily, <http://en.people.cn/n3/2019/0123/c90000-9540432.html>

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Contents

Abstract.....	i
1. Foreign and Security Policy.....	1
<i>China-US Relations</i>	1
<i>China in CPTPP</i>	4
<i>Peripheral Diplomacy</i>	6
<i>China-India Relations</i>	6
2. China-Taiwan Relations	7
3. Defence.....	9
4. Economy	11
5. Internal Security.....	11
6. The Chinese Communist Party	12

Abstract

The China-US trade war entered an important phase this month with the initiation of trade negotiations, which took place against the backdrop of political and military posturing from both sides. The Chinese side maintained “cautious optimism” regarding the outcome of the talks. The hope was expressed that the consensus reached between the two heads of state in Argentina may provide the political and strategic thrust for both sides to work together. There were attempts to dispel the notion that China’s economic future depended on striking a comprehensive trade agreement with the United States at any cost. Instead, reaching an acceptable and credible trade agreement was projected as the common aspiration and in the common interest of both countries and the global community at large.

Notwithstanding the above, sections of the Chinese strategic community remained rather pessimistic about prospects for the resolution of the Sino-US trade war in the short term and anticipated more US interventions in the future to isolate China in the global trading system. As a result, there was active lobbying from the Chinese side to be included in the Japan-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and for a speedy conclusion of trade arrangements in which the US is not a party, such as RCEP and the China-Japan-South Korea FTA.

India-China relations received a boost in China’s state media, which lauded the “significant progress” in military and economic domains post-Wuhan. Media reports chided India about its false sense of “self-significance”, holding out assurances that China will not adopt a tougher stance towards its periphery even if India did not enjoy US backing.

In the security realm, China remained concerned about discourse emanating from Washington projecting China as its key adversary. As a countermeasure, China weighed its options to adopt a more militarily intimidating posture in 2019.

In the economic field, the Chinese narrative mostly criticized the international community’s lopsided focus on China’s slumping growth rate. While putting China’s economic figures in perspective, China’s state media proclaimed that “the Chinese economy has not stalled and will never stall” and that “the Golden Age is in front of us and not behind.”

China responded to the international pressure on the human rights situation in Xinjiang, allowing diplomats from 12 friendly countries with large Muslim populations and certain foreign media to visit Xinjiang. However, this was immediately followed by China announcing a five-year plan aimed to “Sinicize” Islam.

The month saw several important party meetings. President Xi’s speech at the study session at the Party School of the CPC Central Committee urging his colleagues to be vigilant against “black swan” risks (sudden unforeseen events) and “grey rhino” events (risks that are already obvious but often overlooked) triggered speculation regarding rising political insecurity in China. The Chinese media, however, interpreted these statements as Xi’s exhortation to China not to panic but to strategise on how to transform challenges into opportunities.

1. Foreign and Security Policy

China-US Relations



US Deputy Trade Representative Jeffrey Gerrish led the US trade delegation to China, January 7-8, 2019.

Source: Aljazeera, <https://www.aljazeera.com/news/2019/01/china-trade-negotiations-190107011855646.html>

The highlight of the month was the start of US-China trade negotiations. The first face-to-face negotiation between the trade teams of China and the US was held from January 7-9. Interestingly, subtle pressure accompanied the formal talks. Just as the negotiations started in Beijing, there were [reports](#) of a US warship entering within 12 nautical miles of the Xisha Islands in the South China Sea.¹ Again, the day when the talks ended, President Xi Jinping [invited](#) North Korea's leader, Kim Jong-un, to visit Beijing.²

The Chinese media noted that the statements issued by both sides after the meeting were different in their tone and tenor. While the Chinese statement focused on talks laying the foundation for resolving mutual concerns, the US, on the other hand, focused entirely on Washington's concerns and did not specifically address what agreements were reached. However, in spite of these differences, both statements upheld the important consensus reached by the two heads of state in Argentina on December 1, 2018. The Chinese media

¹ '中美探索双赢难，走零和之路更难', *Huanqishibao*, January 7, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14002115.html>

² 'Kim's China tour a good start for 2019', *Global Times*, January 8, 2019, <http://www.globaltimes.cn/content/1135062.shtml>

[interpreted](#) this as a political convergence between the two leaders to keep the consultation process going in an attempt to seek a positive outcome.³

Overall, the Chinese discourse was that even as China was not afraid to take on the US, it would prefer to have win-win relations with the world's sole super-power. An article in Huanqishibao [highlighted](#) that "China today has accumulated much strength, which can not only be used to carry out a struggle with the US but can also be used to consolidate China's options for cooperation with the US."⁴ Reacting to the American call for a binding agreement subject to verification and effective enforcement, the Chinese state media held out assurances that once an agreement is reached, China will be sincere in its implementation. It was highlighted that given its strong political core and social cohesiveness, China's implementation and execution capabilities are way stronger than those of the US. However, the only [condition](#) set was that the agreement should be "reasonable" and "motivating" for the Chinese side.⁵ "No matter how politicized the trade issue is, its final solution must first correspond to the law of trade, not the law of politics. Otherwise, trade will become oppressive plunder and malicious dumping against the will of the market", [argued](#) another article.⁶

Meanwhile, the Chinese media strove hard to beat the growing global perception that China's future defenselessly hangs on whether or not it can strike a comprehensive trade agreement with the United States "at any cost." They [argued](#) that by over-interpreting China's economic performance figures and exaggerating the impact of the trade war on the Chinese economy, the Trump administration is misleading American public opinion.⁷ The trade war is a lose-lose proposition, they argued, adding that while the world focuses on Chinese losses, US losses are often being overlooked. They cited the examples of Apple and Cargill, the so-called giants of the US economy, which were reeling under the devastating effects of the trade war. They further [added](#) that in a situation where the trade war has hit the world supply chains and shaken confidence in economic growth in various countries, how could the US, as the hub of globalization, expect to win when everybody else in the world is losing?⁸

The Chinese media highlighted that while China maintained "cautious optimism", on the US side, right from the US President himself to his Chief Economic Adviser Kudlow to the US media, there was optimism about the ongoing negotiations. This, they argued, indicated equal keenness on the US side to conclude a trade agreement with China at the earliest. The trade negotiations were equally valued by the Trump administration, both on account of stabilizing volatile financial markets and gaining political mileage. "Reaching a trade agreement is the

³ '大势在推动中美贸易磋商向前走', Huanqishibao, January 10, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14027264.html>

⁴ '中美关系还像40年前一样重要', Huanqishibao, December 31, 2018, <http://opinion.huanqiu.com/editorial/2018-12/13941564.html>

⁵ '中国会签双赢协议, 更会全面落实它', Huanqishibao, January 25, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14162995.html>

⁶ '美方不断释贸易积极信息, 怎么看', Huanqishibao, January 20, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14116252.html>

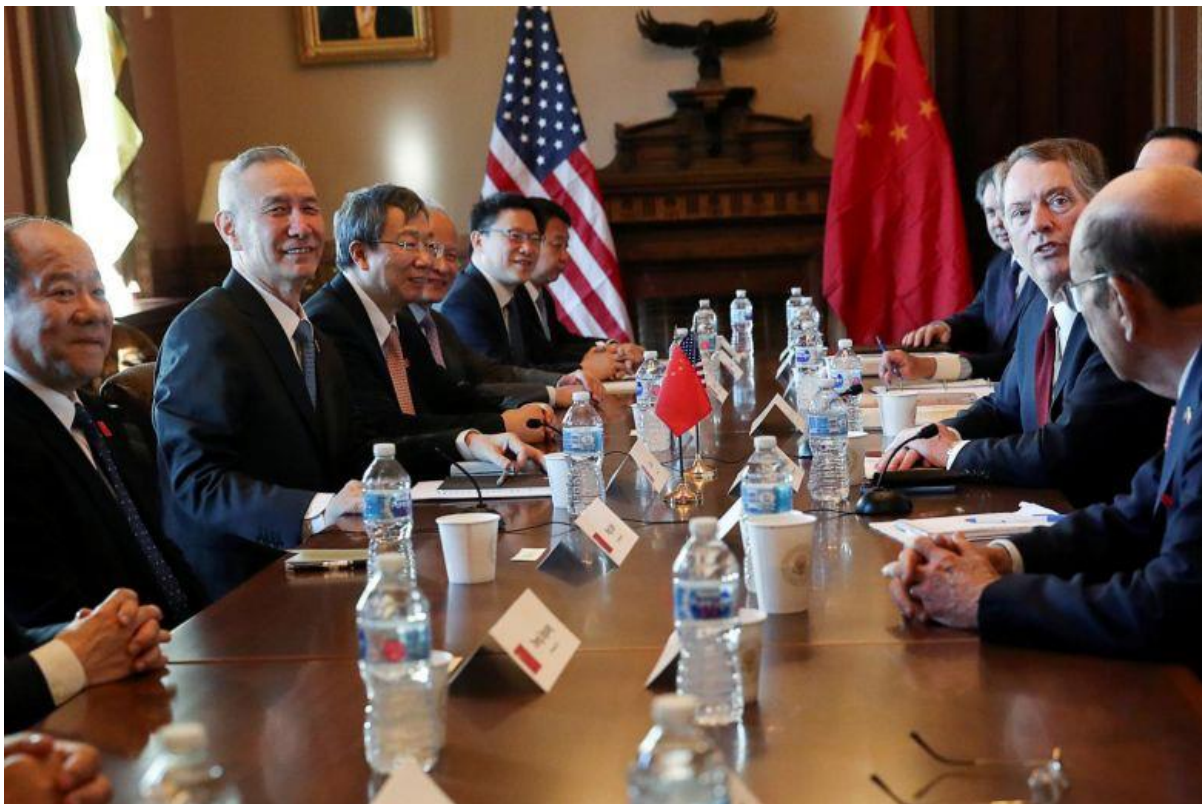
⁷ '中美都应珍惜达成贸易协议的窗口期', Huanqishibao, January 23, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14144499.html>

⁸ '贸易战9个月, 离达成协议似乎近了', Huanqishibao, January 6, 2019, <http://opinion.huanqiu.com/editorial/2019-01/13994145.html>

common aspiration of China, the United States, and the entire global community and not just China's sole prerogative", read one article in the Chinese press.

In a contrarian discourse, some Chinese commentators wondered that even if a trade agreement is reached, how much difference will it make to the existing China-US equation? Will this lead to a permanent stabilization of Sino-US economic cooperation? Will US technical restrictions on China not be expanded? Will Washington cease to put geo-political pressure on China? Since there was little guarantee of any of these, the Chinese media averred that "the most important thing for China is to do its own thing", that is to lay the foundation for China's economic and social development through reform and opening up and build up cooperative relations with other nations. This alone, it was argued, will eventually diminish US pressure.

The Chinese media, however, cautioned that it will be a huge misunderstanding on the part of the US to believe that the new round of reforms and opening up in China is being thrust upon it by the US. On the contrary, they wanted the US to understand that China is doing what is best for itself and that the Sino-US trade friction has just accelerated the process. "No external force can dominate the destiny of China" [declared](#) one article in Chinese media⁹, adding that if it was not convinced, "the US should ask China to change its social system, and then put all of its aircraft carriers in China's offshore waters, stop all trade relations with China, and then see if the US pressure is working!"



U.S. Trade Representative Robert Lighthizer and China's Vice Premier Lie He during the opening of US-China Trade Talks in Washington, January 30, 2019. Source: Reuters, <https://www.reuters.com/article/us-usa-trade-china-talks/u-s-china-launch-high-level-trade-talks-amid-deep-differences-idUSKCN1PO1N5?feedType=RSS&feedName=businessNews>

⁹ '做好自己的事情，中国2019座右铭', Huanqiu Shibao, January 1, 2019, <http://opinion.huanqiu.com/editorial/2019-01/13944871.html>

Amidst such mixed reports, [another round of trade negotiations](#) took place in Washington from January 30-31.¹⁰ The Chinese media [described](#) this as “important progress, in line with China’s reform and opening-up direction, and also promoting US economic growth and employment.”¹¹ However, other articles [expressed concern](#) that “As the talks progress, it will get closer to China’s core interests in terms of its social system and national security. At that time, the negotiation is bound to be influenced by the core interests of both the parties. It remains to be seen if a soft-landing based on win-win logic could be finally reached.”¹²

Apart from progress in trade talks, US action against Huawei remained the key bone of contention. Much to China’s exasperation, the US Department of Justice finally [filed](#) a request for the extradition of Huawei’s Chief Financial Officer, Meng Wanzhou, and also slapped 23 criminal charges against Huawei. An upset China termed this “McCarthyism in the high-tech field”¹³ and “a bad precedent”, vowing to punish the countries and forces responsible for China’s woes, but in a more considered way. “China can’t be angry, and it can’t be embarrassed. We should take corresponding actions step-by-step and make the counterattack resolute and orderly”, [opined](#) an editorial in Huanqiushibao.¹⁴

China in CPTPP

While the Chinese media maintained an optimistic [stance](#) that “if China does not repeat the mistakes made by the Soviet Union and carries out reforms diligently, it is still possible for China to avoid falling into the Thucydides Trap, or be part of the New Cold war”¹⁵, there was also some pessimism. An article in Chinese Institute of International Studies (CIIS) made this argument: “The trade imbalance between China and the United States is structural and long-term. It is difficult to be solved in its totality in the short term, and it cannot be changed through trade wars. In other words, the trade war is just another manifestation of the intensifying contest between a rising power and the existing one.”

Beyond the trade war, Chinese commentators were concerned about the new trends emerging in the global economic scene, where major economies like the US, EU and Japan are forming special types of bilateral free trade zones. The Japan-EU trade deal is already in place; the US has also expressed its willingness to conclude an FTA with the EU and Japan at the earliest. There was concern that any agreement reached between the US, Japan and EU will include the “non-market economy countries” clause, as in the case of the US-Mexico-Canada Agreement. This will imply that all these countries doing business with the United States cannot sign free trade agreements with China. “This policy of the United States is the most harmful and

¹⁰ ‘有利中美贸易磋商的条件不断汇集’, Huanqiushibao, January 29, 2019, , <http://opinion.huanqiu.com/editorial/2019-01/14185629.html>

¹¹ ‘把相向而行加紧磋商的势头保持下去’, Qiushi, February 2, 2019, <http://opinion.huanqiu.com/editorial/2019-02/14216822.html>

¹² ‘中美元首共识引领贸易磋商在轨前进’, Huanqiushibao, February 2, 2019, <http://opinion.huanqiu.com/editorial/2019-02/14216822.html>

¹³ ‘迫害华为是高科技领域的麦卡锡主义’, Huanqiushibao, January 17, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14091157.html>

¹⁴ ‘要准备围绕孟晚舟案打一场持久战’, Huanqiushibao, January 23, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14141761.html>

¹⁵ ‘中美关系会重蹈冷战覆辙吗？’, China Foundation for International Studies, January 20, 2019, <http://comment.cfisnet.com/2018/1220/1314722.html>

influential measure against China since the establishment of diplomatic relations between China and the United States" [mentioned](#) another CIIS commentary.¹⁶

In light of these developments, China was seen to have a rare window of opportunity. If China has to prevent itself from becoming a passive player in the international trading system in the coming years, the time is now to actively join more regional trade systems and to seek more partners in a "group plus" approach. "While strengthening its support and defense of the existing free trade system, China should seek to more actively get involved in the construction of a new trading system," [argued](#) an article in China Foundation for International Studies (CFIS).¹⁷

There were calls for China to participate in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). "At a time when the WTO reforms are stalled and anti-globalization is rampant, the development potential of CPTPP in the direction of promoting higher levels of free trade is enormous,"¹⁸ one commentary [argued](#). It also noted that CPTPP has just entered into force. It is still not clear whether the United States will return to the TPP. And if it does there will be hardly any scope for China to negotiate. Therefore, at the moment, China should just seize the opportunity to be a part of this new initiative and use this platform to be an active member of globalization.

CPTPP currently consists of 11 countries and accounts for 13.2% of the world's total economic output and 15% of trade volume. It is a large market with a population of 500 million. With China joining in, the total economic output of this trading system could reach 28.3% of world output, and will also have a bigger market with a population of nearly 1.9 billion. Chinese columnists were of the opinion that despite its shortcomings in the fields of industrial policy, competition neutrality, state-owned enterprises etc., China can still approach CPTPP standards, particularly as China's domestic reforms continue to deepen. Therefore, they [urged](#) Japan, as the lead negotiator of the CPTPP, to do away with the anti-China legacy of this grouping and seriously consider the merits of China's entry.¹⁹

Further, taking advantage of the present window of opportunity, it has [argued](#) that China should "quickly" clinch the "Regional Comprehensive Economic Partnership" (RCEP) deal and the China-Japan-Korea FTA²⁰, apart from speeding up negotiations for bilateral free trade deals under the [Belt and Road framework](#).²¹

¹⁶ '中国对外开放：经济环境的新变化', *CIIS*, January 22, 2019, http://www.ciis.org.cn/2019-01/22/content_40650690.html

¹⁷ '主动加入CPTPP，以“加群”来为中美贸易争端“减震’', *China Foundation for International Studies*, January 9, 2019, <http://comment.cfisnet.com/2019/0109/1314910.html>

¹⁸ '主动加入CPTPP，以“加群”来为中美贸易争端“减震’', *China Foundation for International Studies*, January 9, 2019, <http://comment.cfisnet.com/2019/0109/1314910.html>

¹⁹ '世界经济新变局与中日合作新空间', *CIIS*, January 21, 2018, http://www.ciis.org.cn/2019-01/22/content_40650676.html

²⁰ '中日韩区域合作的方向、时机与障碍', *CIIS*, January 16, 2019, http://www.ciis.org.cn/chinese/2019-01/17/content_40646424.html

²¹ 'Beijing should explore options in case Washington rejoins the TPP', *Global Times*, January 8, 2019, <http://www.globaltimes.cn/content/1134971.shtml>

Peripheral Diplomacy

Other than the US-China trade talks and the CPTPP, the third most popular theme that dominated the Chinese discourse during this month was “China’s periphery.”

An article in the CFIS contended that, “If China wants to grow into a global power, it must first grow into a regional power. To embrace globalization, we must first do a good job of regionalization”. The article raised important questions about China’s equation with its neighbours: “Why China has had limited success in dealing with its periphery”, “Why are these countries not showing enthusiasm and openness towards China, but a kind of fear and sensitivity?”

It went on to argue that the historical legacy of the tributary system still continues to play a major role in the psyche of these comparatively smaller neighbours, who often strive for “equivalence” in their relationship with China. While noting that deep economic ties with neighbours have failed to address their prevailing sense of insecurity vis-à-vis China, the article [raised](#) questions about the efficacy of China’s practice of promoting politics through economics.²²

Yet another commentary on the SIIS website, which articulated China’s strategy to deal with the US in 2019, [deliberated upon](#) the need to actively enhance China’s capacity to check and balance the US by 1) Strengthening ties with Russia for maintaining the international strategic balance and preventing the United States from making random moves against China; 2) Maintaining good relations with the entire developing world, particularly for new resources, new markets and international support; and 3) Developing better relations with the intermediate nations (中间国家) like India, Japan, Australia etc. whose strategic choices will affect China’s room for maneuver vis-a-vis the US.”²³

China-India Relations

Commerce Secretary [Anup Wadhawan](#) paid an official visit to Beijing on January 21-22 and met Zhang Jiwen, vice minister of the General Administration of Customs of China (GACC). The GACC is the body responsible for examining market access and quarantine issues for India’s agriculture and allied products in China. During the visit, China and India signed a protocol for the export of Indian tobacco leaves to China. Discussions also included progress of negotiations of the Regional Comprehensive Economic Partnership (RCEP) and the efforts to strengthen bilateral trade.²⁴

The Chinese state media lauded the post-Wuhan “significant progress” made by the two countries in military and economic domain, but also noted that some geo-strategists from India are still reluctant to embrace the new momentum and continue to view China’s policy initiatives with an outdated mindset of “China threat theory”. While urging India not to indulge in a false sense of “self-significance” in the rivalry between China and the US, they [argued](#) that

²² ‘对周边外交的重视，说明中国明白了一个道理’，*China Foundation for International Studies*, January 17, 2019, <http://comment.cfisnet.com/2019/0117/1315003.html>

²³ ‘2019年中美关系如何走？’，*SIIS*, January 1, 2019, <http://www.siis.org.cn/Research/Info/4640>

²⁴ ‘India: Commerce secretary’s visit sparks bilateral exchanges’，*Global Times*, January 23, 2019, <http://www.globaltimes.cn/content/1136851.shtml>

China, with its growing strength, will not adopt a tougher stance towards its periphery, even if India was without US backing.²⁵



Commerce Secretary Anup Wadhawan met with Zhang Jiwen, vice minister of the General Administration of Customs of China (GACC) in Beijing, January 21-22, 2019. Source: Global Times, <http://www.globaltimes.cn/content/1136851.shtml>

China's state media was critical of former governor of the Reserve Bank of India, Raghuram Rajan's comment at the World Economic Forum that "India will eventually become bigger than China, as China would slow down and India would continue to grow", arguing that if both countries craft their national strategies based on such a competitive mentality, they would bury themselves in an antagonistic sentiment. Interestingly, the article also [urged](#) the general Chinese populace not to underestimate India, as its prospects are indeed promising in many ways.²⁶

2. China-Taiwan Relations

Cross-Straits relations saw a major escalation of war-of-words this month. Taiwan's President Tsai Ingwen ushered in the New Year with a fiery [speech](#) urging Beijing to "face the reality of the existence of the Republic of China (Taiwan)" and proposing "four musts" and a "three-part security network" as basic foundations for cross-strait exchanges²⁷. This was followed by a much publicized [speech](#) by President Xi Jinping at a gathering to commemorate the 40th Anniversary of issuing "Message to Compatriots in Taiwan", where he declared that China will

²⁵ 'Is it sensible for India to follow US' footprint?', *Global Times*, January 22, 2019, <http://www.globaltimes.cn/content/1136668.shtml>

²⁶ 'Time for China, India to cast off competition mentality', *Global Times*, January 23, 2019, <http://www.globaltimes.cn/content/1136857.shtml>

²⁷ 'President Tsai's new year's talk for 2019', *Office of President Republic of China*, January 1, 2019, <https://english.president.gov.tw/News/5618>

make no promise to renounce the use of force and reserves the option of taking all necessary means against Taiwan independence separatists and their external collaborators.²⁸ The debate continued as President Tsai staunchly countered Xi's narrative on Cross-Straits relations, asserting that "We (Taiwan) have never accepted the 1992 consensus. The vast majority of Taiwanese public opinion resolutely opposes one country, two systems, and this is the Taiwan consensus."



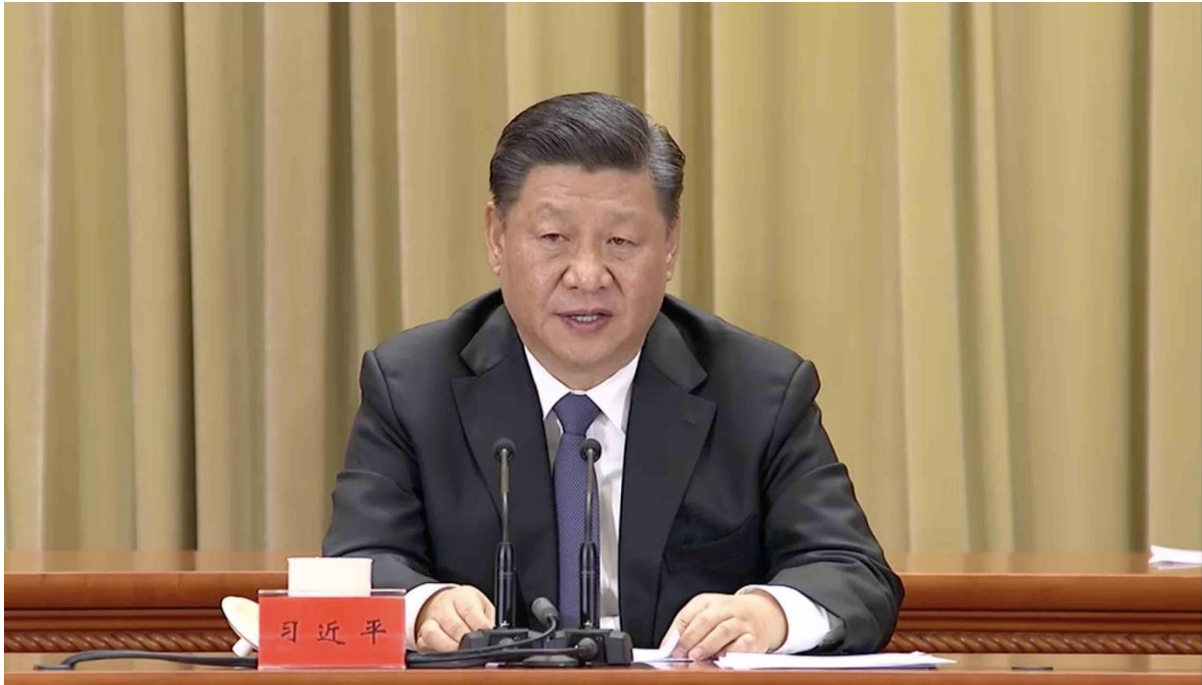
President Tsai delivered a new year's address for 2019 in the Presidential Office auditorium on January 1, 2019. Source: <https://english.president.gov.tw/News/5618>

Chinese state media warned Taiwan of dire consequences for rejecting the "1992 Consensus" and going back to Chen Shui-bian's theory of "one side one country" (一边一国). It asked Taiwanese netizens if they are willing to leave a peaceful and prosperous life under a stable political framework, or to take the risk of a major political turmoil or war? Some Chinese commentaries even [argued](#) that the Taiwan independence movement has been reduced to a petty political gimmick and that the latest speech by President Tsai is her desperate attempt to stay politically relevant after her recent defeat in the Nine-in-One election²⁹. The third [narrative](#) was that it is not just the will of 24 million people, which needs to be addressed; rather the greater democracy and will of 1.4 billion people should be taken into account.³⁰

²⁸ 'Highlights of Xi's speech at gathering marking 40th anniversary of Message to Compatriots in Taiwan', *Xinhua*, January 2, 2018, http://www.xinhuanet.com/english/2019-01/02/c_137715300.htm

²⁹ '蔡英文新年谈话装腔作势自欺欺人', *Huanqiu Shibao*, January 1, 2019, <http://opinion.huanqiu.com/editorial/2019-01/13949033.html>

³⁰ '蔡英文当局背离台湾民意误入歧途', *Huanqiu Shibao*, January 2, 2019, <http://opinion.huanqiu.com/editorial/2019-01/13959210.html>



Chinese President Xi Jinping delivered a keynote speech at a gathering commemorating the 40th anniversary of the "Message to Compatriots in Taiwan" at the Great Hall of the People in Beijing on January 2, 2019. Source: CGTN, https://news.cgtn.com/news/3d3d514f354d7a4e31457a6333566d54/share_p.html

Taiwanese newspapers were equally blunt in their assessment of the recent developments in Cross-Straits relations. Ziyouribao was full of sensational headlines like "[China is not even attractive to its people](#)"³¹, "[China lacks democracy, not territory](#)"³², "[The god of the Orwell empire](#)"³³ among others. The [central theme](#) of the Taiwanese narrative was that as democracy evolves and strengthens in Taiwan, China under Xi is regressing into rigid totalitarianism and a Mao Zedong style leadership cult with fanatical Chinese nationalist sentiment, and that the differences between Taiwan and China have never been greater.³⁴

3. Defence

The China-Taiwan flare up also needs to be contextualized in terms of how the "Taiwan" question has been played up from time to time in intensifying China-US rivalry in the military domain.

For instance, much to China's discomfort, this month [saw](#) the US Pacific fleet's guided missile destroyer USS McCampbell and the USNS Walter S Diehl transiting through the Taiwan Straits on January 24³⁵. Again, the Chinese side was furious over [reports](#) indicating the United States was transferring technologies to Taiwan to build its own submarines and companies from

³¹ '中國連對自己人都沒有吸引', Ziyoushibao, January 10, 2019, <http://talk.ltn.com.tw/article/paper/1260206>

³² '中國只缺民主不缺領土!', Ziyoushibao, January 4, 2019, <http://talk.ltn.com.tw/article/paper/1258790>

³³ '歐威爾帝國的神諭', Ziyoushibao, January 3, 2019, <http://talk.ltn.com.tw/article/paper/1258561>

³⁴ 'Taiwan will prevail against China', Taipei Times, January 2, 2019, <http://www.taipeitimes.com/News/editorials/archives/2019/01/02/2003707182>

³⁵ 'US warships' futile geopolitical provocation in Taiwan Straits', China Military Online, January 21, 2018, http://eng.chinamil.com.cn/view/2019-01/28/content_9415797.htm

Europe, Japan and India were participating in the submarine-building program³⁶. Also, [the 2019 China Military Power report](#), released by the US Defense Intelligence Agency (DIA), set off alarms in Washington about "China's ability to attack Taiwan."³⁷

Making matters worse, US Officiating Secretary of Defense Patrick Shanahan, who took over from Jim Mattis this month, reportedly urged his colleagues in the US military to remember that the main threat is from "China, China, China" even as America fights militants in Syria and Afghanistan. Similarly, the 2019 U.S. Missile Defense Review [highlighted](#) the need to establish a more effective missile defense system to deal with missile threats from China among other factors.³⁸

Reacting to the string of not-so-favourable developments in the military domain, a strongly worded commentary in the Global Times urged China to adopt a more militarily intimidating posture. "China should learn to make others feel fearful without being furious", mentioned one article, adding that the year 2019, which marks the 70th anniversary of the founding of the People's Republic of China, will see a militarily active China conducting a series of maritime combat exercises with live ammunition, especially training to strike aircraft carriers. This year will also see the public debut of "Chinese deterrence's trump card", the Dongfeng DF-41 intercontinental ballistic missile. "There is no need to worry that doing so would make Washington unhappy. Making them concerned is the whole point of the exercise", [argued](#) the article.³⁹

"China must be aware that strengthening military forces is the most important way to win US respect for China's sovereignty. China is technologically and financially capable of accelerating military modernization. It should unswervingly promote the process and screen off any temporary distraction. China will not proactively stir up trouble and is willing to negotiate first when disputes occur. But China will not tolerate others crossing its bottom line", argued another [article](#) in the Chinese media.⁴⁰

On the other hand, there was much [discussion](#) in the Chinese press about the prospects of China exporting high-end military equipment, particularly fourth generation J-10 fighter planes. Pakistan, Bangladesh and Laos were mentioned as prospective buyers who have shown interest in the Chinese fighter. While discussing developments in the international military aircraft market, the commentary pointed out that Europe's Typhoon and Rafale fighters are notorious for their extremely high prices and maintenance costs (with a unit price of nearly US\$100 million). Russian fighters lag behind in performance, and US fighter jets face high export barriers. Thus in the prevailing context, the J-10C fighter jets emerge as the most suitable cost effective choice for a big proportion of customers in the international market.⁴¹

³⁶ 'China has the will and capability to foil any plot to split the nation', *China Military Online*, January 21, 2019, http://eng.chinamil.com.cn/view/2019-01/21/content_9409367.htm

³⁷ 'US mind-set can never comprehend PLA', *China Military Online*, January 18, 2019, http://eng.chinamil.com.cn/view/2019-01/18/content_9407902.htm

³⁸ '美导弹防御计划买不来绝对安全', *Huanqishibao*, January 18, 2019, <http://opinion.huanqiu.com/editorial/2019-01/14095231.html>

³⁹ 'China should expect more US provocations', *China Military Online*, January 4, 2019, http://eng.chinamil.com.cn/view/2019-01/04/content_9395735.htm

⁴⁰ 'US admiral visit a chance for dialogue', *Global Times*, January 14, 2019, <http://www.globaltimes.cn/content/1135743.shtml>

⁴¹ 'A sole international market for China's J-10 fighter jets is taking shape', *China Military Online*, January 24, 2019, http://eng.chinamil.com.cn/view/2019-01/24/content_9413144.htm

4. Economy

The slump of China's economic growth to a 28-year low of 6.6 per cent in 2018 made global headlines and evoked much discussion in the international media on the prospects of the Chinese economy, especially in the face of a challenging external and internal environment.

The Chinese media, however, strove to put the news in perspective and highlighted that economic developments showing a downward trend is just one aspect of it, while on the other hand, China's GDP has surpassed the 90 trillion yuan mark, an increase of nearly 8 trillion yuan over the previous year, ranking second in the world. The per capita GDP is around 10,000 US dollars, marking a record high. The final contribution rate of consumption to growth has reached 76.2% and the total volume of trade exceeded 30 trillion yuan for the first time in history, again hitting a record high.

While countering the pessimistic projections made by western commentators, the Chinese media [argued](#) that the 6.6 percent growth rate reflects the "maturity"⁴² and "resilience"⁴³ of the Chinese economic system. "The lowest growth rate does not indicate that China's economy is facing a crisis. Instead it symbolizes that China has been successful in resolving tough problems, controlling serious risks and finally realizing a soft landing."

Interestingly, as seen by China, the impact of the external situation is rather "limited" and "controllable", whereas real pressure is seen to be coming from internal transformation. "High-quality development is a protracted war that constantly tests our patience and strength. It is a hurdle that China must pass to recreate history," mentioned one [commentary](#) in China's state media.⁴⁴

Therefore, the Chinese populace was [urged](#) to steer clear of the negative publicity, have confidence, remain clear-headed and firmly hold on to the "fundamental requirements" of high quality development.⁴⁵ An article in the People's Daily [asserted](#) that "the Chinese economy has not stalled and will never stall" and that "the Golden Age is in front of us and not behind us."⁴⁶

5. Internal Security

Concerned about the incessant pressure building up about the human rights situation in Xinjiang, China finally allowed diplomats from 12 countries with large Muslim populations and certain foreign media to visit Xinjiang. Envoys from Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, India, Pakistan, Indonesia, Malaysia, Afghanistan, Thailand, and Kuwait visited the region from December 28-30. Interestingly, the 15 countries spearheaded by Canada whose ambassadors in Beijing sought a meeting with the top official of Xinjiang, were not

⁴² 'Lower GDP growth will not hide China's growth potential', *Global Times*, January 23, 2019, , <http://www.globaltimes.cn/content/1136854.shtml>

⁴³ '如何看待经济下行中6.6%的增速', *Huanqiu Shibao*, January 21, 2018, <http://opinion.huanqiu.com/editorial/2019-01/14124297.html>

⁴⁴ '以高质量发展应对"稳中有变"', *People's Daily*, January 29, 2019, <http://opinion.people.com.cn/n1/2019/0129/c1003-30596671.html>

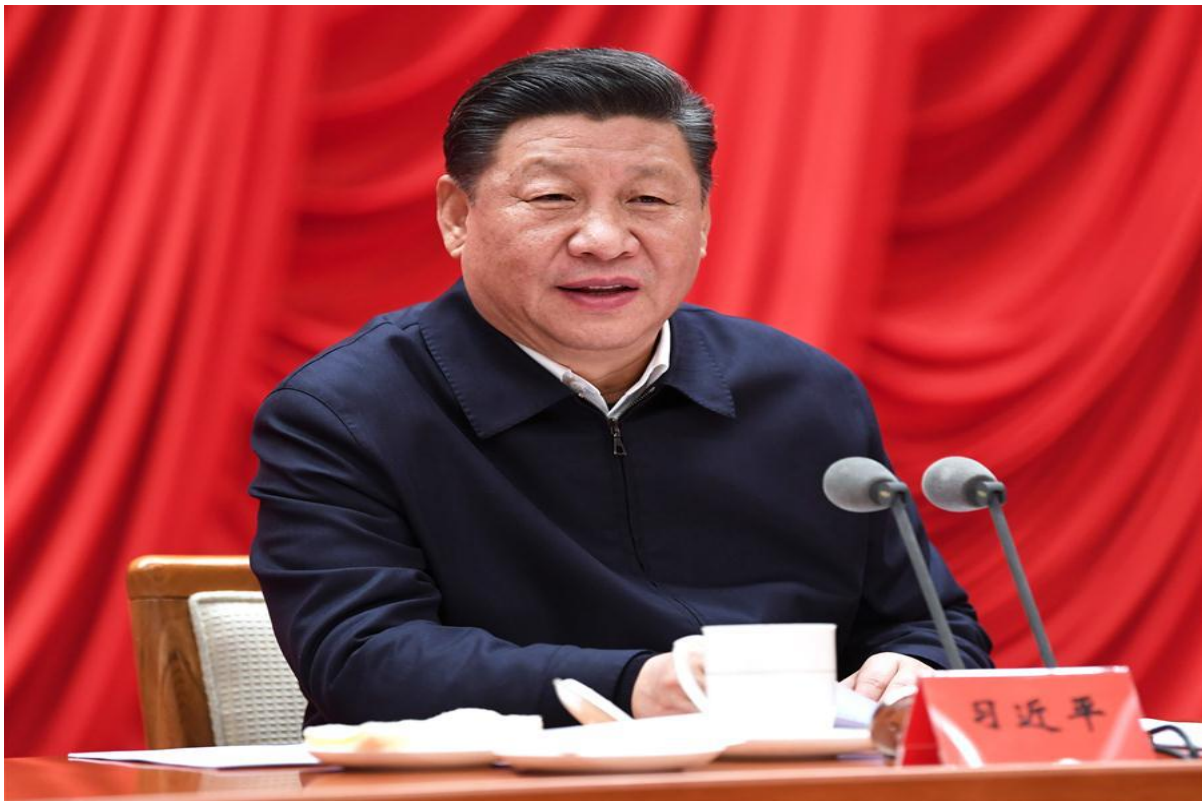
⁴⁵ '下行压力难改经济稳中有进态势', *China Economic Daily*, January 22, 2019, http://views.ce.cn/view/ent/201901/22/t20190122_31320170.shtml

⁴⁶ '中国经济不曾"失速", 也不会"失速"', *People's Daily*, January 23, 2019, <http://opinion.people.com.cn/n1/2019/0123/c1003-30587916.html>

included in the visit. The logic given in the Chinese media was that “many of the invited countries face the threat of extremism similar to Xinjiang, share close anti-terrorism cooperation with China and that the visit would facilitate their understanding of de-extremism measures.”

Immediately after the visit of the diplomats, China passed a five-year plan to “Sinicize” Islam at a meeting with representatives of China's eight Islamic associations. During the meeting, participants agreed to guide Islam to be compatible with socialism and implement measures to Sinicize the religion. Reacting to western criticism of the development, one article in the Chinese media [argued](#) “Although China is often accused of ‘totalitarianism’ and of being a ‘colonial power’, one needs to admit that compared with Western countries, China has made great progress in governing religion. De-extremisation and freedom of religious belief are entirely different, and Islam and socialist society are not incompatible. Cracking down on extremism and guiding religions to be compatible with socialism does not constitute violation of freedom of religion.”⁴⁷

6. The Chinese Communist Party



Chinese President Xi Jinping addressed the opening ceremony of a study session at the Party School of the CPC Central Committee attended by senior provincial and ministerial officials in Beijing on January 21, 2019. Source: People's Daily, <http://en.people.cn/n3/2019/0123/c90000-9540432.html>

January 2019 was a busy month for the CPC members. The Central Political and Legal Work Conference was held in Beijing on January 15-16, where President Xi [ordered](#) efforts to

⁴⁷ 'China explores effective governance of religion in secular world', *Global Times*, January 16, 2019, <http://www.globaltimes.cn/content/1134750.shtml>

promote social justice and ensure people's wellbeing.⁴⁸ Then on January 21, a study session was held at the Party School of the CPC Central Committee attended by senior provincial and ministerial officials, where President Xi urged senior officials to strengthen their ability to prevent and defuse major risks and ensure sustained and healthy economic development and social stability. Again on January 25, the Political Bureau of the CPC Central Committee held a meeting to [review](#) a report on the work of several organs and some Party regulations.⁴⁹ The meeting [called](#) on Party organizations at every level, Party members and Party officials to closely follow the CPC Central Committee with Xi Jinping at the core.⁵⁰

Among these events, there was much international coverage of President Xi's [speech](#) at the opening ceremony of the study session at the Party School of the CPC Central Committee where he pushed for major risk prevention and control in areas including politics, ideology, economy, science and technology, society, the external environment and Party building, so as to ensure a healthy economy and social stability.⁵¹ Xi's references to "bottom-line thinking", vigilance against "black swan" risks (sudden unforeseen events) and "grey rhino" events (the risks that are already obvious but often overlooked), "spirit of struggle" etc., were mostly interpreted by the international media as indicative of a regime crisis or impending political instability in China, given the faltering economy and US pressure. However, the Chinese media interpreted it as an exercise to reflect deeply on the overall situation of China's economic and social development, external and internal environment and thereby motivate the party members to "run ahead of the risk, to work hard and strategize so as to transform challenges into opportunities and pressure into motivation." "It was Xi's mobilization order to the party cadres to adhere to bottom line thinking, not to avoid contradictions, not to cover up problems, strive for the best but be ready for the worst. We want to be prepared, and not panicking, bold in our pursuit of reform and development but prudent and steady in our approach", [explained](#) one article in the CCTV.⁵² While commenting on the sense of crisis inherent in the speech, another [commentary](#) in Xinhua explained that "the party was born in crisis and has grown to its present stature only after wading through several crises. Crisis, today or in the future, will only help in uniting the Chinese populace under the leadership of the party."⁵³

⁴⁸ '全面深入做好新时代政法各项工作促进社会公平正义保障人民安居乐业', *People's Daily* January 16, 2019, <http://dangjian.people.com.cn/n1/2019/0117/c117092-30560239.html>

⁴⁹ '提高防控能力着力防范化解重大风险保持经济持续健康发展社会大局稳定', *People's Daily*, January 22, 2019, <http://dangjian.people.com.cn/n1/2019/0122/c117092-30584667.html>

⁵⁰ 'CPC meeting reviews work report, Party regulations', *People's Daily*, January 26, 2019, <http://en.people.cn/n3/2019/0126/c90000-9541185.html>

⁵¹ '习近平：提高防控能力着力防范化解重大风险保持经济持续健康发展社会大局稳定', *People's Daily*, January 22, 2019, <http://dangjian.people.com.cn/n1/2019/0122/c117092-30584667.html>

⁵² '习近平为什么强调“底线思维”', *CCTV*, January 30, 2019, <http://news.cctv.com/2019/01/30/ARTI1b211k34rO1o4l8lSYd2190130.shtml>

⁵³ '踏平坎坷成大道——解读习近平总书记在省部级主要领导干部坚持底线思维着力防范化解重大风险专题研讨班开班式上的重要讲话', *Xinhua*, January 21, 2019, http://www.xinhuanet.com//2019-01/21/c_1124022517.htm



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