

DPG China Monitor

Volume 2, Issue 6

JUNE 2019



Delhi Policy Group Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003 www.delhipolicygroup.org



ABOUT US

Founded in 1994, the Delhi Policy Group is among India's oldest independent think tanks with its primary focus on international and strategic issues of critical national interest. Over the past decades, the Delhi Policy Group has established itself in both domestic and international circles, particularly in the area of national security.

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

Cover Photographs:

(Photographs top to bottom)

Chinese President Xi Jinping with US President Donald Trump in Osaka, Japan on June 29, 2019. Source: China Daily, http://www.chinadaily.com.cn/a/201906/29/WS5d174e0fa3103dbf1432b019.html

Indian Prime Minister Narendra Modi, Russia's President Vladimir Putin and China's President Xi Jinping pose for a picture during RIC meeting on the sidelines of the G20 summit in Osaka, Japan on June 28, 2019, Source: The Hindu, https://www.thehindu.com/news/international/at-g-20-trilateral-china-proposes-5g-partnership-with-india-russia/article28226759.ece

Hong Kong Pro-democracy politicians call for Hongkongers to join their march against the extradition bill on June 9, 2019. Source: South China Morning Post, https://www.scmp.com/news/hong-kong/politics/article/3013279/warning-moreprotests-come-against-hong-kong-governments

© 2019 by the Delhi Policy Group

Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003. www.delhipolicygroup.org



Contents

Abs	Abstracti		
1.	Foreign and Security Policy	.1	
	China-US Relations	.1	
	China-DPRK relations	.3	
	China-Russia Relations	.5	
	China-Central Asia Relations	.6	
	Shangri-La Dialogue	.8	
	China-India Relations	.9	
2.	Defence	10	
3.	Economy	11	
4.	Internal Security	13	
5.	Chinese Communist Party	15	

Abstract

June 2019 was a particularly busy month for Chinese diplomacy, marked by a series of high profile state visits and participation in important multilateral dialogues.

The highlight of the month was the Trump-Xi meeting on the sidelines of the G20 Summit in Osaka, Japan, on June 29, where both sides agreed to break the impasse and resume economic and trade consultations with immediate effect.

Xi's North Korea visit added some drama to the ongoing China-US Great Game. Just prior to the Xi-Trump meeting, the Chinese President paid a state visit to the DPRK from June 20-21. As the first Presidential visit from China in fourteen years, this was meant to showcase China's "unique influence" on the issue of denuclearization of the Korean Peninsula. However, adding another sudden twist to the tale, on June 30, right after the G-20 meeting, President Trump, in a historic move, walked across the Demilitarized Zone (DMZ) to meet the North Korean leader Kim Jong-un, trying to break the deadlock in the denuclearization negotiations with North Korea. Welcoming the development, China warned that the personal chemistry between President Trump and the North Korean leader alone would not ensure a lasting peace on the peninsula.

President Xi conducted a three-day visit to Russia from June 5-7, during which bilateral ties were elevated to a "Comprehensive Strategic Partnership of Coordination for a New Era" featuring the "highest degree of mutual trust and highest level of strategic coordination". Xi's Russia sojourn was soon followed by a two-day Central Asia tour from June 12-14, during which he paid a state visit to Kyrgyzstan and Tajikistan and attended two back to back summits, the SCO Summit in Bishkek and the 'Conference on Interaction and the Confidence Building Measures in Asia' at Dushanbe. The central message of Xi's Central Asia visits was three fold: one, the unipolar world has to make way for diversity/multi-polarity; two, a new model of international relations that encompasses "Eastern wisdom" is on the horizon, and third, that China's approach will always be "open" and "inclusive".

Meanwhile, the Shangri-La Dialogue 2019 (May 31-June 2) generated much debate and discussion in China about the sharp rise in the anxiety level of the regional countries and the emergence of a "new intermediate zone" in the backdrop of worsening China-United States ties. It was argued that this "new intermediate zone" is different from Mao Zedong's "intermediate zone theory" of the Cold War days, as the allies' commitment to the US today, in case of a conflict with China, is rather doubtful.

India featured prominently in the Chinese press as President Xi and Prime Minister Modi met twice, while attending the SCO Summit and at the China-Russia-India trilateral meeting on the sidelines of the G20 summit in Osaka. The focus of media discussion was on eliminating the negative impact of "third-party factors" sabotaging progress in China-India ties, while an overarching idea of creating a new China-India relationship model was also explored.

In terms of internal developments, Hong Kong was on the boil during June over a proposed extradition law that would allow suspects being sent to Mainland China to face trial, in contravention of the 'One Country, Two Systems' arrangement. More than a million people reportedly took to the streets on June 8, in what was considered to be the largest public demonstration since the city-state was handed back to China in 1997. The Chinese media regretted that the law, which was meant to target international fugitives, had been unnecessarily misinterpreted and politicized by the "radical" opposition in Hong Kong. They also suspected foreign hands behind these protests, in particular, the sinister designs of the US to turn Hong Kong into yet another lever to exert pressure on Mainland China.

In military-related developments, the 13th Party Congress of the PLA Air Force opened in Beijing on June 18, during which delegates held discussions on how to comprehensively implement Xi's thinking on strengthening China's military in the new era.

In the economic sphere, China's top leadership not only expressed optimism on China's long term economic outlook, but also advocated the rapid development of China's semiconductor industry, at a pace similar to developing atomic and hydrogen bombs and man-made satellites in the 1960s and 1970s. The month also saw China initiating the commercial rollout of 5G, preponing it from 2020.

In terms of Party affairs, the CPC rolled out its new education campaign on the theme of "staying true to the Party's founding mission". Following the release, China's state media upheld the "confidence and fearlessness" of the CPC, which, it argued, despite all its accomplishments over the last 98 years, is ever-ready to self-improvise and reform, so as to stay connected with the masses and prepare itself for missions and challenges ahead.

1. Foreign and Security Policy

China-US Relations



Chinese President Xi Jinping with US President Donald Trump in Osaka, Japan on June 29, 2019. Source: China Daily, http://www.chinadaily.com.cn/a/201906/29/WS5d174e0fa3103dbf1432b019.html

The top development of the month was China and the United States breaking the deadlock and agreeing to resume trade talks with immediate effect, during a widely anticipated meeting between President Trump and President Xi on June 29, on the sidelines of the G20 Summit in Osaka.

Before the meeting, there were much discussion in the Chinese media about how the interaction between the two world leaders will play out. On one hand, there were widespread expectations that the rendezvous will effectively cool down tensions and emerge as a <u>turning point</u> in China-US relations¹. On the

¹ 'Head-of-state diplomacy can turn ties with US', Global Times, June 24, 2019, http://www.globaltimes.cn/content/1155524.shtml

other hand, there were voices advocating "<u>cautious optimism</u>"² and "<u>hoping for</u> <u>the best and preparing for the worst</u>"³. These warned that "unless the Trump administration is willing to change its unrealistic demands and step back from hegemony against China, the outcome of the meeting between the leaders will not be significant."

According to the Chinese media, the Osaka meeting achieved the following important results: first, restarting economic and trade consultations between the two countries; second, the US refraining from imposing new tariffs on Chinese exports; and third, the two sides agreeing that future consultations will be based on the principle of equality and mutual respect. After the serious stalemate over the past two months, these results were believed to open up a broad-based restart of trade negotiations.

The Chinese media <u>attributed</u> the success of the meeting to China's 'fighting spirit and unyielding, resolute stance'⁴. They further advocated that regardless of the success or failure of the talks, China should stay <u>calm</u> but vigilant⁵, <u>well</u> <u>prepared for various situations</u>, both economically and politically and focus on 'self-strengthening' to ensure equality and mutual respect in China-US ties⁶.

Meanwhile, China-US bickering over other issues continued unabated. For instance, comments by U.S. Secretary of State Mike Pompeo on China's governance in its Xinjiang Uyghur Autonomous Region and security risks of Huawei 5G technology were strongly criticized by the Chinese media. Furthermore, Pompeo's remarks on China's Belt and Road Initiative during his visit to India, where he argued that the BRI "came not with strings attached, but with shackles", left the Chinese side fuming. Articles in China's state media

- ⁴ '中美元首会的结果顺应规律契合逻', Huanqiushibao, June 30, 2019, http://opinion.huanqiu.com/editorial/2019-06/15068834.html?agt=15422
- ⁵ '社评:重启中美贸易磋商,我们更要有平常心', Huanqiushibao, June 29, 2019, http://opinion.huanqiu.com/editorial/2019-06/15067770.html?agt=15422
- ⁶'施压已被证明无效,有诚意才能破僵局', Huanqiushibao, June 26, 2019, http://opinion.huanqiu.com/editorial/2019-06/15059058.html?agt=15422

² 'Cautious optimism needed on Xi-Trump meeting in Osaka', Global Times, June 26, 2019, http://www.globaltimes.cn/content/1155791.shtml

³ 'A lot at stake when Xi and Trump meet: China Daily editorial', China Daily, June 27, 2019, http://www.chinadaily.com.cn/a/201906/27/WS5d14be43a3103dbf1432ab04.html

condemned Pompeo, calling him the "tragedy of American and international politics"⁷.

Additionally, the US's newly launched <u>Indo-Pacific Strategy Report⁸</u>, its recently updated <u>Arctic Strategy⁹</u> and its <u>decision¹⁰</u> to deploy US Coast Guard cutters USCGC Bertholf and USCGC Stratton with the US Navy' Seventh Fleet based in Yokosuka, Japan, also generated negative comment in China.

A <u>commentary</u> in the Global Times asserted that China, the only major country that hasn't fought a war in 30 years, can no longer allow the US to dent its image and brand it as a warmonger. A diligent Chinese nation can no longer accept the US charge that China's revival is built on technology stolen from the US. Also, China can no longer accept that the reputation of its students who are studying overseas is being tarnished with allegations of spying¹¹.

China-DPRK relations

During the month, North Korea became the key theatre where the China-US rivalry played out. For the first time in fourteen years, and following Kim Jongun's four visits to China in less than ten months, the Chinese President finally paid a state visit to the DPRK from June 20-21. The Chinese side highlighted that the visit was a <u>new milestone</u> in China-North Korea ties, whose purpose was to uphold the "intrinsic kinship" of China-DPRK relations, reaffirm each side's strategic value to the other, and consider how to consolidate bilateral ties in the current international environment¹². An article in the Chinese media claimed that the trip was meant to exert China's "<u>unique influence</u>" in the

⁷'蓬佩奥已成国际舞台上的一个乱', Huanqiushibao, June 26, 2019, http://opinion.huanqiu.com/editorial/2019-06/15044262.html?agt=15422

⁸ 'US Indo-Pacific Strategy: hard to achieve goals', Global Times, June 26, 2019, <u>http://www.globaltimes.cn/content/1155824.shtml</u>

⁹ 'Unwarranted fear-mongering, speculation about the Arctic: China Daily editorial', China Daily, June 10, 2019, http://www.chinadaily.com.cn/a/201906/10/WS5cfe489ba3101765772305e8.html

¹⁰ 'US Coast Guard latest way for Washington to stir up trouble: China Daily editorial', China Daily, June 13, 2019, http://www.chinadaily.com.cn/a/201906/13/WS5d023f72a3103dbf143280cd.html

¹¹ 'Humble China shouldn't be accused of being high-profile', Global Times, June 17, 2019, <u>http://www.globaltimes.cn/content/1154614.shtml</u>

¹²'习**近平**访问朝鲜**是新的里程**', Huanqiushibao, June 22, 2019, <u>http://opinion.huanqiu.com/editorial/2019-06/15032666.html?agt=15422</u>

Volume 2, Issue 6 | June 2019

process of denuclearization of the Korean Peninsula¹³. However, reacting to the international media's <u>interpretation</u> of the meeting as China's ploy to to put pressure on the US before the much anticipated Xi-Trump meeting in Osaka¹⁴, the Chinese press<u>argued</u> that China and the DPRK are tied by long term strategic interests, which are not a product of pragmatism or opportunism¹⁵.



Chinese President Xi Jinping holds talks with North Korean leader Kim Jong Un, in Pyongyang, DPRK, June 20, 2019. Source: Xinhua, http://www.xinhuanet.com/english/2019-06/21/c_138159703.htm

Meanwhile, though surprised as everyone else, the Chinese media welcomed the historic meeting between President Trump and North Korean leader Kim Jong-un at the Demilitarized Zone (DMZ) on June 30. One China Daily <u>article</u> pointed out that although President Trump took all the plaudits for this major breakthrough in ties, one couldn't overlook the role played by President Xi and

¹³ 'Xi's trip to Pyongyang positive, timely move: China Daily Editorial', China Daily, June 17, 2019, <u>http://www.chinadaily.com.cn/a/201906/17/WS5d0794b7a3103dbf14328b44.html</u>

¹⁴ Three outcomes from Xi visit to Pyongyang, Global Times, June 23, 2019, <u>http://www.globaltimes.cn/content/1155384.shtml</u>

¹⁵ 中朝发展传统友谊,既利两国又利世界',Huanqiushibao,June 19, 2019, http://opinion.huanqiu.com/editorial/2019-06/15022164.html?agt=15422

South Korean President Moon Jae-in in facilitating/setting the stage for the historic meeting¹⁶.

China's overall <u>reaction</u> to the meeting, however, was that the personal chemistry between President Trump and North Korean leader Kim alone would not be able to replace the political differences or the divergent national interests of the two sides¹⁷. The meeting did break the impasse in the denuclearization negotiations on the peninsula, but permanent peace, it was argued, is only possible if the US policy on North Korea becomes more flexible and the US's maximum pressure approach gives way to strategic forbearance, and the Trump administration coordinates more with Beijing and Moscow on the issue. A Global Times <u>article</u> maintained that even if Kim goes to the US, the third Kim-Trump summit will not materialize until a new and greater political compromise is struck¹⁸.

China-Russia Relations

President Xi paid a three-day visit to Russia from June 5-7, during which bilateral ties were elevated to a "Comprehensive Strategic Partnership of Coordination for a New Era" featuring the "highest degree of mutual trust and highest level of strategic coordination". However, China's state media <u>mentioned</u> that the elevation in ties is not about forging a united front/alliance against the US; rather, the new high in relations is for the benefit of maintaining regional and global security and stability. In fact, the two leaders signed a separate statement on strengthening contemporary global strategic stability¹⁹. A Xinhua <u>article</u> highlighted that China and Russia share similar views on many regional and global issues and as the world is now rife with uncertainties, they will seek to better coordinate their foreign policies and emerge as a 'ballast stone' or the key stabilizer in the world²⁰.

¹⁶ 'Moment in DPRK may hold promise of progress: China Daily editorial', China Daily, June 30, 2019, <u>http://www.chinadaily.com.cn/a/201906/30/WS5d18b2b2a3103dbf1432b0ea.html</u>

¹⁷ '社评:三八线金特会不拘一格,是件好事', Huanqiushibao, June 30, 2019, <u>http://opinion.huanqiu.com/editorial/2019-06/15071144.html?agt=15422</u>

¹⁸ 'Will Kim-Trump DMZ meet set doves cooing?' Global Times, July 4, 2019, <u>http://www.globaltimes.cn/content/1156766.shtml</u>

¹⁹ 'Better Sino-Russian relations also good for the world: China Daily editorial', China Daily, June 9, 2019,

http://www.chinadaily.com.cn/a/201906/09/WS5cfd0660a3101765772301f3.html

²⁰ 'Closer China-Russia partnership, more benefits for world', Xinhua, June 6, 2019, http://www.xinhuanet.com/english/2019-06/06/c_138119716.htm





Chinese President Xi Jinping with Russian President Vladimir Putin at a gathering marking the 70th anniversary of the establishment of diplomatic relations between the two countries in Moscow, Russia, June 5, 2019. Source: China Daily, <u>http://www.chinadaily.com.cn/a/201906/06/WS5cf8ad77a31017657722fe09.html</u>

During the visit, President Xi among other engagements, <u>attended</u> the 23rd St. Petersburg International Economic Forum (SPIEF), which is an important platform to share views on global economic developments. At the Forum, President Xi upheld sustainable development as the "golden key" to solve global problems²¹.

China-Central Asia Relations

After returning from Russia, Chinese President Xi Jinping proceeded on a Central Asia tour from June 12-14, during which he paid state visits to Kyrgyzstan and Tajikistan and attended the SCO summit in Bishkek and the 'Conference on Interaction and the Confidence Building Measures in Asia' at Dushanbe.

²¹ Xi, Putin lead bilateral ties into new era, embark on fresh journey of int'l cooperation, People's Daily, June 8, 2019, <u>http://en.people.cn/n3/2019/0608/c90000-9585817.html</u>

Volume 2, Issue 6 | June 2019

The Chinese media highlighted that be it the Belt and Road Initiative or the Shanghai Cooperation Organization, Central Asia has traditionally been one of the key platforms for China's major foreign policy pronouncements. The <u>message</u> conveyed by President Xi this time was three fold: one, that the unipolar world has to make way for diversity/multi-polarity; two, a new model of international relations that encompasses "Eastern wisdom" is on the horizon; and third, China's initiatives will always be "open and inclusive"²².



Chinese President Xi Jinping attends the 19th meeting of the Council of Heads of State of the SCO in Bishkek, Kyrgyzstan's capital, June 14, 2019. Source: China Daily, <u>https://www.chinadailyhk.com/articles/108/230/62/1560567073789.html</u>

During the visit, President Xi proposed to build the SCO into a model organization of international relations amidst a changing global milieu, where the regional body will now be working for global security and trade. A media article <u>mentioned</u> how the SCO framework is helping China to strengthen strategic coordination with its major partners, including Russia, India and Pakistan, as well as other key regional stakeholders such as SCO observers Iran and Afghanistan, and SCO dialogue partner Turkey. This, it said, will help the SCO members not only to intensify their joint fight against the three evil forces

²² '社评:世界很大,上合勾勒出一大片新天地', Huanqiushibao, June 13, 2019, http://opinion.huanqiu.com/editorial/2019-06/14988839.html?agt=15422

of terrorism, extremism and separatism, but also to safeguard regional and global peace and stability jointly, in the face of rising threats from the "hegemonic" and "unilateral" policies of the United States²³.

Shangri-La Dialogue

The Shangri-La Dialogue 2019 (May 31-June 2) generated much debate and discussion in China about the sharp rise in the anxiety level of the regional countries and the emergence of a "<u>new intermediate zone</u>" in the backdrop of worsening China-United States ties.

The theory of an "intermediate zone" was originally proposed by Mao Zedong in the early days of the Cold War. However, it was argued that the "new intermediate zone" of today is very different from Mao Zedong's "intermediate zone theory", the difference being that in the Cold War days, although NATO and Warsaw Pact countries had their own differences and grievances with the United States and the Soviet Union, within the respective alliances a broad strategic consensus always prevailed. But now, even though the US maintains a huge global alliance system, the commitment of its allies to the US, in case of a China-US conflict, is questionable²⁴.

An <u>article</u> in the Chinese media further pointed out that already some of the US's important Asian partners like Singapore and Malaysia have expressed their intent not to choose sides between China and the US and that sooner or later, other regional countries will follow suit. The reason, it went on to say, is simple: The regional players are increasingly worried that the unilateral actions by the United States which target China today can target them tomorrow. Also, there is a growing consensus within Asia countries that the US policy preferences may not necessarily be in their individual interests²⁵.

²³ 'A regional body working for global security, trade', China Daily, June 15, 2019, http://www.chinadaily.com.cn/a/201906/15/WS5d044bf3a3103dbf143285ea.html

²⁴ '张锋:中美竞争与新的"中间地带"'Cfisnet, June 12, 2019, <u>http://comment.cfisnet.com/2019/0612/1316407.html</u>

²⁵ '如何打破中美关系的玻璃天花板', CIIS, June 20, 2019, <u>http://www.ciis.org.cn/chinese/2019-</u> 06/20/content_40793889.html

China-India Relations



Indian Prime Minister Narendra Modi, Russia's President Vladimir Putin and China's President Xi Jinping pose for a picture during RIC meeting on the sidelines of the G20 summit in Osaka, Japan on June 28, 2019, Source: The Hindu, <u>https://www.thehindu.com/news/international/at-g-20-trilateral-china-proposes-</u> 5g-partnership-with-india-russia/article28226759.ece

President Xi and PM Modi met twice this month, at the SCO Summit in Bishkek, and later at the China-Russia-India (RIC) trilateral meeting on the sidelines of the G20 summit in Osaka. During these meetings, it was officially announced that President Xi Jinping would be visiting India this year to discuss ways to further strengthen bilateral relations.

With another Wuhan-style informal summit between China and India on the anvil, India figured prominently in the Chinese media during the month. There was satisfaction over the Indian government's adjustments in its China policy post-Wuhan. It was appreciated that India no longer engages in "microphone diplomacy", and has been actively easing its attitude towards China. This, they argued, has been adequately reciprocated by China in recent times, leading to a "restart" in Sino-Indian relations.

However, it was also noted that despite this apparent positive momentum in bilateral ties, India of late has been heightening its vigilance and raising its guard against China, both along the borders and also at the international level. The Chinese media called it a part of India's "tuchu huanhe jianbei fangfan" (突出缓和、兼备防范) strategy, which means "stressing on moderation/relaxation in relations but also concurrently raising its guard against China". It was argued that because of this strategy the flames of contradictions between the two countries are far from being extinguished, and the hidden dangers in the relationships continue to persist²⁶.

<u>Articles</u> in the Chinese press also discussed the role of "third party factors" in China-India ties, which often sabotage the positive trajectory of bilateral relations²⁷. It was suggested that both sides should make efforts to eliminate negative impact from these "third-party factors" by remaining "strategically determined" and not letting short-term ups and downs in relations disrupt long-term prospects. Apart from that, an overarching idea of creating a new China-India relationship model was also explored.

2. Defence

The <u>13th Party Congress</u> of the PLA Air Force opened on June 18 in Beijing, during which delegates discussed how to thoroughly implement Xi's thinking on strengthening the military and the military strategy for the new era²⁸.

Meanwhile, China <u>dismissed</u> US media reports that "China had tried to constrain international airspace by barring aircraft from flying over the Chinese military base in Djibouti, flashed lasers at US pilots and deployed drones to interfere in US operations" as being completely "inconsistent" with the facts. On the contrary, China made counter claims that it was the US warplanes that flew over the PLA Support Base in Djibouti, attempting to gather military intelligence, which seriously threatened the security of the Chinese base and personnel²⁹.

²⁶ '中印关系加速缓和但隐患犹存', CIIS, June 6, 2019, <u>http://www.ciis.org.cn/2019-</u> 06/10/content_40780988.html

²⁷ '中印关系,希望何在?', CIIS, June 6, 2019, <u>http://www.ciis.org.cn/chinese/2019-</u>06/10/content_40780986.html

²⁸ 'Xi meets with PLA Air Force Party Congress delegates', Xinhuanet, June 18, 2019, http://www.xinhuanet.com/english/2019-06/18/c_138153860.htm

²⁹ 'China dismisses 'irresponsible actions' accusation by US in Djibouti', China Military Online, June 18, 2019, <u>http://eng.chinamil.com.cn/view/2019-06/18/content_9532545.htm</u>



Chinese President Xi Jinping, with delegates attending the 13th Party Congress of the Chinese People's Liberation Army (PLA) Air Force in Beijing, China, June 18, 2019. Source: Global Times, <u>http://www.globaltimes.cn/content/1154757.shtml</u>

Reacting to the US deployment of F-35Bs on its amphibious assault ships and Japan's plan to buy F-35Bs for its Izumo-class helicopter/aircraft carriers, there were <u>discussions</u> in the Chinese media about the need for China to develop its own F-35B-like short takeoff and vertical landing (STOVL) stealth fighter jets and deploy them on China's aircraft carriers and its first group of amphibious assault ships. It was argued that once the mainland has amphibious assault ships with STOVL aircraft, it might become a strong deterrent against Taiwan secessionists and help solve the Taiwan issue³⁰.

3. Economy

During his Russia visit, Chinese President Xi Jinping <u>expressed</u> optimism on China's long term economic outlook. He highlighted that the Chinese economy has started on a good note in 2019 with the key indicators remaining within a reasonable range. For instance, in the first quarter, China's GDP grew by 6.4 percent, domestic consumption remained the main driver of growth, employment continued to expand, personal income grew faster than the economy, prices were generally stable, total imports and exports were up by 4.3

³⁰ 'PLA Navy needs own 'STOVL stealth fighter' jets to protect territory', China Military Online, June 17, 2019, <u>http://eng.chinamil.com.cn/view/2019-06/17/content_9532115.htm</u>

percent year-on-year, and China's foreign exchange reserves stayed above three trillion U.S. dollars³¹.

"The trajectory of China's economy toward sound and stable growth remains unchanged and will not change", Xi inferred, stressing that China has all the necessary conditions, capability and confidence to deal with any risks and challenges.

Meanwhile, there was <u>discussion</u> in the Chinese media about the future prospect of China's semiconductor industry in the face of the US onslaught. Chinese strategists were particularly critical of the dependency of their enterprises on US high-tech exports (particularly electronic chips), and debated China can become self-sufficient in chip technology in the future. It was <u>argued</u> that faced with the US' technology blockade, China should make a determined effort to perform a new miracle in its chip industry, similar to developing atomic and hydrogen bombs and man-made satellites in the 1960s and 1970s³².

During the month, China <u>began</u> issuing licenses to major state-owned mobile carriers- China Telecom, China Mobile, China Unicom and China Radio and Television- for the commercial rollout of 5G. While China was initially eyeing a 5G rollout in 2020, the process was reportedly hastened up to stay ahead in the intensifying 5G race with the United States³³.

The Chinese media highlighted that although, it was a passive player in the 3G era and a mere follower of new technologies in the 4G era, China now seeks to be a technology leader in the 5G era. The issuance of licences is the first step towards China's big plan to develop the world's largest 5G network, accounting for at least half of the world's 5G base stations with an investment of more than 1.2 trillion yuan (approximately US\$ 411 billion).

³¹ 'Xi confident in stable, healthy, sustainable development of Chinese economy', Xinhua, June 5, 2019, <u>http://www.xinhuanet.com/english/2019-06/05/c_138116871.htm</u>

³² 'It's time China became self-reliant in chips,' China Daily, June 12, 2019, http://www.chinadaily.com.cn/a/201906/12/WS5d00348da3101765772309df.html

³³ '5G时代,中国孕育更强劲新动能', China Economic Daily, June 5, 2019, http://views.ce.cn/view/ent/201906/05/t20190605_32272424.shtml

4. Internal Security



Hong Kong Pro-democracy politicians call for Hongkongers to join their march against the extradition bill on June 9, 2019. Source: South China Morning Post, <u>https://www.scmp.com/news/hong-kong/politics/article/3013279/warning-moreprotests-come-against-hong-kong-governments</u>

Hong Kong was on the boil in June over a proposed extradition law that would allow suspects to be sent to Mainland China to face trial. More than a million people reportedly took to the streets on June 8, in what is considered to be the largest mass demonstration since the city was handed back to China in 1997. Incidents of clashes were also reported as the protestors made a bid to enter the premises of Hong Kong's Legislative Council and had a face-off with the riot Police.

The Chinese media regretted that the law, which was meant to target international fugitives, had been "unnecessarily misinterpreted and politicized" by the "radical" opposition in Hong Kong, which is working out of its selfish interest and hatred towards the Mainland. A <u>China Daily</u> commentary called it a "manufactured radicalism" that is dividing Hong Kong society and damaging the city's reputation for law and order. It further cautioned that this "unwarranted political wrangling and violent radicalism" will inflict serious damage not just on social stability of Hong Kong but also on the economy, as

evidenced by the seriously adverse consequences of the "Occupy Central" in the autumn of 2014³⁴.

Meanwhile, there was much discussion in the Chinese press about the role of 'foreign hands' behind these protests. Referring to a statement by the Speaker of the US House of Representatives, a Huanqiushibao <u>article</u> accused a section of US lawmakers of conspiring and encouraging riots in Hong Kong³⁵.

The Chinese media also <u>condemned</u> the "Hong Kong Bill of Rights on Human Rights and Democracy" introduced in the US Senate, which requires the US government to certify Hong Kong's autonomy every year, mainly by examining Hong Kong's human rights and democratic standards, and thus deciding whether to maintain the special treatment enjoyed by Hong Kong. "The intensions of the US are rather sinister. An article in the Chinese media argued that "they want to turn Hong Kong into a new lever to exert pressure on the Chinese mainland. At the same time, create a wedge between the people of the mainland and Hong Kong by projecting a false impression that Beijing threatens the status of Hong Kong's independent customs territory."³⁶

Xinjiang was also in the <u>news</u> this month, as the Under-Secretary-General of the UN Office of Counter-Terrorism Vladimir Voronkov paid a visit to the region, amidst rising international criticism over China's handling of the Uyghur issue. While welcoming the visit, the Chinese media argued that it is time that the Xinjiang issue is viewed by the world through the prism of counter-terrorism and not through the US-induced human rights prism³⁷.

³⁴ 'Hong Kong people should reject violent radicalism: China Daily editorial', China Daily, June 17, 2019,

http://www.chinadaily.com.cn/a/201906/17/WS5d0792f3a3103dbf14328b41.html

³⁵ '煽动香港事情的美政客太像标题党了', Huanqiushibao, June 15, 2019, http://opinion.huanqiu.com/editorial/2019-06/14994440.html?agt=15422

³⁶ '华盛顿为香港设置新陷阱,其心可诛', Huanqiushibao, June 15, 2019, http://opinion.huanqiu.com/editorial/2019-06/14999967.html?agt=15422

³⁷ 'China's anti-terrorism experience in Xinjiang useful to UN', June 16, 2019, Global Times, http://www.globaltimes.cn/content/1154500.shtml

5. Chinese Communist Party

The Chinese media covered news about a new education campaign launched by the Chinese Communist Party on the theme of "staying true to the Party's founding mission". The fundamental task of the campaign is to conduct indepth studies on and implement Xi Jinping's "Thought on Socialism with Chinese Characteristics for a New Era'; forge the political character of loyalty, integrity and a keen sense of responsibility; and unite the Chinese people of all ethnic groups and lead them to strive together for the realization of the Chinese dream. China's state media <u>projected</u> the "confidence" and "fearlessness" of the CPC. It argued that despite all its accomplishments in the last 98 years, the CPC is ever ready to self-improvise and reform, so as to stay connected with the masses and prepare itself for missions and challenges ahead³⁸.

The Chinese media covered the four-day visit of a CPC delegation to India, which concluded on Jun 8. During the visit, the head of the CPC delegation, Li Xi, who is a member of the Political Bureau of the CPC Central Committee and the secretary of the CPC Guangdong Provincial Committee, met with Indian External Affairs Minister S. Jaishankar, National General Secretary of the Bharatiya Janata Party Ram Madhav, President of Indian National Congress Rahul Gandhi, and Gujarat Chief Minister Vijay Rupani. The delegation also participated in Guangdong-Gujarat economic and trade exchange activities.

³⁸ 'Self-reforming CPC walks confidently on charted path', Qiushi, June 25, 2019, http://english.qstheory.cn/2019-06/25/c_1124669154.htm



Delhi Policy Group Core 5A, 1st Floor, India Habitat Centre, Lodhi Road New Delhi - 110003 India

www.delhipolicygroup.org