

# **DPG China Monitor**

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## **ABOUT US**

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# 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 delivered a key speech at the Seventh National Symposium on Work in Tibet held in Beijing, August 28-29, 2020. Source: Global Times

President Xi Jinping visited the flood-stricken Anhui Province in China on August 18, 2020. Source: Xinhua

Chinese State Councillor and Foreign Minister Wang Yi held the second Strategic Dialogue between China and Pakistan with Pakistani Foreign Minister Shah Mahmood Qureshi on August 21, 2020. Source: Xinhua

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# Abstract

China-India relations remained tense during the month, as various round of talks, both at the military and political level, failed to break the LAC impasse and secure effective disengagement and de-escalation. While China claimed that the disengagement process has been completed, India strongly contested such claims.

Chinese media took particular note of PM Modi's Independence Day speech, commenting that his firm position on China has cast a shadow over the future course of China-India relations. China also noted with concern India's External Affairs Minister S. Jaishankar's comment that bilateral relations between India and China cannot be separated from the border dispute and India will stand its ground vis-à-vis China. Furthermore, China showed its displeasure over the decision to put the Confucius Institutes in India under comprehensive review, urging Indian policymakers not to "politicise regular cooperation." Meanwhile, Beijing's permanent representative to the United Nations claimed that India had "unilaterally changed the status quo of Kashmir" and warned that there was "a risk of further escalation in the situation."

The month also witnessed the continuation of the China - US battle of sanctions and aggressive posturing. In an escalation of the US-China technological dispute, President Trump issued an executive order calling for the ban of Chinese app TikTok unless it is acquired by an American company, citing the threat posed by the app's supply of user information to the Chinese Communist Party (CCP). Further, on August 17 the US Department of Commerce imposed new sanctions on Huawei and its affiliates, restricting their access to American technology, while US Secretary of State Michael Pompeo called for a "Clean Network Program", which seeks to safeguard sensitive information and the privacy of citizens and companies from "aggressive intrusions by malign actors, such as the CCP." Responding to these actions, Chinese Foreign Minister, Wang Yi, claimed in an interview that the US was in no position to build a coalition of clean countries as it is "dirty all over." He also called for a rejection of the "new cold-war" mentality and encouraged cooperation between China and the US, blaming "some American politicians who are biased and hostile to China" for the breakdown in relations.

Hong Kong and Taiwan once again were the frontier for US-China tussle. On August 7, the US Department of Treasury imposed sanctions on 11 individuals, including Chief Executive Carrie Lam, "for undermining Hong Kong's autonomy and restricting the freedom of expression or assembly of the citizens of Hong Kong." In retaliation, the Chinese Foreign Ministry sanctioned 11



American officials for "egregious records on Hong Kong affairs." In a related development, the US Department of State announced that the US would treat Hong Kong as "one country, one system" and suspended three bilateral treaties with Hong Kong regarding "surrender of fugitive offenders, the transfer of sentenced persons, and reciprocal tax exemptions on income derived from the international operation of ships." On the other hand, US Health and Human Services Secretary Alex Azar led a delegation to Taiwan on August 9, in what was the highest level of official interaction between Washington and Taipei since 1979. Opposing the visit, the spokesperson of the Chinese Foreign Ministry maintained that Taipei was one of China's 'core interests'.

Amidst ongoing tensions between the two countries, US Secretary of Defence Mark Esper and Chinese State Councillor Wei Fenghe held talks on August 6 where the two discussed military exchanges and dialogue to ease the strained ties. The talks yielded no concrete results or plans to repair the frayed bilateral relations. Further, there were reports of China and the US holding talks to conduct a six month review of the trade deal signed in January, 2020.

Meanwhile, the Sino-Pakistan relationship saw reaffirmation and growth with a number of ministerial level interactions during the month. The two countries held the second round of the China-Pakistan Foreign Ministers' Strategic Dialogue on August 20-21. The Chinese Foreign Ministry's statement detailing the talks labelled the two countries as "closest friends" whose relationship is "based on unparalleled mutual trust, understanding, and commonality of interests." The strategic dialogue resulted in a joint statement which touched upon various issues, including Jammu and Kashmir, regarding which China opposed "any unilateral actions that complicate the situation." New Delhi rejected these comments, calling Jammu and Kashmir an "integral and inalienable part of India" and called on both the parties to not "interfere in matters that are internal affairs of India." India also reiterated its stand opposing the CPEC's extension into "the Indian territory illegally occupied by Pakistan." Again on August 21, in a verbal message to Pakistani President Arif Alvi, President Xi expressed the importance of the CPEC to the Belt and Road Initiative (BRI).

In the realm of internal security, the expulsion of former Central Party School professor Cai Xia from the Chinese Communist Party for her scathing criticism of the CCP and Chinese President Xi Jinping made international headlines. She called Chinese President Xi Jinping "a mafia boss" and accused him of "killing a party and the nation" and "turning China into an enemy of the world". She further cited Chinese aggression in Galwan as an example of Xi Jinping's "ways to divert the attention of the Chinese public". The Party controlled media in



China called Cai "a traitor" and asked the Party School's other faculty members to draw "profound lessons" from the case of Cai Xia and to strictly observe party discipline.

Although economic data released in July had indicated that China's economic growth rate has turned from negative to positive with major economic indicators showing signs of strong rebound, Chinese strategists maintained cautious optimism for the second half of the year, focusing particularly on certain key areas: first, ensuring employment, especially for college students and migrant workers, so as to spur domestic demand; second, paying more attention to small and medium-sized and labour-intensive enterprises, so as to improve the stability and competitiveness of China's industrial supply chain; third, promoting consumption as the key driver of the Chinese economy through consumer vouchers, cash subsidies and other measures; and fourth, price stabilisation. Due to the impact of the epidemic, China's CPI has reportedly risen by more than 5% in the first guarter, and the overall CPI rose by 3.8% in the first half of the year. The recent floods in Southern China have further complicated matters; pork and vegetable prices have risen sharply, raising concerns about the country's food security. Stabilising the production of autumn grain, and keeping the prices stable are now seen as top priorities. In this backdrop, President Xi Jinping has given public instructions to stop food wastage, following which an aggressive campaign supporting food conservation has been launched.

There were also much discussions this month within Chinese strategic circles about the upcoming 14th Five Year Plan when China is expected to embark on "a new journey as a modernised country towards its second centenary goal of becoming a strong, democratic, civilised, harmonious, and modern socialist country." Entering this new stage of development, Chinese leaders have proposed a new development pattern, with "domestic cycle as the main body and the domestic and international dual cycles mutually promoting each other."

There has been some concern that this new strategy will lead to China's retreat, or further decoupling from the outside world. Addressing such concerns, China's state media argued that the idea behind the latest strategy is to reduce dependence on specific countries in the future, and expand China's product, technology, and service output through self-reliance or in cooperation with an expanded foreign trade "friends circle". In other words, the very essence of the policy is to use the expansion of domestic demand to drive imports, attract foreign investment, and promote international collaboration. On the other hand, through the "Belt and Road" initiative China will actively develop



diversified international markets conducive for Chinese exports, or for the "going out" of Chinese companies.

In what can be interpreted as a reaction to Washington's recent onslaught on the Chinese Communist Party, various articles in the Chinese media emphasised that "the Chinese Communist Party has no special interests of its own other than the interests of the Chinese people" and that the "leadership of the Chinese Communist Party is not self-proclaimed but the right choice made by history and the Chinese people". These articles further urged the Chinese populace "to deeply understand and appreciate the noble pursuit and mission of the Chinese Communists, which is to seek happiness for the people, rejuvenation for the nation, and China's union with the world," and thereby proclaiming that with the "two overall situations" facing China - first, the strategic challenges towards the great rejuvenation of the Chinese nation and second, major global changes unseen in a century - the CCP will continue to pursue its goals and will not give up its historical responsibility despite severe risks and challenges coming its way.



### Foreign and Security Policy

## China-India Relations

During the month, Chinese rhetoric regarding India became increasingly hostile and virulent. Chinese media portrayed India as a US ally responsible for perpetrating regional tensions. There was considerable discontent over India's decision to put the Confucius Institutes in the country under comprehensive review. The Chinese Embassy in India claimed that this decision sought to "politicise regular cooperation" and implored India to retain cultural ties and people-to-people exchange. <sup>1</sup> Chinese media interpreted this move as "unrepentant" New Delhi's bid to escalate tensions after the Galwan Valley incident. <sup>2</sup> China has attributed India's stand to a rise in conservative nationalism and a desire to coordinate "anti-China campaign to contain and challenge China" alongside the US. <sup>3</sup> Media sources also explained the rise in bilateral tensions as India's inability to "correctly evaluate the situation", calling New Delhi's strong stance a symbol of "the 1962 defeat hangover."<sup>4</sup>

The Chinese media took particular note of PM Modi's Independence Day speech, commenting that his firm position on China "has cast a shadow over its [India's] prospect for economic advancement" particularly as "there is barely any country except China that can help out India."<sup>5</sup> Opinion pieces in the Chinese Media labelled China as an indispensable partner in India's pursuit to become an international superpower. <sup>6</sup> It was also claimed that India's attempts to decouple from China "will not only harm its industries but also hamper its long-term sustainable development."<sup>7</sup> Furthermore, PM Modi's bid to boycott Chinese products was branded as "immature Sinophobic sentiments and

<sup>&</sup>lt;sup>1</sup> "Chinese embassy urges India not to politicize Confucius Institutes", *Xinhua*, August 4, 2020, http://www.xinhuanet.com/english/2020-08/04/c\_139264285.htm

<sup>&</sup>lt;sup>2</sup> Liu Zongy, "What do India's restrictions on Confucius Institutes show?", *Global Times*, August 4, 2020, <u>https://www.globaltimes.cn/content/1196715.shtml</u>

<sup>&</sup>lt;sup>3</sup> Liu Zongy, "What do India's restrictions on Confucius Institutes show?", *Global Times*, August 4, 2020, <u>https://www.globaltimes.cn/content/1196715.shtml</u>

<sup>&</sup>lt;sup>4</sup> "India's hard-line attempt to politicize Confucius Institutes will backfire", *Global Times*, August 4, 2020, <u>https://www.globaltimes.cn/content/1196690.shtml</u>

<sup>&</sup>lt;sup>5</sup> "India's major power dreams wrecked by attacking China", *Global Times*, August 16, 2020, https://www.globaltimes.cn/content/1197906.shtml

<sup>&</sup>lt;sup>6</sup> "India's major power dreams wrecked by attacking China", *Global Times*, August 16, 2020, <u>https://www.globaltimes.cn/content/1197906.shtml</u>

<sup>&</sup>lt;sup>7</sup> "New Delhi hurting itself by snubbing Beijing", *China Daily*, August 19, 2020, https://www.chinadaily.com.cn/a/202008/19/WS5f3c6ee2a31083481726128d.html



nationalist zeal" which is not "appropriate in a globalised world."<sup>8</sup> Media sources claimed that the Indian government was suffering a backlash from "the Indian public for its populist policies which on many fronts are damaging Indian public interests and welfare."<sup>9</sup> There was also belief that the strong stand against China was merely a US inspired short-term election strategy for Indian political parties. <sup>10</sup> The Chinese media also claimed that the Indian government's policies regarding China were tactics to divert attention from the government's management of the COVID-19 pandemic. <sup>11</sup>

In an interview, India's External Affairs Minister S. Jaishankar maintained that bilateral relations between India and China cannot be separated from the border dispute and India should stand its ground vis-à-vis China.<sup>12</sup> A spokesperson of the Chinese Foreign Ministry addressed Dr. Jaishankar's statement maintaining "China has taken note of the relevant reports" and hopes that the two countries can jointly work to resolve disputes and improve bilateral ties.<sup>13</sup> Two days after calling on the US to withdraw Xinjiang related sanctions and accusing the US of interference in the country's internal matters, China expressed concern over the situation in Kashmir. Beijing's permanent representative to the United Nations claimed that India had "unilaterally changed the status quo of Kashmir" and warned that there was "a risk of further escalation in the situation."<sup>14</sup>

<sup>&</sup>lt;sup>8</sup> Zhang Sheng, "India's sensitivity to China trade policies is rooted in historical trauma", Global Times, August 16, 2020, <u>https://www.globaltimes.cn/content/1197865.shtml</u>

<sup>&</sup>lt;sup>9</sup> Xie Chao, " Copying US' China bashing tactic, India invites trouble", *Global Times*, August 13, 2020, <u>https://www.globaltimes.cn/content/1197612.shtml</u>

<sup>&</sup>lt;sup>10</sup> Xie Chao, " Copying US' China bashing tactic, India invites trouble", *Global Times*, August 13, 2020, <u>https://www.globaltimes.cn/content/1197612.shtml</u>

<sup>&</sup>lt;sup>11</sup> "India should match words of amity with deeds", *China Daily*, August 19, 2020, https://epaper.chinadaily.com.cn/a/202008/19/WS5f3c73b2a3107831ec754657.html

<sup>&</sup>lt;sup>12</sup> "We must stand up to China: Foreign minister S Jaishankar", *Times of India*, August 2, 2020, <u>https://timesofindia.indiatimes.com/india/we-must-stand-up-to-china-foreign-minister-s-jaishankar/articleshow/77309734.cms</u>

<sup>&</sup>lt;sup>13</sup> "Cooperation between China, India aids world peace, prosperity: FM", *Xinhua*, August 4, 2020, <u>http://www.xinhuanet.com/english/2020-08/04/c\_139264581.htm</u>

<sup>&</sup>lt;sup>14</sup> "Chinese envoy calls for restraint in Kashmir: mission spokesperson", Xinhua, August 6, 2020, <u>http://www.xinhuanet.com/english/2020-08/06/c\_139268066.htm</u>

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Chinese President Xi Jinping delivered a key speech at the Seventh National Symposium on Work in Tibet held in Beijing, August 28-29. Source : Global Times

Chinese Foreign Minister Wang Yi visited Tibet on a "research trip" during the month, following which he announced that the priority for the Chinese government is "to ensure regional stability, China's national security and support Tibet's opening-up and cooperation with the outside world."<sup>15</sup> He also maintained that Tibet's stability and progress was crucial to China's overall development.<sup>16</sup> His visit was followed by President Xi's remarks on the CCP's plans to develop a "new modern socialist Tibet" by administering the party's policies in the region.<sup>17</sup> He held that "CPC leadership, the system of socialism with Chinese characteristics and the system of regional ethnic autonomy" needed to be implemented to promote prosperity in the region along with "patriotism" for the "motherland."<sup>18</sup>

<sup>&</sup>lt;sup>15</sup>" Wang Yi visits Tibet, says diplomatic front to work with region in safeguarding national security", *Global Times*, August 15, 2020, https://www.globaltimes.cn/content/1197808.shtml

<sup>&</sup>lt;sup>16</sup> "Wang Yi visits Tibet, says diplomatic front to work with region in safeguarding national security", *Global Times*, August 15, 2020, <a href="https://www.globaltimes.com/content/1107202.chtml">https://www.globaltimes.com/content/1107202</a>,

https://www.globaltimes.cn/content/1197808.shtml

<sup>&</sup>lt;sup>17</sup> "Xi Focus: Xi stresses building new modern socialist Tibet", *Xinhua*, August 29, 2020, <u>http://www.xinhuanet.com/english/2020-08/29/c\_139327765.htm</u>

<sup>&</sup>lt;sup>18</sup>" Xi Focus: Xi stresses building new modern socialist Tibet", *Xinhua*, August 29, 2020, <u>http://www.xinhuanet.com/english/2020-08/29/c\_139327765.htm</u>



# China-US Relations

The month saw a continuation of the China - US battle of sanctions and rhetoric. Responding to the U.S. Department of State's sanctions on the Xinjiang Production and Construction Corps, the Chinese Foreign Ministry urged the U.S. to withdraw its decision, calling it a "gross interference in China's internal affairs and a grave violation of basic norms governing international relations."<sup>19</sup> In an escalation of the U.S.-China technological dispute, US Secretary of State Michael Pompeo announced the Clean Network Program, which seeks to safeguard sensitive information and the privacy of citizens and companies from "aggressive intrusions by malign actors, such as the Chinese Communist Party (CCP)."<sup>20</sup> In response to this, Chinese Foreign Minister, claimed in an interview that the U.S. was in no position to build a coalition of clean countries as it is "dirty all over."<sup>21</sup> He held that the U.S. was merely attempting to secure its own technological monopoly by denying other countries the "legitimate right to development."<sup>22</sup> Foreign Minister Wang Yi also called for a rejection of the "new cold-war" mentality and encouraged cooperation between China and the US, blaming "some American politicians" who are biased and hostile to China" for the breakdown in relations.<sup>23</sup> In the interview, Wang Yi also opposed Secretary Pompeo's comments against the Chinese Communist Party. Subsequently, Chinese media published international expert opinion echoing the Foreign Minister's stand and adding that "bilateral cooperation is the only right choice."24

Chinese media reiterated the Foreign Minister's opinion of placing the blame on a "handful of hardliners", and called on the U.S. to "ditch their Cold-War mentality and political short-sightedness, demonstrate wisdom and vision, and

<sup>&</sup>lt;sup>19</sup> "China urges U.S. to withdraw Xinjiang-related sanctions", *Xinhua*, August 4, 2020, http://www.xinhuanet.com/english/2020-08/04/c\_139262106.htm

<sup>&</sup>lt;sup>20</sup> Michael R Pompeo, "Announcing the Expansion of the Clean Network to Safeguard America's Assets", U.S. Department of State, August 5, 2020, <u>https://www.state.gov/announcing-the-expansion-of-the-clean-network-to-safeguard-americas-assets/</u>

<sup>&</sup>lt;sup>21</sup> "U.S. not qualified to build coalition of "clean countries": Chinese FM", Xinhua, August 5, 2020, <u>http://www.xinhuanet.com/english/2020-08/05/c\_139267615.htm</u>

<sup>&</sup>lt;sup>22</sup> "U.S. not qualified to build coalition of "clean countries": Chinese FM", Xinhua, August 5, 2020, <u>http://www.xinhuanet.com/english/2020-08/05/c\_139267615.htm</u>

<sup>&</sup>lt;sup>23</sup> "Xinhua Headlines: China to make cool-headed, sensible response to U.S. impulsive moves, anxiety: FM", Xinhua, August 6, 2020, <u>http://www.xinhuanet.com/english/2020-08/06/c\_139267925.htm</u>

<sup>&</sup>lt;sup>24</sup> "Experts say cooperation only right choice for U.S., China", *Xinhua*, August 9, 2020, http://www.xinhuanet.com/english/2020-08/09/c\_139276794.htm



meet Beijing halfway."<sup>25</sup> The media singled out Secretary Pompeo as one of the hardliners attempting to demonise Beijing and wage ideological warfare against the country.<sup>26</sup> It was suggested that China should uphold its current path of development and ask the U.S. to abandon its bid to impose its own political and social structures on China.<sup>27</sup> The media also alluded to the debt-trap accusation against China, claiming that African and Latin American countries have never complained of the issue and this charge is a part of America's strategy to sow seeds of discontent between China and its partners.<sup>28</sup>

Amidst ongoing tensions between the two countries, US Secretary of Defence Mark Esper and Chinese State Councillor Wei Fenghe held talks on August 6 where the two discussed military exchanges and dialogue to ease strained ties. Councillor Wei urged Secretary Esper that the US should stop "erroneous words and deeds" and avoid the escalation of tensions, which are at an all-time high.<sup>29</sup> Nonetheless, these talks yielded no concrete plans to mend deteriorating bilateral relations. Senior Chinese diplomat Yang Jiechi accused the US of attempting to "drive a wedge" between the CCP and the Chinese populace. He lauded Beijing for following "the path of socialism with Chinese characteristics", claiming that it promoted peace and development in other countries as well.<sup>30</sup>

President Trump issued an executive order calling for the ban of Chinese app TikTok unless it is acquired by an American company, citing the threat posed by the app's supply of user information to the CCP.<sup>31</sup> In response to this, the Chinese media hinted at the possibility of Beijing replicating this treatment on

<sup>&</sup>lt;sup>25</sup> Wang Lei, "Commentary: Washington should demonstrate rationality, vision to stabilize China ties", Xinhua, August 6, 2020, <u>http://www.xinhuanet.com/english/2020-08/06/c\_139269776.htm</u>

<sup>&</sup>lt;sup>26</sup> "Commentary: Pompeo's dirty tricks against China a shame", *Xinhua*, August 7, 2020, http://www.xinhuanet.com/english/2020-08/07/c\_139272523.htm

<sup>&</sup>lt;sup>27</sup> Wang Lei, "Commentary: Washington should demonstrate rationality, vision to stabilize China ties", *Xinhua*, August 6, 2020, <u>http://www.xinhuanet.com/english/2020-08/06/c\_139269776.htm</u>

<sup>&</sup>lt;sup>28</sup>" Commentary: Pompeo's dirty tricks against China a shame", *Xinhua*, August 7, 2020, http://www.xinhuanet.com/english/2020-08/07/c\_139272523.htm

<sup>&</sup>lt;sup>29</sup> "Chinese defense minister holds phone talk with U.S. counterpart", *Xinhua*, August 7, 2020 http://www.xinhuanet.com/english/2020-08/07/c\_139270943.htm

<sup>&</sup>lt;sup>30</sup> "U.S. attempts to smear, slander China's political system doomed to fail: senior Chinese diplomat", *Xinhua*, August 8, 2020, <u>http://www.xinhuanet.com/english/2020-</u> 08/08/c\_139273590.htm

<sup>&</sup>lt;sup>31</sup> Donald J Trump, "Executive Order on Addressing the Threat Posed by TikTok", *White House*, August 6, 2020, <u>https://www.whitehouse.gov/presidential-actions/executive-order-addressing-threat-posed-tiktok/</u>



American companies operating in China, which would cause the US to "lose in Trump's TikTok war."<sup>32</sup>

On August 7, the U.S. Department of Treasury imposed sanctions on 11 individuals, including Chief Executive Carrie Lam, "for undermining Hong Kong's autonomy and restricting the freedom of expression or assembly of the citizens of Hong Kong." <sup>33</sup> In retaliation, the Chinese Foreign Ministry sanctioned 11 American officials for "egregious records on Hong Kong affairs." Reiterating China's stand, the Foreign Ministry claimed that Hong Kong falls under its domestic affairs and accused the US of violating international law. The retaliation was hailed by Chinese media as necessary to safeguard Beijing's interests in the face of the US's hegemonic behaviour.<sup>34</sup> Furthermore, the Chinese media claimed that the US's accusations regarding Hong Kong "go against facts, and have legal and logical fallacies" and alleged that the national security law had won popular support in Hong Kong.<sup>35</sup>

In a related development, the US Department of State announced that the US would treat Hong Kong as "one country, one system" and suspended three bilateral treaties with Hong Kong related to "surrender of fugitive offenders, the transfer of sentenced persons, and reciprocal tax exemptions on income derived from the international operation of ships." <sup>36</sup> On August 7, the Director of the US's National Counterintelligence and Security Centre, William Evanina, warned of the threat of possible foreign interference in the upcoming presidential elections. The statement declared that China, among others, "has been expanding its influence operations ahead of November 2020 to shape the policy environment in the United States" to keep President Trump from coming back to power.<sup>37</sup> Responding to these allegations, a Chinese Foreign Ministry

<sup>&</sup>lt;sup>32</sup> "U.S. may lose in Trump's TikTok war, expert warns", *Xinhua*, August 9, 2020, http://www.xinhuanet.com/english/2020-08/09/c\_139276766.htm

<sup>&</sup>lt;sup>33</sup> "Treasury Sanctions Individuals for Undermining Hong Kong's Autonomy", U.S. Department of the Treasury, August 7, 2020, <u>https://home.treasury.gov/news/press-releases/sm1088</u>

<sup>&</sup>lt;sup>34</sup> "Commentary: Sanctioning U.S. individuals a just move to safeguard China's interests", Xinhua, August 11, 2020, <u>http://www.xinhuanet.com/english/2020-08/11/c\_139283033.htm</u>

<sup>&</sup>lt;sup>35</sup> "Commentary: U.S. "sanctions" do no good to China-U.S. relations", *Xinhua*, August 9, 2020, http://www.xinhuanet.com/english/2020-08/09/c\_139277303.htm

<sup>&</sup>lt;sup>36</sup> Morgan Ortagus, "Suspension or Termination of Three Bilateral Agreements With Hong Kong", U.S. Department of State, August 19, 2020, <u>https://www.state.gov/suspension-ortermination-of-three-bilateral-agreements-with-hongkong/#:~:text=President%20Trump%20has%20made%20clear,the%20people%20of%20Hong %20Kong.</u>

<sup>&</sup>lt;sup>37</sup> William Evanina, "Statement by NCSC Director William Evanina: Election Threat Update for the American Public", Office of the Director of National Intelligence, August 7, 2020,



spokesperson clarified that China is not interested in intervening in the US's internal affairs and those making these accusations should refrain from slandering Beijing. <sup>38</sup> The Chinese Ambassador to the US expressed the shock and discontentment of the Chinese people regarding Washington's treatment of the country. He called on Washington to avoid exploiting disputes in Asia such as the India-China border issue.<sup>39</sup>

US Health and Human Services Secretary Alex Azar led a delegation to Taiwan on August 9, in what was the highest level official interaction between Washington and Taipei since 1979. Opposing the visit, the spokesperson of the Chinese Foreign Ministry maintained that Taipei was one of China's 'core interests'.'<sup>40</sup> Furthermore, on a visit to Slovenia on August 13, Secretary Pompeo called the CCP a threat that is seeking to "control people, information, and our economies."<sup>41</sup> The Chinese Embassy in Slovenia protested Secretary Pompeo's remarks, calling it a move to form "cliques to contain China" for the purpose of a "New Cold War."<sup>42</sup> On August 13, Secretary Pompeo issued a statement categorising the Confucius Institute in the US as a Foreign Mission of the PRC, calling it "an entity advancing Beijing's global propaganda" for "fomenting malign influence campaigns on U.S. campuses." <sup>43</sup> The Chinese Foreign Ministry rejected these allegations and accused the U.S. of "ideological prejudice and self-interest" which has "demonised and stigmatised the normal operation of China-U.S. cooperation projects."<sup>44</sup>

The Chinese Ambassador to the US, Cui Tiankai, maintained that ongoing US-China disputes would not hamper Beijing's economy. He further asserted that

 $\underline{https://global.chinadaily.com.cn/a/202008/11/WS5f3231e2a31083481725f975.html}$ 

<sup>40</sup> "China opposes U.S-Taiwan official interactions under any pretext: FM", *Xinhua*, August 12, 2020, <u>http://www.xinhuanet.com/english/2020-08/12/c\_139285600.htm</u>

<sup>42</sup> "U.S. efforts to create "New Cold War" trap to contain China will not succeed, says official", *Xinhua*, August 14, 2020, <u>http://www.xinhuanet.com/english/2020-08/14/c\_139290147.htm</u>

<sup>43</sup> Michael R Pompeo, "Designation of the Confucius Institute U.S. Center as a Foreign Mission of the PRC", U.S. Department of State, August 13, 2020, <u>https://www.state.gov/designationof-the-confucius-institute-u-s-center-as-a-foreign-mission-of-the-prc/</u>

https://www.dni.gov/index.php/newsroom/press-releases/item/2139-statement-by-ncscdirector-william-evanina-election-threat-update-for-the-american-public

<sup>&</sup>lt;sup>38</sup> "China has no interest in U.S. internal affairs: FM spokesperson", *Xinhua*, August 10, 2020, <u>http://www.xinhuanet.com/english/2020-08/10/c\_139279968.htm</u>

<sup>&</sup>lt;sup>39</sup> "US should refrain from taking advantage of any disputes in Asia: Chinese ambassador", *China Daily*, August 11, 2020,

<sup>&</sup>lt;sup>41</sup> "Secretary of State Mike Pompeo's Remarks During His Visit to Slovenia", U.S. Embassy in Slovenia, August 13, 2020, <u>https://si.usembassy.gov/secretary-of-state-mike-pompeos-</u> remarks-during-his-visit-to-slovenia/

<sup>&</sup>lt;sup>44</sup> "China slams U.S. designation of Confucius Institute U.S. Center", *Xinhua*, August 14, 2020, <u>http://www.xinhuanet.com/english/2020-08/14/c\_139291103.htm</u>

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the belief that this confrontation would "contain China's development, and even bring about a regime change" was nothing but "wishful thinking."<sup>45</sup>

On August 17, the US Department of Commerce imposed new sanctions on Huawei and its affiliates, further restricting their access to American technology.<sup>46</sup> The Chinese Foreign Ministry opposed these sanctions, accusing the US of "using state power, generalising national security concept, and imposing continuous suppression and containment on certain foreign companies."<sup>47</sup>

On August 25, Chinese Vice Premier Liu He held talks with US Trade Representative Robert E. Lighthizer and Treasury Secretary Steven Mnuchin to conduct a six-month review of the U.S.-China trade deal.<sup>48</sup> The Chinese State Council called the dialogue a "constructive" discussion where the "two sides agreed to create conditions and atmosphere to continue pushing forward the implementation of the trade deal."<sup>49</sup>

On August 26, Secretary Pompeo announced sanctions on Chinese individuals "responsible for, or complicit in, either the large-scale reclamation, construction, or militarisation of disputed outposts in the South China Sea, or the PRC's use of coercion against Southeast Asian claimants to inhibit their access to offshore resources." <sup>50</sup> He also revealed that the Department of Commerce had added 24 Chinese state owned enterprises, including China Communications Construction Company (CCCC), to its prior approval "Entity

<sup>&</sup>lt;sup>45</sup> "Driving up U.S.-China confrontation won't slow down China's development, says ambassador Cui", Xinhua, August 20, 2020, <u>http://www.xinhuanet.com/english/2020-08/20/c\_139304323.htm</u>

<sup>&</sup>lt;sup>46</sup> "Commerce Department Further Restricts Huawei Access to U.S. Technology and Adds Another 38 Affiliates to the Entity List", U.S. Department of Commerce, August 17, 2020, <u>https://www.commerce.gov/news/press-releases/2020/08/commerce-department-further-restricts-huawei-access-us-technology-and</u>

<sup>&</sup>lt;sup>47</sup> "China firmly opposes U.S. suppression of Huawei: MOC spokesperson", *Xinhua*, August 21, 2020, <u>http://www.xinhuanet.com/english/2020-08/21/c\_139306035.htm</u>

<sup>&</sup>lt;sup>48</sup> Chinese, US chief trade negotiators hold phone talks," State Council, People Republic of China, August 25, 2020, <u>http://english.www.gov.cn/statecouncil/liuhe/202008/25/content\_WS5f4465b0c6d0f72576</u> <u>93aefa.html</u>

<sup>&</sup>lt;sup>49</sup>" Chinese, US chief trade negotiators hold phone talks," *State Council, People Republic of China,* August 25, 2020, http://english.www.gov.cn/statecouncil/liuhe/202008/25/content\_WS5f4465b0c6d0f72576 93aefa.html

<sup>&</sup>lt;sup>50</sup> Michael R. Pompeo, "U.S. Imposes Restrictions on Certain PRC State-Owned Enterprises and Executives for Malign Activities in the South China Sea", U.S. Department of State, August 26, 2020, <u>https://www.state.gov/u-s-imposes-restrictions-on-certain-prc-state-owned-enterprises-and-executives-for-malign-activities-in-the-south-china-sea/</u>



List". He accused Beijing of using state owned enterprises to destabilise the region and encroach upon the "sovereign rights of its neighbours." <sup>51</sup> The Chinese Foreign Ministry protested these sanctions, calling its construction activity in the region "reasonable, legal and beyond dispute" while also accusing the U.S. of once again interfering in Beijing's internal affairs. <sup>52</sup> Chinese media branded the sanctions as Washington's "malign scheme to make the South China Sea another anti-China battleground."<sup>53</sup>



# China-Pakistan Relations

Chinese State Councillor and Foreign Minister Wang Yi held the second Strategic Dialogue between China and Pakistan with Pakistani Foreign Minister Shah Mahmood Qureshi on August 21, 2020. Source: Xinhua

The Sino-Pakistan relationship saw reaffirmation and growth with a number of interactions at the ministerial level this month. The two countries held the second round of the China-Pakistan Foreign Ministers' Strategic Dialogue on August 20-21. The Chinese Foreign Ministry's statement detailing the meeting labelled the two countries as "closest friends" whose relationship is "based on

<sup>&</sup>lt;sup>51</sup>Michael R. Pompeo, "U.S. Imposes Restrictions on Certain PRC State-Owned Enterprises and Executives for Malign Activities in the South China Sea", U.S. Department of State, August 26, 2020, <u>https://www.state.gov/u-s-imposes-restrictions-on-certain-prc-state-owned-enterprises-and-executives-for-malign-activities-in-the-south-china-sea/</u>

<sup>&</sup>lt;sup>52</sup> "China opposes U.S. sanctions relating to South China Sea construction", *Xinhua*, August 27, 2020, <u>http://www.xinhuanet.com/english/2020-08/27/c\_139322512.htm</u>

<sup>&</sup>lt;sup>53</sup>" Commentary: Washington's malicious drive to roil South China Sea destined to fail", *Xinhua*, August 27, 2020, <u>http://www.xinhuanet.com/english/2020-08/27/c\_139322241.htm</u>



unparalleled mutual trust, understanding, and commonality of interests."<sup>54</sup> Foreign Minister Wang Yi announced on August 21 that the China-Pakistan Economic Corridor (CPEC) had entered a new stage which will "create more job opportunities, vigorously improve the people's livelihood, and strengthen cooperation in fields including industrial parks, human resource training, poverty alleviation, medical care and agriculture."<sup>55</sup> He maintained that the China-Pakistan relationship has been tested by the COVID-19 pandemic and the two have emerged as "iron friends."<sup>56</sup> The strategic dialogue resulted in a joint statement which touched upon various issues, including Jammu and Kashmir, regarding which China opposed "any unilateral actions that complicate the situation." <sup>57</sup> New Delhi rejected these comments, calling Jammu and Kashmir an "integral and inalienable part of India" and called on other parties to not "interfere in matters that are internal affairs of India."<sup>58</sup> India also reiterated its stand opposing the CPEC for extending into "the Indian territory illegally occupied by Pakistan."<sup>59</sup>

On August 21, in a verbal message to Pakistani President Arif Alvi, President Xi stressed the importance of the CPEC to the Belt and Road Initiative (BRI). He mentioned the frequent consultations between the two governments as "conducive to steadily advancing the construction of the CPEC as well as high-

<sup>&</sup>lt;sup>54</sup> "Pakistani FM embarks on 2-day visit to China: foreign ministry", *Xinhua*, August 20, 2020, http://www.xinhuanet.com/english/2020-08/20/c\_139305393.htm

<sup>&</sup>lt;sup>55</sup> "China, Pakistan hold second strategic dialogue in Hainan Province", CGTN, August 22, 2020, <u>https://news.cgtn.com/news/2020-08-22/China-Pakistan-hold-second-strategic-dialogue-in-Hainan-Province-T9Gg29hRvy/index.html</u>

<sup>&</sup>lt;sup>56</sup> "China-Pakistan Economic Corridor enters new stage of high-quality development: Chinese FM", Xinhua, August 22, 2020, <u>http://www.xinhuanet.com/english/2020-08/22/c\_139308590.htm</u>

<sup>&</sup>lt;sup>57</sup> "Joint Press Release of the 2nd Round of China-Pakistan Foreign Ministers' Strategic Dialogue", *Mission of the People's Republic of China to the European Union*, August 22, 2020, <u>http://www.chinamission.be/eng/mhs/t1808344.htm</u>

<sup>&</sup>lt;sup>58</sup> "Official Spokesperson's response to a media query on the Joint Press Release of the China-Pakistan Foreign Ministers' strategic dialogue", *Ministry of External Affairs of India*, August 22, 2020, <u>https://mea.gov.in/response-to-</u> <u>queries.htm?dtl/32908/Official+Spokespersons+response+to+a+media+query+on+the+Join</u> <u>t+Press+Release+of+the+ChinaPakistan+Foreign+Ministers+strategic+dialogue</u>

<sup>&</sup>lt;sup>59</sup> Official Spokesperson's response to a media query on the Joint Press Release of the China-Pakistan Foreign Ministers' strategic dialogue", *Ministry of External Affairs of India*, August 22, 2020, <u>https://mea.gov.in/response-to-</u>

 $<sup>\</sup>frac{queries.htm?dtl/32908/Official+Spokespersons+response+to+a+media+query+on+the+Join}{t+Press+Release+of+the+ChinaPakistan+Foreign+Ministers+strategic+dialogue}$ 



quality Belt and Road cooperation."<sup>60</sup> President Xi called the countries "good brothers and partners who share special friendship" for a shared future.<sup>61</sup>

# **Internal Security**

The expulsion of former Central Party School professor Cai Xia from the Chinese Communist Party for her scathing criticism of the CCP and Chinese President Xi Jinping made international headlines. She called Chinese President Xi Jinping "a mafia boss" and accused him of "killing a party and the nation" and "turning China into an enemy of the world". She further cited Chinese aggression in Galwan as an example of Xi Jinping's "ways to divert the attention of the Chinese public"62.

The Chinese media condemned Cai, arguing that she had <u>betrayed</u> her oath as a member of the CPC, and set an extreme example of standing against the red flag as a "traitor". The media went on to contend that what Cai has done has helped the anti-China and anti-CPC forces in the US and she has acted as their accomplice<sup>63</sup>.

For the "radical Chinese dissidents" in the US, the Chinese state media's message was that "They are making a wrong choice. Most of them will receive attention in the US for a short time, and will soon be forgotten. In the current China-US struggle, the ethical bottom line of all Chinese intellectuals should be to stand on the Chinese side rather than side with the US, maintaining that there can be differences in understandings within the 'Chinese side.' But the difference between the 'Chinese side' and the 'US side' is crystal clear, this must not be confused."

Further, the Party School asked its other faculty members to draw "profound lessons" from the case of Cai Xia and strictly observe party discipline. "Party organisations at all levels and faculty members should improve their political positions, remain true to their original aspiration and keep their mission firmly in mind...all faculty members at the school should strictly abide by the Party's

<sup>&</sup>lt;sup>60</sup> "Xi says China-Pakistan Economic Corridor of great importance to promoting bilateral ties", Xinhua, August 21, 2020, http://www.xinhuanet.com/english/2020-08/21/c\_139308356.htm

<sup>&</sup>lt;sup>61</sup> "China, Pakistan hold second strategic dialogue in Hainan Province", CGTN, August 22, 2020 https://news.cgtn.com/news/2020-08-22/China-Pakistan-hold-second-strategicdialogue-in-Hainan-Province-T9Gg29hRvy/index.html

<sup>&</sup>lt;sup>62</sup> "Who is Cai Xia, the Chinese dissident who called Xi Jinping a 'mafia boss'", Indian Express, August 24, 2020, https://indianexpress.com/article/explained/explained-who-is-cai-xiathe-chinese-dissident-who-called-xi-jinping-a-mafia-boss-and-more-6565654/

<sup>&</sup>lt;sup>63</sup> "Cai Xia's blatant betrayal is totally indefensible", *Global Times*, August 19, 2020, https://www.globaltimes.cn/content/1198283.shtml



political discipline and rules. They are prohibited from spreading comments against the Party's theories and policies, from making and spreading political rumours and tarnishing the image of the Party and the country, and from participating in any kind of illegal organisations and activities," stated an article in the Global Times<sup>64</sup>.

# Economy

Although economic data released in July indicated that China's economic growth rate has turned from negative to positive with major economic indicators showing signs of a strong rebound, Chinese economists maintained cautious optimism for the second half of the year, setting priorities primarily in three key areas: first, ensuring employment, particularly for college students and migrant workers, which in turn can spur domestic demand; second, paying more attention to small and medium-sized and labour-intensive enterprises, by increasing financial support so as to improve the stability and competitiveness of China's <u>industrial supply chain</u>; and third, further promoting consumption as the key driver of the Chinese economy through consumer vouchers, cash subsidies and other measures<sup>65</sup>.

Price stabilisation is being highlighted as yet another important task. Due to the impact of the epidemic, China's CPI rose by more than 5% in the first quarter, and the overall CPI rose by 3.8% in the first half of the year. The recent floods in Southern China have further complicated matters; pork and vegetable prices have risen raising concerns about <u>food security</u>. Stabilising the production of autumn grain, and keeping prices stable, are seen as key priorities<sup>66</sup>.

In this backdrop, Chinese President Xi Jinping has given public instructions to stop food wastage, following which an aggressive campaign supporting food conservation has been launched. As a part of the campaign, more and more provinces in China are opting for half service/small service models, formally

<sup>&</sup>lt;sup>64</sup> "China's top Party school asks faculty members to draw lessons from Cai's case, strictly observe political discipline", *Global Times*, August 20, 2020, <u>https://www.globaltimes.cn/content/1198369.shtml</u>

<sup>&</sup>lt;sup>65</sup> "提高金融服务新发展格局的能力", Renmin Ribao, August 26, 2020, http://views.ce.cn/view/ent/202008/26/t20200826\_35602832.shtml

<sup>&</sup>lt;sup>66</sup>"洪涝灾害影响有限·我国粮食安全有保障", *China Net*, August 24, 2020, <u>http://views.ce.cn/view/ent/202008/24/t20200824\_35584666.shtml</u>



restricting the amount of food <u>consumed</u> by people and urging them to replace "indulgence" with "self-restraint"<sup>67</sup>.



President Xi Jinping visited the flood-stricken Anhui Province in China on August 18, 2020. Source: Xinhua

There has been much discussion this month within Chinese strategic circles about the upcoming 14<sup>th</sup> Five Year Plan. On August 24, Chinese President Xi Jinping presided over a symposium of experts in the economic and social fields and emphasised that the "14th Five-Year Plan period will mark China building up a moderately prosperous society in an all-round way, achieving its first centennial goal; thereby enter a new stage of development and embark on a new journey as a modernised country towards its second centenary goal of becoming a strong, democratic, civilised, harmonious, and modern socialist country."

Entering this new stage, Chinese leaders have proposed a new development pattern. This pattern, as proposed by the Politburo meeting of the Communist Party of China on July 30 and reaffirmed by President Xi Jinping at various

<sup>&</sup>lt;sup>67</sup>"全面理解"N-1 点餐模式"·是减量更是减负", *Guangming Wang*, August 13, 2020, <u>http://views.ce.cn/view/ent/202008/13/t20200813\_35517924.shtml</u>



meetings during this month, will have "domestic cycle as the main body and the domestic and international dual cycles promoting each other."

As per the Chinese assessment, this is a "strategic adjustment" in the face of sudden changes in the global economic and developmental environment. With the sudden increase in the instability of the export-oriented economy, focusing on expanding domestic demand is an inevitable choice. For partial replacement of external demand with domestic demand, China will be focusing on rural and underdeveloped areas for growth, particularly the central and western provinces. This <u>strategy</u>, they believe, will not just help China find newer growth points, but will also address the regional disparity as well<sup>68</sup>.

Meanwhile, there has been growing concern that this new strategy will lead to China's retreat, or further decoupling from the outside world. Addressing such concerns, China's state media argued that the idea behind the latest strategy is to reduce dependence on specific countries in the future, and expand China's product, technology, and service output through self-reliance or in cooperation with an expanded foreign trade "friends circle"<sup>69</sup>. In other words, the very essence of the policy is to use the expansion of domestic demand to drive imports, attract foreign investment, and promote international collaboration. On the other hand, through the "Belt and Road" initiative China will actively develop diversified international markets conducive for Chinese exports, or for the "going out" of Chinese companies<sup>70</sup>.

#### Chinese Communist Party

In what can be interpreted as a reaction to Washington's recent onslaught on the Chinese Communist Party, particularly the three key speeches by high ranking US administration figures on the US's China policy - FBI Director Christopher Wray on July 7, Attorney General William P. Barr on July 16 and Secretary of State Mike Pompeo on July 23 - various <u>articles<sup>71</sup></u> in the Chinese media emphasised that "<u>the Chinese Communist Party has no special interests</u>

<sup>&</sup>lt;sup>68</sup>"扩大内需潜力还很大", Huanqiushibao, August 8, 2020, http://views.ce.cn/view/ent/202008/12/t20200812\_35506814.shtml

<sup>&</sup>lt;sup>69</sup> "稳固"操之在我"才能避免"受制于人", *China Youth Daily*, August 12, 2020, <u>http://views.ce.cn/view/ent/202008/12/t20200812\_35506757.shtml</u>

<sup>&</sup>lt;sup>70</sup> "集中力量办好自己的事", *Renmin Ribao*, August 12, 2020, , http://views.ce.cn/view/ent/202008/12/t20200812\_35506675.shtml

<sup>&</sup>lt;sup>71</sup> "深入理解共产党人的崇高追求和使命担当", *Renmin Ribao*, August 23, 2020, <u>http://views.ce.cn/view/ent/202008/25/t20200825\_35593124.shtml</u>



of its own other than the interests of the Chinese people"<sup>72</sup>, and that "leadership of the Chinese Communist Party is not self-proclaimed but the right choice made by history and the Chinese people"<sup>73</sup>. The articles further urged the Chinese populace "to deeply understand the noble pursuit and mission of the Chinese Communists, which is to seek happiness for the people, rejuvenation for the nation, and China's union with the world," and proclaimed that with "two overall situations" facing China - first, the strategic overall situation for the great rejuvenation of the Chinese nation, and second, the major changes in the world unseen in a century - the CCP will continue to pursue its goals and will not give up its historical responsibility due to severe risks and challenges coming its way.

<sup>&</sup>lt;sup>72</sup>"人民至上·中国共产党没有自己的特殊利益", Renmin Ribao, August 19, 2020, http://views.ce.cn/view/ent/202008/19/t20200819\_35555696.shtml

<sup>&</sup>lt;sup>73</sup>"中国共产党的领导是历史和人民作出的正确选择", *Renmin Ribao*, August 19, 2020, <u>http://views.ce.cn/view/ent/202008/20/t20200820\_35560832.shtml</u>



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