



Issue 18/2019 (November 29 - December 12, 2019)

Contents:	Page
TOPIC OF THE WEEK: CHINA'S MEDIA OFFENSIVE ON HUMAN RIGHTS	2
China launches media offensive on its human rights record	2
CHINA AND THE WORLD	3
China hits back after NATO calls it a “security challenge”	3
Australia torn over the right response to foreign interference	3
POLITICS, SOCIETY AND MEDIA	4
China still addicted to coal	4
China’s top place in international education ranking raises questions	4
ECONOMY, FINANCE AND TECHNOLOGY	5
Beijing pushes for wide-spread use of domestic technology	5
Opening up of China’s financial sector picks up speed	6
THE EUROPEAN VIEW	6
Italy’s Hong Kong resolution marks change of tack in dealing with China	6
PROFILE: LI HONGYUAN	7
Failed by the system but support from the public	7

METRIX

1 year

It is just over a year now since Michael Kovrig, a former diplomat and analyst for Crisis Group, and Michael Spavor, a businessman and advisor, were detained in China. The two Canadians **were arrested** just nine days after Canada detained Huawei chief financial officer Meng Wanzhou. They are accused of violating Chinese state secrets law.

TOPIC OF THE WEEK: China's media offensive on Human Rights

China launches media offensive on its human rights record

In the lead up to International Human Rights Day on December 10, China has launched **a massive offensive across social and traditional media** to promote Beijing's views more aggressively and "correct" what China sees as international misperception of its human rights record. China's propaganda campaign **leverages what is now the world's largest diplomatic network and has seen a new trend of Chinese diplomats defending the CCP's policies**, including using social media banned in China. In response to the **Uyghur Human Rights Policy Act of 2019** passed by the US House of Representatives, the focus has been on refuting the gross human rights violations in the western region of Xinjiang, where ethnic minorities are being held in massive detention camps.

As part of Xi Jinping's campaign to "tell China's story right", China's top diplomat Wang Yi has **instructed** officials at the Foreign Ministry to show a stronger "fighting spirit". The Ministry and several senior Chinese diplomats have since opened Twitter accounts. New deputy director-general of the Foreign Ministry's Information Department, **Zhao Lijian**, has been one of the most outspoken, describing reports on Xinjiang in Western news outlets as **"ideologically driven, subjective, partial & don't care about facts"**. He described Western reporters as an "insult to media professionalism, degrading themselves to 'political thugs' against China". The **Global Times** and other party-state media, who refer to the camps as training centers where minorities voluntarily undergo de-radicalization, are now attempting to defuse criticism by stating that all "trainees" have graduated and now lead happy lives.

This onslaught has been accompanied by a long line of reports and op-eds in English and Chinese media, with one describing the West as an **"accomplice of terrorism"** for "demonizing" China's Xinjiang policy. An op-ed written by **China's ambassador to Ankara**, Deng Li, responded to **Turkish journalist Olsi Jazexhi's** critical account of the situation in Xinjiang following his state-sponsored visit to the region. Li accused the West of practicing "double standards" on "counterterrorism". Videos, tweets and articles are being posted en masse below any articles and posts discussing rights violations in Xinjiang.

Meanwhile, the Chinese Foreign Ministry has engaged in a wider coordination attempt by **sending a letter** to over 30 international news organizations promoting its own account of the protests in Hong Kong. Events such as the **Global Lawyers Forum** being held in Guangzhou this week, which some 800 legal professionals from 57 countries are attending, along with the **"South-South Human Rights Forum"** in Shanghai last week, are also clearly intended to promote China's narrative and its own interpretation of the rule of law and human rights.

MERICS analysis: Propaganda beyond the Great Firewall: Chinese party-state media on Facebook, Twitter and YouTube. MERICS China Mapping by Mareike Ohlberg.

CHINA AND THE WORLD

China hits back after NATO calls it a “security challenge”

NATO leaders meeting in London to mark the alliance’s 70th anniversary have, for the first time, formally described China as a security challenge. Leaders of the 29 member states signed a declaration on December 4 saying: “We recognize that China’s growing influence and international policies present both opportunities and challenges that we need to address together as an Alliance.”

China was quick to respond, saying that the characterization was unfair. Ministry of Foreign Affairs spokesperson Hua Chunying said, “the biggest threat and challenge the world is facing now is unilateralism and bullying behavior, of which even US allies have become victims”. She claimed that some NATO members had been against labelling Beijing an adversary and suggested that the US had forced them to agree the position.

The declaration is the culmination of a process of assessment that NATO has carried out into China’s growing international role and its rise as a global security actor. Asia is normally outside the alliance’s area of operations, but issues like Huawei and 5G, China-Russia relations, China’s rapid military modernization and NATO military encounters with the PLA overseas have brought China into focus. Further factors are Beijing’s investments in European infrastructure and cyberspace, and the expansion of China’s presence in Africa and the Arctic.

NATO Secretary General Stoltenberg said that the goal is “not to create a new adversary but to analyze and understand and respond in a balanced way to the challenges China poses”, suggesting the declaration will not mark a significant change in the way the alliance operates in the short term. Beijing, however, was keen to push the narrative that the US is the destabilizing force in the international arena and that Europe has been bullied by Washington into taking a more adversarial stance on China. Regardless of this, it is now likely that NATO will dedicate time and resources to developing a China policy.

Australia torn over the right response to foreign interference

The Australian government announced on December 2 the establishment of a new taskforce to “disrupt and deter anyone attempting to undermine our national interests.” It will receive almost 88 million AUD (54 million EUR) in funding, combine various agencies and be headed by an officer of the Australian Security Intelligence Organization (ASIO).

The announcement follows on the heels of a media interview with self-proclaimed Chinese defector Wang Liqiang, who said he had worked for Chinese intelligence and was involved in foreign interference operations. Earlier this year, a Chinese-Australian businessman named Bo Zhao informed ASIO that he had been offered money by Chinese state agents to run for parliament. Mr. Zhao was later found dead in a Motel room. ASIO’s former head, Duncan Lewis, said in November that the Chinese government was seeking to “take over” Australia’s political system through its “insidious” foreign interference operations.

Opinions on how to respond to political pressure from China divide Australian society. In an interview in late November, **former Prime Minister Paul Keating** said that “diplomacy [is] being supplanted by phobias of [...] national security agencies,” while **former PM Tony Abbott** stated in a separate interview that foreign interference could pose an “existential threat” to the country. **Former PM Kevin Rudd** warned that Australia was at risk of returning to a “yellow peril” mentality towards China. His comment is especially salient considering Australia’s sizable ethnic Chinese population of 1.2 million people or 5.6 per cent of the population

New in Brief

- **“Power of Siberia”**: First gas pipeline between Russia and China is launched
- **Hong Kong bookseller case**: Sweden’s former ambassador to China is indicted for unauthorized contacts with a foreign power
- **Uyghur Act**: New US law calls for sanctions on Beijing over Xinjiang camps
- **Human rights**: China cancels annual bilateral dialogues with Germany and Switzerland

POLITICS, SOCIETY AND MEDIA

China still addicted to coal

With the release on Thursday of “**China Renewable Energy Outlook 2019**” (CREO), the world will gain fresh insight into the progress China has made in its energy transition. Unfortunately, it is likely to make depressing reading. While China has backed the Paris Agreement goals of limiting climate warming by under 2°C and has an ambitious climate policy, **reports** show that far from curtailing capacity, the country plans to expand its coal fleet by almost the same as the whole of the US.

The ongoing investment in coal sends worrying signals about Beijing’s ability to enforce its own ambitious climate policies. With few scientists today believing we are even **close to reaching the goal** of limiting global warming by 2°C – the amount required to avert a climate catastrophe – China’s coal addiction is worrying. Its sheer size means the Paris targets can only be met with China firmly committed.

CREO provides the most detailed analysis of the effect of current policy, as well as charting scenarios of what needs to be done for China to achieve its climate goals. With the drafting phase for China’s 14th five-year plan (2021-25) approaching a critical stage, this will hopefully provide both a sense of urgency and a constructive policy roadmap for Beijing. However, as government representatives meet at the **United Nations climate change conference** in Madrid this month, there is recognition that China’s climate policy needs to be more ambitious if the world is to reach the targets set in Paris.

China’s top place in international education ranking raises questions

The OECD’s latest **Programme for International Student Assessment** (PISA), published this month, ranked students from China at the top of its league table. The annual study measures 15-year-olds’

ability to use their reading, mathematics and science knowledge and skills to meet real-life challenges. The test was taken by 600,000 students in 79 countries. This year, China's students surpassed Singapore, whose students ranked top last year and whose education system is seen as one of the best in the world.

The results are remarkable given that **China's education system has often been criticized** for being entirely exam-oriented and for suppressing students' abilities to think independently and solve problems. Questions were immediately raised both **in China** and abroad about how the results were achieved. Some suggested **the Chinese results were skewed** because only students from China's most prosperous eastern region were represented.

As a nation's strength in education is closely linked with innovation and economic power, it is understandable that the performance of China's students has attracted particular scrutiny around the world. While some are skeptical, other observers in the US are now **questioning their own education policies**. In recent years, China has heavily **promoted investment in education technologies** – an investment that appears to be bearing fruit.

MERICS analysis: Manufacturing creativity and maintaining control – China's schools struggle to balance innovation and safeguard conformity. MERICS China Monitor Perspectives by Didi Kirsten Tatlow.

News in brief

- **China's CRISPR babies:** research excerpts show He Jiankui ignored ethical and scientific norms
- **Hong Kong:** 800,000 join anti-government protest on eve of six-month anniversary of unrest
- **Gene-edited pork:** China turns to biotech to protect supply of country's staple meat

ECONOMY, FINANCE AND TECHNOLOGY

Beijing pushes for wide-spread use of domestic technology

Government offices and public institutions in China will be required to exclusively use domestic hardware and software systems by 2022. Referring to a confidential document, **a Financial Times article from December 8** reports that the General Office of the Central Committee of the CCP issued instructions earlier this year, demanding that 30 percent of foreign hardware and software is to be substituted with Chinese alternatives by 2020, another 50 percent by 2021 and the remaining 20 percent the following year. Reflecting these requirements, the directive has been dubbed the "3-5-2 policy".

The policy is seen as part of China's national strategic effort to become less dependent on foreign technology by ramping up the development of domestic capabilities. It fuels concerns over an impending decoupling of the West and China regarding tech related developments on grounds of national security. The decision is similar to the ban issued by Washington earlier this year on the use of Chinese equipment by the federal government.

The goals set by the “3-5-2 policy” are very ambitious. While many government offices use Chinese made hardware, these often contain foreign made components. In addition, the majority of Chinese made software is geared towards US-made operating systems. Efforts to establish a domestic operating system have been stepped up by two major Chinese software developers joining hands as recently reported by Chinese party-state news agency [Xinhua](#).

Opening up of China’s financial sector picks up speed

China announced that it is scrapping equity caps on life insurance joint ventures as of January 1, 2020, a move that will allow more foreign capital and foreign insurers to enter the market.

The China Banking and Insurance Regulatory Commission (CBIRC) [published revised rules on December 6](#) for the implementation of new regulations regarding foreign-invested insurers. The CBIRC initially announced that foreign ownership equity caps for life insurance joint ventures would be raised from 50 percent to 51 percent with immediate effect, then hours later that the caps would be removed entirely as of January 1, 2020. The regulator has also eased market access by getting rid of the requirement for foreign businesses to have a 30-year track record of operations and a representative office in China for at least two years.

The changes are likely to improve the efficiency of life insurance in China by encouraging new products, technologies and know-how and giving consumers more choice. Foreign life insurers as well as property and casualty insurers currently represent less than seven percent of China's premium income.

The moves are seen as part of the [effort to resolve the China-US trade war](#). As further evidence that Beijing is accelerating the opening of its financial markets, the China Securities Regulatory Commission [announced in October](#) that it will be gradually scrapping limits on foreign stakes in futures, mutual fund and securities companies during 2020.

News in brief

- [New oil and gas pipe firm](#): China sets up state firm to manage infrastructure and boost competition
- [World Bank](#): The White House objects to 1bn USD World Bank loan program for China
- [Facial recognition](#): New rule requires face scan when registering for mobile phone services
- [LG Chem](#): South Korea’s leading chemical company is on subsidy list for electric cars

THE EUROPEAN VIEW

Italy’s Hong Kong resolution marks change of tack in dealing with China

In a major departure from the previous government’s China policy, the Italian parliament’s chamber of deputies has [passed a resolution on Hong Kong](#) with unanimous support from all parties.

The **resolution**, which was passed on December 3, commits the Italian government to requesting that the Hong Kong authorities launch an investigation into police violence, that they release protesters and they verify the reasons that barred Joshua Wong from leaving Hong Kong. It also reasserts the call for Chinese authorities in Italy to respect freedom of speech. This came as a response to the **Chinese embassy's criticism** of politicians who organized a video press conference with Joshua Wong on November 28 in the Italian parliament. The embassy described the action as a “serious mistake” and “irresponsible”. The harsh words provoked a strong reaction, with politicians of all parties expressing outrage about the attack on democratic institutions. The episode even convinced the more China-friendly 5 Star Movement to back the resolution – it had, until then, maintained a “non-interference” stance on Hong Kong, in line with Beijing’s rhetoric. The Italian Ministry of Foreign Affairs called the Chinese embassy’s statement an “**unacceptable [case of] interference**”.

This represents a significant change of tone. In March this year, the previous Italian government had signed a memorandum of understanding (MoU) with China on the Belt and Road Initiative, signaling the **intention to move closer to Beijing politically**. The pro-China policy was spearheaded by the then under-secretary of state for economic development, Michele Geraci, who promoted it as a means for advancing Italy’s trade and investment interests with China.

Since September, the new government has been pursuing a more balanced China policy, in line with European and Transatlantic interests. For example, it recently passed a cybersecurity law which aims, with Huawei in mind, to protect Italy’s 5G networks. In her comment on the Hong Kong resolution, Democratic Party (PD) MP Lia Quartapelle, PD’s leader in the Italian parliament’s foreign affairs committee, reasserted the need to work with the EU on China policy and described the signing of the MoU as a “unilateral move” that “exposed Italy to Beijing politically” and as an “ugly page” of Italian foreign policy.

MERICs analysis: Italy’s new government lays the foundation for a more balanced China policy.
Blogpost by Lucrezia Poggetti.

PROFILE: Li Hongyuan

Failed by the system but support from the public

Li Hongyuan, an average 35-year-old Chinese man, has become a symbol of the unfairness in Chinese society, but also of perseverance in the fight for justice. Court documents posted at the end of November on Chinese social media about Li Hongyuan’s case became overnight one of the most discussed topics in China. Mr. Li is a former employee of the Chinese telecom corporation Huawei. After working for them over 13 years he left the company with a severance package, however he did not receive a bonus that he said he was due. Mr. Li decided to sue Huawei for the unpaid monies, but shortly after was arrested in Shenzhen and jailed for 251 days. The company accused him of extortion, but due to insufficient evidence he was finally released and rewarded compensation of 100,000 CNY (14,206.77 USD) by the government.

Li Hongyuan's case provoked outrage online with many Weibo users supporting his cause. The case stands in stark contrast to the open letter of Meng Wanzhou, daughter of Huawei's founder Ren Zhengfei, which she published on the anniversary of her arrested in Canada on December 1, 2018. She describes how she experienced "fear, pain, disappointment, helplessness, torment and struggle". The response in social media was unsympathetic with users describing her as acting "like a princess".

Mr. Li has now become an icon for the struggle in Chinese society: a middle-class man who has put a lot of effort to attend a good university, cared little about current affairs, worked hard but in the end was persecuted by his employer and failed by the system. The government removed posts and comments about Li's case, leading to even greater anger and prompting users to find creative ways around the censor. "985 996 251 035 404" has become the new "code" phrase in China: 985 refers to graduating from one of the top universities under an education program called 985; 996 refers to working from 9am to 9pm, six days a week; 251 is the number of days Li Hongyuan was detained; 35 is his age and 404 refers to the error message as articles and comments are deleted by the government.

People in China are now talking about boycotting Huawei products, just as the company is having trouble with the 5G debate in Europe and is dealing with allegations of its involvement in the Xinjiang region. With pressure from abroad, Huawei is relying on support at home in China, both from the state and the general population. The company, which had become a symbol of national pride, with 42 percent of the largest smartphone market in the world, is not used to experiencing a backlash from Chinese society.

Editorial responsibility: Kerstin Lohse-Friedrich, Director of Communications, MERICS

© Mercator Institute for China Studies (MERICS)

This newsletter is based solely on freely available media reports. It does not necessarily endorse the opinions expressed in these reports and cannot guarantee that their sources and materials are (legally) valid. Any use of link citations assumes that these links were created in accordance with existing laws and regulations.