



Issue 12/2019 (August 15 to 29, 2019)

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## METRIX

35

China's satellite-based navigation system **Beidou is now supported by more satellites** than the US's Global Positioning System (GPS). Beidou has had 35 satellites in operation since June, compared to GPS's 31. The European Union's Galileo positioning system currently operates on 24 satellites.

## TOPIC OF THE WEEK: HONG KONG

### Hong Kong protests - no solution in sight

Twelve weeks after the protests began, Hong Kong is mired in serious political crisis. Neither the government nor the protestors have shown any willingness to compromise. Even a three-hour, closed-door meeting between Carrie Lam, head of Hong Kong's government, and a group of young people produced no results. According to media reports, the meeting was convened on August 26 by Beijing's liaison office in the city, a few days after **Lam had announced the initiative**. No details have been released – and it isn't clear who represented the protestors. Unlike the Umbrella Revolution of 2014, the protests have no formal leadership - and no obvious counterparts for Lam or Beijing to deal with.

The Hong Kong government continues to send mixed signals. On the one hand, Lam announced that the Independent Police Complaints Council (IPCC) would invite foreign experts to help investigate violent incidents reported in recent months. On the other hand, she once again categorically rejected the **five demands of the protest movement** - including an independent committee of inquiry to investigate violent police operations and the release of demonstrators arrested during the protests.

In an opinion piece on August 25, the Chinese news agency Xinhua stuck to the official line of recent weeks by likening the protests to the Color Revolutions seen in many countries of the former Soviet Union. The Chinese government also **tried to discredit the protestors** with a targeted disinformation campaign on social media. Fake accounts were employed to express their anger about the demonstrations and reveal the "truth" about them on social networks. Meanwhile, China's party-state media made a point of showing footage of violent incidents involving Hong Kong protestors.

But China's leadership has so far failed to take control of the situation. Banning demonstrations, **pushing Hong Kong companies** to keep their employees away from protests, trying to split and discredit the protest movement – none of these Chinese ploys have had any noticeable effect. On the contrary, on August 18 some 1.7 million people – almost one quarter of Hong Kong's population – peacefully took to the streets, organizers said. More protests have been scheduled for this weekend.

Beijing's reticence suggests it does not favor violent intervention by the People's Liberation Army (PLA) or People's Armed Police (PAP). But observers are wondering to what extent major official events will raise the pressure on the Chinese leadership to restore order in Hong Kong at all costs.

The Hong Kong government will host 5,000 international participants in around 100 delegations for a **high-ranking Belt and Road summit** on September 11-12. On October 1, China's leadership will celebrate the 70th anniversary of the founding of the People's Republic. It currently seems doubtful that Hong Kong's government and the protest movement can resolve their differences by that date – by peaceful or other means. Lam at the beginning of the week **ruled out emergency legislation** in Hong Kong that would be necessary to put the direct intervention of PLA or PAP on a sound legal footing.

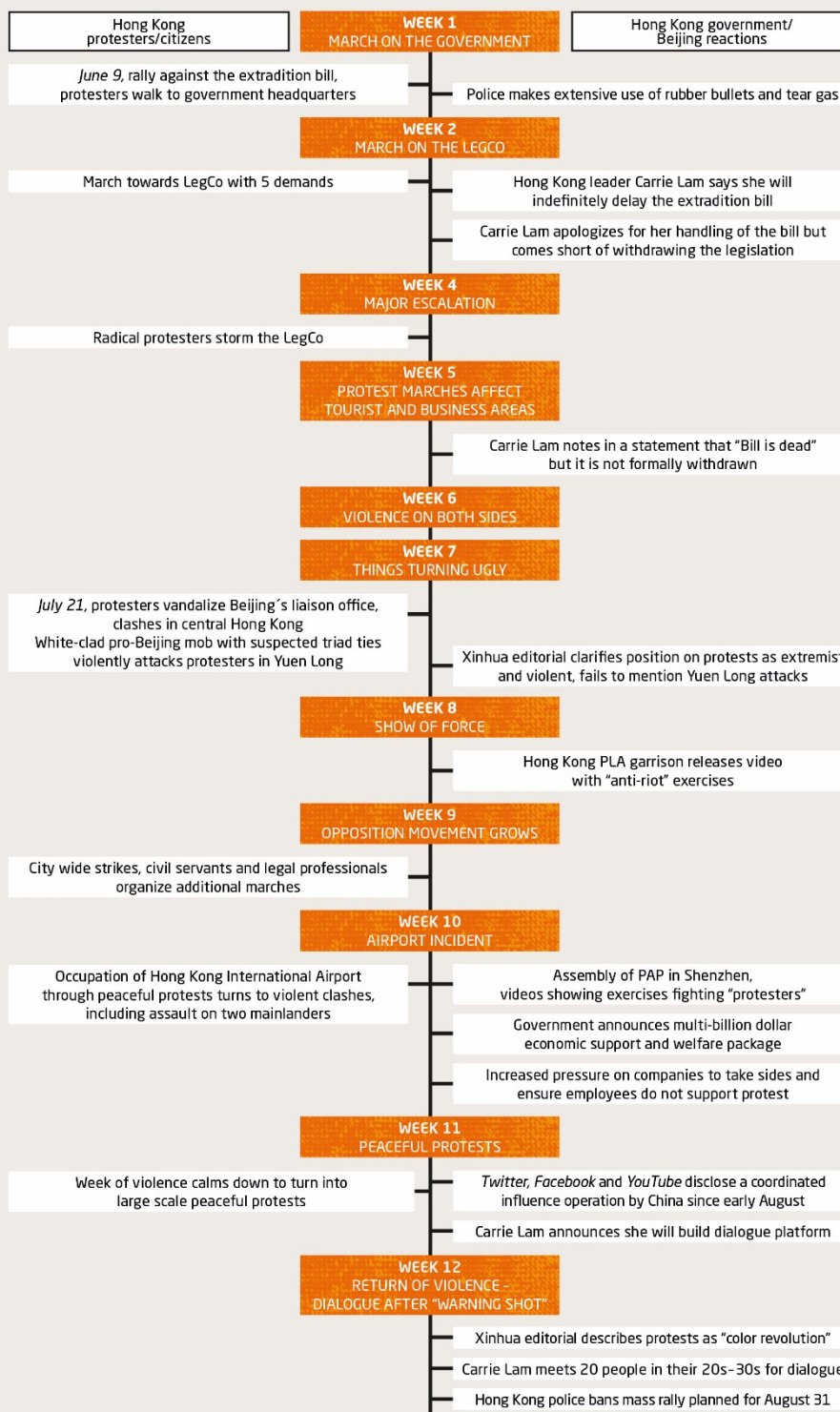
### Frank Pieke, Director of MERICS:

"The only common ground that the protestors and Beijing leadership can possibly hope to find is a complete and lasting restoration of the principle of 'One Country, Two Systems' in Hong Kong. But neither side seems interested in finding a way out of the deadlock at present – even though ongoing confrontation will only further complicate contacts and negotiations. This is a classic zero-sum game

between two sides that fundamentally distrust each other. Protestors in Hong Kong and China's leaders in Beijing view any compromise as a slippery slope to outright defeat."

### Standoff despite 12 weeks of protest marches

Key events and reactions of protesters, Hong Kong government, and Beijing



## CHINA AND THE WORLD

### China and Russia criticize Washington after US missile test

China and Russia traded accusations with the United States at a UN Security Council meeting convened on August 22, four days after a the United States tested a medium-range cruise missile. In the meeting, requested by China and Russia, the US representative rejected allegations that Washington was seeking absolute military superiority and accused Russia and China of continuing an “unabated and unabashed” arms build-up.

The tested missiles were banned under the Cold War-era Intermediate-Range Nuclear Forces (INF) Treaty. The United States withdrew from the treaty in early August, with Washington and Moscow blaming each other for the move.

US Defense Secretary Mark Esper subsequently suggested the deployment of missiles in Asia “sooner than later,” a move that would surely antagonize China. China itself was never part of the INF treaty and rejected calls by the United States for a trilateral agreement, claiming it would use its weapons only defensively. But US officials reckon that China already possesses 2,000 ballistic and cruise missiles that would have been prohibited under the INF treaty.

### Qatar changes stance on Muslims in Xinjiang

Qatar has withdrawn its support for China’s treatment of Muslims in the autonomous region of Xinjiang. Qatar’s representative to the UN in Geneva said the country wished “to maintain a neutral stance and [...] offer [its] mediation and facilitation services,” Bloomberg reported.

On July 10, a joint letter signed by 22 liberal democracies was submitted to the UN Human Rights Council condemning China’s treatment of Muslims in Xinjiang and urging Beijing to end its arbitrary mass detentions and related violations in the region. In response, on July 12, 37 nations – including Qatar and a string of other Muslim majority countries – signed a letter, praising China’s “remarkable achievements in the field of human rights.”

Qatar’s “neutral stance” is far from being a strong condemnation of China’s human rights violations in Xinjiang. Nevertheless, the country’s move sends a positive signal to Muslim minorities across the globe and liberal democracies critical of China’s abuses. Most Muslim majority nations have remained silent about the issue or even supported Beijing’s policies in Xinjiang.

China has, over time, become more prominent within UN agencies, especially in the Human Rights Council. Beijing aims to shift the body’s focus from individual rights and freedoms, and protection from the state to human rights as a state-led “right to development.”

### News in brief

- Belt and Road: Cargo to Europe under scrutiny - operator admits to moving empty containers

- South China Sea tensions: [Chinese ship edges closer](#) to Vietnamese coastline
- Chinese language programs: [Australian state ends classes over fears of Beijing's interference](#)

## POLITICS, SOCIETY AND MEDIA

### Chinese want campaign against sexual harassment in the workplace

The Chinese public has called for sexual harassment to be addressed by law, [according to Zang Tiewei](#), a spokesman for the National People's Congress (NPC). Zang said the NPC had received over 30,000 public comments on the issue – much more than about any other topic – and that they showed workplace harassment by superiors to be a major problem.

The statement came as the NPC reviewed public comments of draft emendations concerning personal rights to the Civil Code - sexual harassment and property rights were the two main issues mentioned. According to Zang, workplace harassment is often committed by people in high positions abusing their authority — and cases are not limited to the office.

While many public figures all over the world have in recent years been shamed because of their inappropriate sexual behavior, [the subject reached China belatedly](#). But the #MeToo banner has now carved a niche for itself in China ([#米兔](#), or #RiceBunny, *mǐ tù*) and revealed many appalling harassment cases, particularly concerning [Chinese academia](#).

The extent of sexual harassment has been increasingly hard to gauge as censorship increased after party members came under fire - how many government officials have been implicated, for example, is unknown. But the NPC's actions can be read as an admission that harassment needs to be tackled – and that public debate can impact party policy.

### Chinese double standards on freedom of expression

China has rejected accusations that authorities manipulated Western social media, suggesting posts were the spontaneous expression of the Chinese public. “The will of 1.4 billion people cannot be blocked or controlled, and of course cannot be shut out,” foreign ministry spokesman Geng Shuang said.

[In August](#), Twitter removed 936 accounts and suspended 200,000 more, saying they were behind a “significant state-backed information operation”; Facebook shut a dozen accounts with thousands of followers; and [YouTube disabled](#) 210 channels it claimed were coordinating influence operations.

The People's Daily newspaper lamented “abuse of media freedom” by Twitter and Facebook. None of the social media platforms in question are accessible to internet users in China without using a VPN – and none of the subjects discussed by the accounts in question are open for discussion on Chinese (social) media.

The official comments championing freedom of expression and open media outside the country's borders stand in stark contrast with the heavy censorship and control of information domestically. Following the incidents, **Twitter also announced** that it would stop accepting advertising for global distribution from any state-run media, including Chinese state media.

#### News in brief

- Socialism with Chinese characteristics: **Shenzhen declared a pilot zone**
- Detained Uighurs: **Families use Tiktok video-app to raise awareness**

## ECONOMY, FINANCE AND TECHNOLOGY

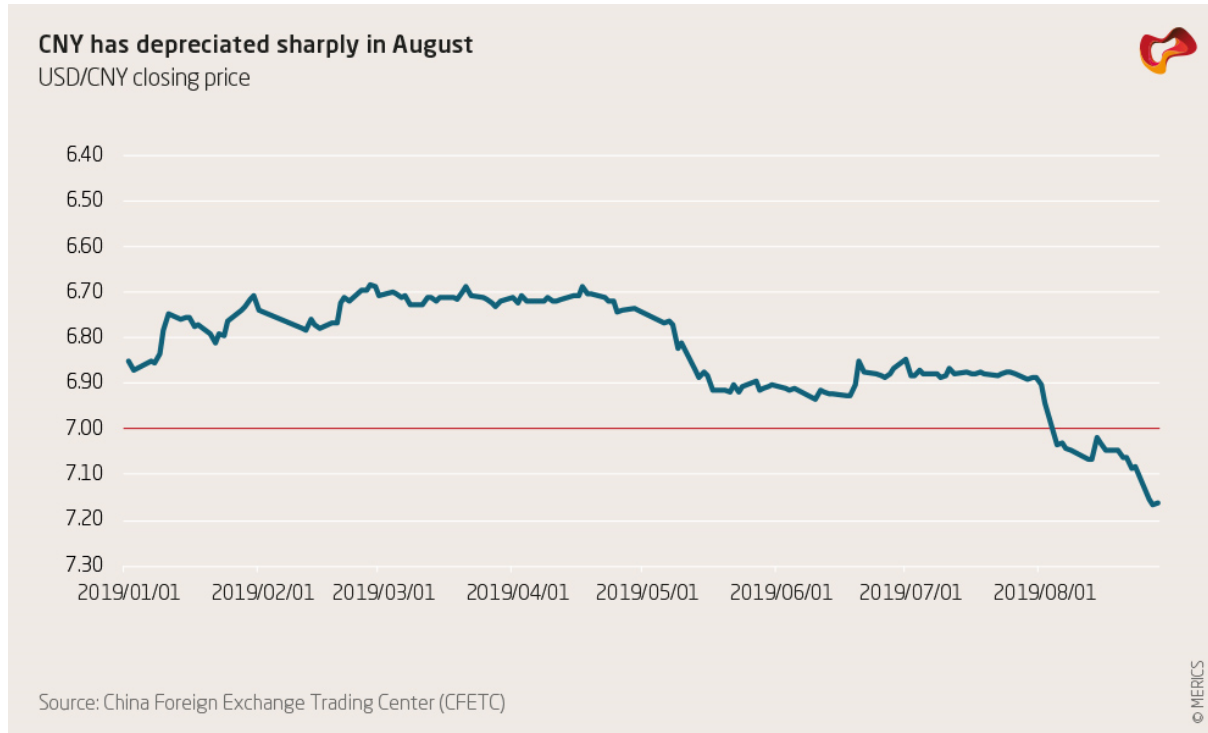
### US-China trade war escalates further

US President Donald Trump **designated China a currency manipulator** early August after its central bank, the People's Bank of China (PBoC), allowed the Yuan loose value and cross the line of 7 CNY per 1 USD. Two days later, China announced retaliatory tariffs on imports from the US worth 75 billion USD.

Trump's problem is that higher US tariffs on Chinese goods have not achieved his goal of reducing the US's trade deficit with China. That is because China's currency has fallen by roughly the same amount that tariffs have added to the price of goods. **US consumer prices have risen since tariffs were raised, but are still below the inflation target** of two per cent.

Trump responded to China's tariff moves of August 23 by announcing a further round of tariff hikes. He said the **US would raise tariffs from 25 to 30 percent** on 250 billion USD worth of Chinese goods, and from 10 to 15 percent on a further 300 billion USD worth of goods. Following the escalation, US and Chinese officials variously spoke out for and against ratcheting up the pressure further.

While US farmers suffered losses through tariffs, they appear to hit China harder – if not in trade. A depreciating currency will diminish the country's external buying power - hurting the Belt and Road Initiative and companies with debt in dollars – and could trigger capital flight. The yuan has continued to depreciate against the dollar, now trading at 7.16 CNY per USD.



### Is investment screening on the rise in China?

China's economic-management agency National Development and Reform Commission (NDRC) appears to have launched a new form of investment screening after **putting a partly foreign-owned super-market chain under foreign investment security review**. The company had earlier announced its intention to take a major stake in a Chinese commodities retailer.

China's Yonghui Superstores, in which British conglomerate Jardine Matheson holds a 20 percent stake, received the request from the NDRC after announcing in March its intention to raise its stake in Wuhan Zhongbai Group, a Chinese company engaging in commodities retailing, from 29.86 percent to a maximum 40 percent, according to a **statement released by SSE**.

China has had a framework for screening foreign investments since 2011, but according to analysis company Trivium, this is the first time a national security review has been required for this type of investment. Should the NDRC make use of its powers more regularly, uncertainty for foreign companies looking to invest in China could rise appreciably.

In a **statement released on August 27**, Yonghui said the investment screening review still needed be approved and that its tender-offer report had to be delayed. The NDRC had stepped in even though the company had said in its statement announcing its intention to raise its stake in Zhongbai that the goal of the tender offer was not to seek control.



## News in brief

- US tariffs: US Chamber of Commerce [asks Trump to reverse increases](#)
- Telecoms maker under pressure: [Huawei slashes revenue forecast](#)
- Central bank: [PBOC to issue RMB bills in Hong Kong](#)
- Off-shoring: Samsung is [moving smartphone production out of China](#)

## PROFILE: ZHAO LIJIAN

### A conspicuously undiplomatic diplomat moves onwards and upwards

Zhao Lijian has become famous for his undiplomatic outbursts on Twitter, Trump-like tweets in which the diplomat vociferously attacked China's critics. Zhao's social-media career coincided with a second official posting to Pakistan – for the past four years he was deputy envoy of the Chinese embassy in Islamabad (he had already enjoyed one tour of duty in Pakistan's capital between 2009 and 2013).

Zhao was one of the first Chinese diplomats to open an official Twitter account. He tweeted about 51,000 times during his second stint in Pakistan, at the end of which he had a good 200,000 followers that he kept entertained. When the BBC devoted an entire documentary to the limits of religious freedom in Xinjiang, Zhao attacked the broadcaster sharply: "Don't [poke] your nose everywhere. Xinjiang is none of your business. Take care of your Brexit first!" He described British calls for Chinese restraint in Hong Kong "shameless", arguing that many Britons were descended from war criminals.

In July, he used Twitter to condemn US criticism of China's policy in Xinjiang. He argued that ingrained racism in the US undermined Washington's right to criticize Beijing, claiming that white residents in the US capital never ventured into the southwest of the city because it was a black and Latino area. If a black family moved into a white neighborhood, residents would move away and real estate prices fall.

Susan Rice, who had been President Barack Obama's National Security Adviser, quickly [shot back on Twitter](#). She publicly called on China's ambassador in Washington, Cui Tiankai, to "send [Zhao] home" and defiantly decried the Chinese diplomat in Pakistan "a racist disgrace."

But Beijing appeared to have a different perspective. The view in China's capital was that Zhao had done well in Pakistan, a country increasingly important for China, particularly for its Belt and Road Initiative. Shortly after Rice's tweet, Beijing [promoted Zhao to Deputy Director General](#) of the Chinese Foreign Ministry's Information Department. He now works for new Director General Hua Chunying, who is, among other things, in charge of press conferences for domestic and foreign media.

As Zhao prepared to leave Pakistan, the [country's media heaped praise](#) on the diplomat: An extremely active advocate for China, he would have been part of an embassy "dream team." In his last tweet from Islamabad on August 9, Zhao wrote, "I am leaving Pakistan with a heavy heart, because Pakistan has stolen my heart and, I have to leave now." Perhaps he will tweet again in his new role.

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

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