

# **News Reference Material on the "2020 Second Quarter Report on the Situation in Mainland China" by the Mainland Affairs Council**

Date: August 17, 2020

The Mainland Affairs Council (MAC) issued a written report on the situation in mainland China in the second quarter of 2020. The key points of the report are summarized as follows:

## **(1) Internal Situation**

In the political sphere, the Chinese Communist Party (CCP) convened the 13th National People's Congress (NPC) and third session of the Chinese People's Political Consultative Conference (CPPCC). These events emphasized Xi Jinping's core leading status, the party's leadership, and the work on building a moderately prosperous society in all respects. At the July 1<sup>st</sup> event commemorating the CCP's 99th anniversary, the CCP highlighted party-building and political indoctrination. Xi Jinping and other high-ranking officials made investigatory visits to various places to inspect the critical battle of poverty alleviation, ethnic work, and epidemic and flood prevention and control. Other tasks included reorganization of the political and legal systems, establishment of the Building Ping'an (peaceful and safe)-China Coordination Small-Group, prevention of sabotage activity to national political security, and a sweeping reshuffle of provincial and ministerial-level personnel.

In the economic sphere, mainland China's GDP shrank by 1.6% in the first half of the year, while it grew by 3.2% in the second quarter. The government did not set annual economic growth targets in its work report this year. Rather, the report prioritized "stabilizing employment and protecting the living standards of

the public." Mainland China also faced the threats of a resurgent COVID-19 pandemic, serious flooding, food supply crisis, falling internal and external demand, and an escalation of US-China economic and trade conflict. Amidst these trends, deflation has persisted and economic uncertainty remains high. Most institutions have a negative outlook of the mainland Chinese economy, with the OECD even predicting an all-year contraction.

In the social sphere, the CCP has used the pandemic to tighten control over ethnic minorities in areas such as Xinjiang and Tibet. It is also imposing the national assimilation policy. While the pandemic is generally under control and the economic and social impact is abating, the risk of regional outbreaks remains. Flooding, locust and bubonic plagues, and other threats could form compound disasters that threaten social security and exacerbate the food crisis. Li Keqiang noted that 600 million people in the mainland China have a monthly income of just RMB1,000, underscoring the wealth inequality of the society and the predicament of people's living condition.

## **(2) Foreign Relations**

Xi Jinping expressed support for the World Health Organization (WHO) and adherence to multilateralism in front of many countries as he participated in the World Health Assembly (WHA) video conference and presided over the China-Africa Summit on Solidarity Against COVID-19. During these events, Xi emphasized China's cooperation on disease prevention, the nation's opposition to stigmatization, and its resumption of "Belt and Road Initiative" cooperation projects. The US and China remain at odds over human rights and the South China Sea issue, with the CCP criticizing the US for sowing dissent. Yang Jiechi met with Mike Pompeo in Hawaii, where he reiterated mainland China's established position on Taiwan, Hong Kong, and Xinjiang. With respect to the serious conflicts between Chinese and Indian troops, the CCP stressed its determination to maintain sovereignty, and efforts to de-escalate the China-India

border situation. In April, the mainland Chinese authorities released the standard names of some islands, reefs, and undersea geographic entities in the South China Sea, prompting the US to issue the “U.S. Position on Maritime Claims in the South China Sea” and assert that most of the CCP's claims to offshore resources in the South China Sea are completely unlawful. The CCP's Ministry of Foreign Affairs stated that China has a historical and legal basis to claim sovereignty over the South China Sea.

### **(3) Military Developments and Regional Security**

In 2020, the CCP increased defense spending by 6.6%. It also amended the Law of the PRC on the People's Armed Police Force and adjusted the reserve force leadership system, centralizing the command of both forces under the Central Military Commission. The CCP may develop low-level nuclear tests and nuclear-powered aircraft carriers. The People's Liberation Army (PLA) conducted a live-fire training drill in Bohai Bay for as long as two months. Since June, PLA fighter jets have frequently entered the airspace southwest of Taiwan. The PLA has also deployed fighter jets in the South China Sea and stepped up military exercises and live-fire drills in various war theaters.

### **(4) Situation in Hong Kong and Macao**

The CCP passed the Hong Kong National Security Law, set up the Committee for Safeguarding National Security, and established the Office for Safeguarding National Security of the Central People's Government in the Hong Kong Special Administrative Region. US President Donald Trump signed the Hong Kong Autonomy Act and announced an executive order revoking the preferential treatment for Hong Kong. Countries including the UK, Germany, Japan, Canada, Australia, and New Zealand have also condemned China and announced the suspension of extradition treaties with Hong Kong. The people of

Hong Kong worry about violations of their civil rights and freedoms. Hong Kong and Macao were banned from holding activities commemorating the 1989 Tiananmen Square protests. Many Hong Kong officials were removed as Hong Kong's High Court ruled the Hong Kong government's use of the Emergency Law constitutional. Due to the pandemic, Hong Kong's economy shrank by 8.9% in the first quarter of this year. The Hong Kong Press Freedom Index rankings and Hong Kong's global competitiveness both declined. Macao Chief Executive Ho Iat Seng accentuated the government's response to the pandemic and efforts to maintain national security in a policy address. Macao's economy contracted by nearly 50% in the first quarter. Amendments to the Agreement on Trade in Services of the Mainland and Hong Kong Closer Economic Partnership Agreement came into force on June 1. Hong Kong government officials visited Macao for exchanges on maintaining national security.

## **(5) Taiwan Work**

At the NPC and CPPCC sessions, the CCP reiterated that the policy toward Taiwan remains unchanged and will resolutely oppose and contain "Taiwan independence" separatist activities. The CCP held a forum for the 15th anniversary of the Anti-Separation Law, where it emphasized that mainland China would not renounce the use of force against Taiwan. It also criticized "Taiwan independence" organizations for pushing for a referendum on drafting a new constitution on top of obstructing mainland Chinese students and the children of Mainland spouses from returning to Taiwan. It claimed that Hong Kong's National Security Law has terminated the Democratic Progressive Party (DPP) authorities' meddling in Hong Kong affairs. Liu Jieyi reiterated the "Xi's five points," the "one China" principle, and the "1992 Consensus" at events such as the Zhongshan Forum. The Taiwan Affairs Office (TAO) and PRC National Development and Reform Commission issued "11 measures" for Taiwan. During the Shanghai-Taipei City Forum held online, Shanghai Mayor Gong Zheng emphasized "two sides of the Taiwan Strait belong to one family." The TAO

stressed that cities on both sides should promote exchanges and cooperation along the right track. Moreover, the CCP protested against US high-level officials' congratulation on President Tsai's re-election win, the arms sales to Taiwan, and the visit to Taiwan by the Secretary of Health and Human Services. It criticized Taiwan for relying on foreign forces, and firmly opposed official interactions between the US and Taiwan. Regarding Taiwan's participation in the WHO, the CCP rebuked Taiwan for "using the pandemic to seek independence" and politicizing health issues. It blamed the DPP for not recognizing the "1992 Consensus." The PLA Eastern Theater forces recently organized several constructive, realistic drills at the north and south end of the Taiwan Strait. The exercises were apparently in response to the "negative moves" \* by some major powers on Taiwan-related issues that sent the wrong signals to "Taiwan independence" activists. The CCP has recently continued to step up targeted training, drills, and propaganda around the Taiwan Strait. Follow-up developments will be worth noting.

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\* Refers to US Health and Human Services Secretary Alex Azar's visit to Taiwan, the highest-level official contact since 1979.