

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

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

(1) Internal Situation

In the political sphere, the leader of the Chinese Communist Party (CCP) Xi Jinping strengthened deployment of COVID-19 prevention measures and vowed to achieve victory in the battle to defend Hubei Province and its capital city Wuhan. Xi also attended the national day of mourning. Meanwhile, Xi promoted resuming work and production. Xi and members of the Standing Committee of the National People's Congress (NPC) made inspection tours around the country to ensure the achievement of "stability on six fronts" and "security in six areas" and the goal of emphasis on fighting the critical battle of poverty alleviation. The CCP reorganized the political and legal systems and local personnel. It pledged to enforce rigorous self-discipline of the Party and release the officials from the fetters of formalities. The NPC and the Chinese People's Political Consultative Conference (CPPCC) convened on May 21 and 22.

In the economic sphere, China's gross domestic product (GDP) shrank by 6.8% in the first quarter of 2020, marking the first contraction since 1992. The US and China signed the "Phase One" trade agreement on January 15, though its follow-up implementation and negotiations are left uncertain due to the COVID-

19 outbreak. The global reach of the pandemic has affected the supply and demand of the economy worldwide. The CCP strengthened policies of “sustaining economic growth” involving measures such as resuming work and production on top of expanding domestic demand; however, most institutions have forecast low economic growth for mainland China.

In the social sphere, CCP officials continued to tighten control over public opinion, apply emerging surveillance technology, and tighten its grip on ethnic minorities. The pandemic threatened the living conditions of low- and middle-income groups, young adults, and small and privately-owned businesses as the effectiveness of bailout and relief remained to be seen. Apart from the risk of a resurgent COVID-19, mainland China continued to face issues such as food shortages, health risks, and environmental pollution.

(2) Situation in Hong Kong and Macao

The CCP reshuffled personnel in the Hong Kong and Macao administration, with Luo Huining heading the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (the “Liaison Office”) and Xia Baolong appointed as director of the Hong Kong and Macao Affairs Office of the State Council (HKMAO). The director of Liaison Offices in both Hong Kong and Macao was concurrently appointed as the deputy director of the State Council's offices in the two regions. Hong Kong government was gearing up for the Legislative Council election, and was criticized for mulling priority voting for certain groups of voters and amending the definition of eligible candidates. Opposition to the “extradition (to China) bill” did not abate during the pandemic. Public support for “one country, two systems” fell to a record low; however, around 70% of the people in Hong Kong still supported the continuance of “two systems” after the year of 2047. Jimmy Lai and other public figures were arrested. Hong Kong saw a retirement wave of Administrative Officers and police officers. Hong Kong's economy shrunk by 1.2% in 2019, the first contraction

since 2009. The city's budget this year was largely allocated to relief programs, which resulted in a record-high budget deficit. Macao's economic growth rate fell by 4.7% in 2019. The year of 2020 may continue to see negative growth as the COVID-19 pandemic devastated the gambling industry.

(3) Military Development and Regional Security

Xi Jinping issued the mobilization order for the training of the armed forces and issued the trial regulation on military supervision work early this year. The Central Military Commission amended the outline for strengthening military construction at the primary level to further the progress of military reform. Xi deployed all sectors of the military for pandemic prevention and control work. Related efforts include the Academy of Military Medical Sciences stepping up vaccine development and the People's Liberation Army (PLA) tasked with managing Huoshenshan Hospital, which allowed the authorities to examine the post-reform capabilities of PLA's national defense mobilization system. The pandemic affected the implementation of the PLA's new, twice-a-year conscription recruitment process. The defense industry remained strong in its supply and demand. Mainland China promoted military health diplomacy. The PLA increased the frequency and intensity of air and sea trainings and drills to keep the US military in check and curtail Taiwan's depth of defense.

(4) Foreign Relations

Xi Jinping had planned on visiting Japan and South Korea in April, which was postponed due to the pandemic. Amidst the pandemic, the CCP expressed its willingness to multiple countries about providing medical support and engaging in economic and trade cooperation. Xi participated in the Extraordinary G20 Summit on COVID-19, a video conference with Pacific island countries, and the virtually-held G7 Foreign Ministers Meeting, during which participants

discussed cooperation on fighting the pandemic. The US and China clashed in pandemic-related diplomatic arena. The CCP launched a global propaganda campaign to whitewash the origin of the virus. The US and China both restricted reporters from the other side. The US judicial system voiced concern over the CCP's "Thousand Talents Plan." The CCP continued to promote its "Belt and Road Initiative" and accelerate the Mekong-Lancang Cooperation.

(5) Taiwan Work

The CCP continued to carry out its carrot-and-stick strategy. During the pandemic, it claimed to have promptly updated Taiwan with latest information. It also accused Taiwan of political manipulation and negligence of the right of Taiwan compatriots returning home and mainland Chinese students going to Taiwan. The CCP continued to militarily intimidate Taiwan and claimed it was capable of thwarting secessionist activities. It berated the use of the Republic of China (Taiwan) as seeking Taiwan independence progressively. Taiwan Affairs Office (TAO) and regional TAOs made propaganda about work on assisting Taiwanese companies to resume work and production in an orderly fashion. In addition, mainland China protested pro-Taiwan bills passed by the US and criticized Taiwan for "using the pandemic to seek independence." It also opposed the disease control cooperation between the US, the Czech Republic, and Taiwan. It voiced disapproval for Taiwan's participation in the World Health Assembly (WHA) by reiterating the "one China" principle.