

News Reference Material on the "2020 Third 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 in mainland China in the third 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 fifth plenary session of the 19th CCP Central Committee. The committee proposed a medium- to long-term vision for developing a modern socialist country. It affirmed Xi Jinping's core leading status and the party's leadership. It also elaborated a "dual circulation" economic strategy. At commemorations for the 75th anniversary of the victory of the War of Resistance against Japanese Aggression and 70th anniversary of the War to Resist US Aggression and Aid Korea, the CCP reiterated the unstoppable advance of the people of China and the Chinese nation, stressing that powerful enemies shall be overcome. Xi Jinping and other high-ranking officials made inspection tours in various parts of China, focusing on the critical battle of poverty alleviation, commanding key technologies, and ensuring food security. Political and legal systems were reorganized, many officials fired, and personnel reshuffle made at the provincial and ministerial level.

In the economic sphere, mainland China's economy grew by 0.7% in the first three quarters. The GDP of the third quarter was 4.9%. The Manufacturing Purchasing Managers' Index (PMI) for September was 51.5%, indicating a gradual stabilization of industrial production. However, the Producer Price Index (PPI) was -2.1%, showing a continuously deflationary economy and a lower aggregate demand, to which various ministries and commissions responded by

proactively deploying a "dual circulation" economic strategy. Most institutions raised their forecast for China's economic growth in 2020 to anywhere between 1.5% and 2.7%, but a 3% growth may still be unattainable.

In the social sphere, officials strictly controlled discussion and reports on flooding and food security. Local officials "prefer left over right," stepping up oppression against religious activity by forcibly demolishing temples, churches, and mosques. The CCP convened the Tibet and Xinjiang Work Forum to promote the Sinicization of religion and maintenance of national unity. The CCP's coercive imposition of Chinese language instruction in Inner Mongolia sparked mass protests.

(2) Foreign Relations

Xi Jinping participated in a video summit with leaders of the European Union (EU) and Germany and signed the EU-China Geographical Indications agreement. Xi spoke with Russian President Vladimir Putin over the phone, stressing the defense of their respective national sovereignty and multilateralism. Xi also advanced "cloud diplomacy" and "anti-virus diplomacy" with numerous heads of state by emphasizing friendly cooperation and promoting the "Belt and Road Initiative" development plans to link with other countries. Xi criticized US unilateralism at the United Nations (UN) General Assembly. The US sanctioned the CCP on issues related to technology, internet security, Xinjiang, and the South China Sea, to which the CCP rolled out countermeasures. Li Keqiang attended the 15th East Asia Summit on November 14. The Regional Comprehensive Economic Partnership (RCEP) was signed on November 15, during which time the Joint Leaders' Statement on the RCEP was issued. The China-India border conflict flared up again in September. The two sides have agreed on a temporary disengagement of troops and a truce at the moment.

(3) Military Developments and Regional Security

The US Department of Defense released “Military and Security Developments Involving the People's Republic of China (PRC) 2020,” a report on PRC’s military power. The report noted that the People's Liberation Army (PLA) is leading the US in three areas, namely the size of its navy, land-based conventional missiles, and air defense systems. The PLA Rocket Force has seen marked increase in its medium- and long-range ballistic missile inventory for three consecutive years, and is expected to at least double its arsenal of nuclear warheads in the next 10 years. However, the progress of military reform has fallen short of expectations. The CCP promulgated the Regulations on CCP Party Building in the Armed Forces to strengthen party command over the military. The PLA’s first Type 075 amphibious assault ship completed its phase-one sea trial and has a strong foothold in the first island chain. The CCP officially launched the BeiDou-3 global navigation satellite system, advancing the PLA's precision-strike capabilities. Additionally, the CCP issued “China’s Armed Forces: 30 Years of UN Peacekeeping Operations,” a white paper highlighting the PLA forces’ achievement in UN peacekeeping operations over the past 30 years and China's ability to participate in global governance.

(4) Situation in Hong Kong and Macao

The CCP’s Standing Committee of the National People's Congress (NPC) approved a decision on eligibility to serve as a member of Hong Kong's Legislative Council, which allowed the Hong Kong government to declare the disqualification of four pan-democratic legislators (Alvin Yeung, Dennis Kwok, Kwok Ka-ki, and Kenneth Leung) and led to Hong Kong pan-democratic legislators resigning en masse in protest. The Hong Kong government strongly enforced the Hong Kong National Security Law and wantonly arrested and issued arrest warrants for pan-democrats. The CCP arrested 12 Hong Kong residents attempting illegal immigration. Civil servants are required to swear

allegiance before starting their service, sparking public criticism over restrictions on freedom of speech. Tensions in Hong Kong society remain high. The seventh Legislative Council election was delayed by one year and the terms of current members were extended to fill the gap period. The Hong Kong and Macao Affairs Office of the State Council (HKMAO) and Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (the "Liaison Office") set the tone that Hong Kong's political system is "executive-led" and not characterized by the separation of three powers. This led to widespread concern over the weakening of Hong Kong's judicial and legislative power. The US passed the Hong Kong Autonomy Act and imposed sanctions on Chinese and Hong Kong officials. Several countries relaxed residency requirements for Hong Kong citizens. Hong Kong's economy contracted by 9% in the second quarter due to the COVID-19 pandemic, a record single-quarter decline. Macao's GDP plunged by 67.8% in the second quarter.

(5) Taiwan Work

The CCP leadership reiterated the "Xi's five points," the "one China" principle, the "1992 Consensus," and opposition to "Taiwan independence" at occasions such as the Straits Forum and 75th anniversary of Taiwan's retrocession. The fifth plenary session of the 19th CCP Central Committee emphasized promotion of the peaceful and integrated development between the two sides of the Taiwan Strait. The 14th five-year plan and long-term goals to 2035 outlined visions such as creating a common cross-Strait market, supporting the participation of Taiwanese businesspeople and enterprises in the Belt and Road construction and strategies for coordinating national and regional development, enhancing exchanges among the general public and young people across the Strait, and winning over Taiwan's business community, youth, and general public. At a symposium held to mark the fifth anniversary of the historic meeting between leaders across the Taiwan Strait, the CCP emphasized that any dialogue and communication bypassing the "1992 Consensus" is entirely

unworkable. Regarding visits to Taiwan by US Secretary of Health and Human Services Alex Azar and US Under Secretary of State Keith Krach, the CCP urged the US to refrain from sending any misleading signals to “Taiwan independence” forces. It also berated Taiwan's "use of the epidemic to seek independence" as a dead end. Moreover, it denounced the US arms sales to Taiwan for violating the "one China” principle and the three China-US Joint Communiqués. The CCP claimed that it would take every necessary measure to defend the integrity of China's sovereignty. Regarding a statement by US Secretary of State Mike Pompeo that Taiwan is not part of China, CCP officials and China's propaganda campaign reiterated that "Taiwan is an inseparable part of China." Recently, mainland Chinese and Hong Kong media outlets and CCP officials have been contemplating the draft of a blacklist of "Taiwan independence" diehards, whom the CCP plans to hold accountable under the Anti-Separation Law, Criminal Law, and National Security Law. The CCP also vows to batter major supporters of “Taiwan independence,” such as its diehards and financial sponsors, in order to intimidate and divide the Taiwanese society.