

MAC 2021 First Quarter Report on the Situation in Mainland China

News Reference Material

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The Mainland Affairs Council (MAC) issued a written report on the situation in mainland China for the first quarter of 2021. The key points of the report are summarized as follows:

(1) Domestic Situation

In the political sphere, the Chinese Communist Party (CCP) convened the 13th National People's Congress (NPC) and the fourth session of the Chinese People's Political Consultative Conference (CPPCC). The NPC approved the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development (hereinafter "14th Five-Year Plan") and the Long-Range Objectives Through the Year 2035 (hereinafter "2035 Long-Range Objectives"), which emphasized economic development, people's livelihood and employment, and technological development. After the Two Sessions, Xi Jinping and other high-ranking officials undertook inspection tours across the country, during which time they highlighted the Party's leadership, ecological protection, food security, etc. Party and government meetings focused on political supervision and the strengthening of local governance.

Moreover, to celebrate the centennial of the CCP's founding, mainland China has launched a campaign on Party-history learning and education among other preparation work for commemorative activities. The CCP has also been

publicizing the success of the CCP leadership for securing a decisive victory in poverty alleviation; for pushing forward rural vitalization and urban-rural integrated development; for ceaselessly building clean government; and for strengthening anti-corruption efforts.

In the economic sphere, the first quarter of 2021 saw mainland China's gross domestic product (GDP) grew 18.3%. Key highlights in this year's government work report include the following: sets the target of economic growth at 6%, with emphasis on fostering a new development pattern and achieving development that is more secure; gives priority to innovation and self-sufficiency in science and technology; employs "dual circulation" economic strategy as the main driving force for future economic growth. In addition, international agencies forecast a sharp rebound for mainland China's economy in the first half of the year from the export boom and with an expected annual GDP growth at 6% to 9.3%.

In the social sphere, the CCP released the Anti-Monopoly Guidelines for the Platform Economy and the Measures for the Administration of Religious Personnel. These regulations highlighted the key traits of Xi Jinping's thought on the rule of law as part of "Socialism with Chinese Characteristics in the New Era," which dictates the maximization on state power and restriction of individual rights.

Moreover, as the CCP continued to push for its Mandarin education policy in Inner Mongolia, the Regulations of the Inner Mongolia Autonomous Region on Promoting Ethnic Unity and Progress was passed in order to strengthen control over ethnic minorities and religions. In addition, the CCP conducted a new wave of propaganda on the international stage, emphasizing the successful performance of its rule over Xinjiang, denied allegations of

forced labor, and boycotted international clothing brands that refuse to use Xinjiang cotton. Tibet implemented the Regulations on Counter-espionage Security Precautions, which might be paving the way for further control over the autonomous region.

(2) Foreign Relations

The CCP has recently strengthened its international liaison and communication to build a favorable global image. Xi Jinping emphasized in multiple virtual forums the importance of multilateralism, jointly building a community with a shared future for humanity, and opposing a "new Cold War" and ideological confrontation. He also said that fighting climate change should not be used as a bargaining chip in geopolitics.

Mainland China and the US remain bitterly divided on a range of issues, but the room for collaboration still exists. The Biden administration has been coordinating with allies to deal with the challenges posed by mainland China and expressing concern over the CCP's assertive actions in the region. In the Interim National Security Strategic Guidance, released by the White House, mainland China was described as competitor. On the other hand, the CCP reaffirmed its commitment to developing a mutually respectful, collaborative, and win-win relationship with the US, as it continues to safeguard its national sovereignty, security, and development interests.

In this quarter of the year, mainland China continues strengthening exchanges and interaction with countries in Europe and Southeast Asia, which are aimed at winning over them through its vaccine diplomacy, deepening the "Belt and Road Initiative," and enhancing economic and trade ties. In addition, in response to sanctions imposed by European and North American countries

over human rights issues in Xinjiang, mainland China rolled out countermeasures in stages, sanctioning relevant individuals and entities in the European Union (EU), United Kingdom, the US, and Canada.

(3) Military Development and Regional Security

Xi Jinping signed the mobilization order for the training of the People's Liberation Army (PLA) at the start of year 2021. The order shed light on the three-step development strategy for defense modernization under Xi's leadership, which encapsulates the importance of intelligentization and maximizing both quality and pace of military modernization. In 2021, mainland China increased its military budget by 6.8%. Furthermore, the CCP implemented the Coast Guard Law that allows the use of force against foreign vessels when necessary, raising concerns of neighboring countries. Over the last five years, air defense systems and fighters jets have accounted for the majority of weapons imported by the Mainland, highlighting the PLA's lack of self-sufficiency in establishing air supremacy. The PLA has also started conducting military exercises in various theaters recently.

(4) Situation in Hong Kong and Macao

The NPC adopted a decision on improving Hong Kong's electoral system. This decision allowed the NPC Standing Committee to amend Annex I and II of the Hong Kong Basic Law. In addition, a candidate qualification review committee of the Hong Kong Special Administrative Region (HKSAR) would be set up where national security agencies command political vetting of

candidates for the Election Committee members, the Chief Executive and the Legislative Council (Legco) members.

The international community condemned these moves and expressed concern over the CCP's suppression of democracy and freedom in Hong Kong. The US State Department continues paring back Hong Kong's special status and imposes sanction on mainland Chinese and Hong Kong officials.

Moreover, since the enactment of the Hong Kong National Security Law, a cumulative of 100 people have been arrested, including 47 pan-democrats who participated in the primary election of the Legislative Council last year. They were indicted on charges of "conspiracy to subvert state power."

Hong Kong's economy contracted by 6.1% in 2020, marking the second consecutive year of decline; while Macao's economy shrank by 56.3% in the same year as the impact of the pandemic remained severe. Under the "14th Five-Year Plan," mainland China reiterated that it would rule Hong Kong and Macao in accordance with the law and promote the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GHMGBA). The Communist Youth League of China stipulated that youth exchanges among mainland China, Hong Kong, and Macao must conform to patriotism.

(5) Taiwan Work

The Two Sessions reiterated adherence to the "one China principle" and the "1992 Consensus" while voiced a firm opposition to "Taiwan independence." The "14th Five-Year Plan" and the "2035 Long-Range Objectives" vowed to deepen integrated development and strengthen people-to-people and cultural exchanges between the two sides across the Taiwan

Strait. During his inspection tour to Fujian, Xi Jinping raised the idea of promoting integration with Taiwan through facilitating exchanges and relaxation of restrictions; through offering benefits and equal treatment as mainland Chinese counterparts; and through nurturing appreciation for the shared culture and history. He called on the two sides across the Taiwan Strait to explore a new path of integration and development.

In addition, the CCP suspended pineapple imports from Taiwan claiming alleged quarantine issues and has not responded to Taiwan's requests for holding talks under the negotiation mechanism established between the two sides on fruit inspection. Further, mainland China's Taiwan Affairs Office (TAO) and other agencies announced the "22 measures on agriculture and forestry," touting equal treatment for Taiwan compatriots and enterprises. Local TAO branches promoted vaccination and exchange activities for Taiwanese people based in mainland China, aiming at attracting Taiwanese businesspeople and youth. Moreover, Fujian unilaterally relaxed quarantine requirements for Taiwan individuals entering the province without prior communication with Taiwan, but it later postponed the implementation of such measure citing the pandemic situation in Taiwan.

On the other hand, the CCP continues to proclaim its "one China principle" in the international arena, block Taiwan-US interaction, and suppress Taiwan's participation in international organizations. During the high-level talk between the US and China, Yang Jiechi, member of the Political Bureau and director of the Office of the Foreign Affairs Commission of the CCP Central Committee, emphasized that the Taiwan issue is a matter of mainland China's sovereignty and territorial integrity, which concerns Beijing's core interests, therefore leaves no room for compromise or concession in any regard.

Recently, the US has passed several pro-Taiwan initiatives. The international community has also expressed concern over the importance of security across the Taiwan Strait and the CCP's coercive actions against Taiwan. A number of nations showed support for Taiwan to participate at the World Health Assembly (WHA). In response to all the goodwill to Taiwan, the CCP stated that it firmly opposes interference in its internal affairs by the US and other foreign forces; and urged other nations to abide by United Nations Resolution 2758 and the resolution adopted by the World Health Organization (WHO). Beijing authorities once again reiterated that Taiwan's participation in international organizations should be in line with the "one China principle."

Additionally, the PLA aircraft carriers *Liaoning* and *Shandong* conducted training in the waters around Taiwan and in the South China Sea respectively. PLA fighter jets continue to make incursions into Taiwan's southwest airspace. The TAO and mainland China's Ministry of National Defense claimed that the PLA was conducting training exercises and drills for the purpose of defending mainland China's national sovereignty and territorial integrity. Looking down the road, Beijing will continue to step up its strategic moves of denigrating, intimidating, and coercing Taiwan politically, militarily, and diplomatically.