

# MAC 2021 Second 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 second quarter of 2021. The key points of the report are summarized as follows:

## **(1) Domestic Situation**

In the political arena, the Chinese Communist Party (CCP) celebrated the centenary of its party founding on July 1, where Xi Jinping presented a speech outlining the "four achievements" and "nine musts" to tout the party's institutional achievements and reinforce the legitimacy of the CCP rule. The CCP also mobilized for party history learning and conducted intensive propaganda campaign. Xi and other high-level officials made inspection tours to various places, focusing on the South-to-North Water Diversion Project, ethnic and religious work, employment, among other issues. The government laid out foundation for epidemic and flood prevention to prevent the former from bringing back poverty and the latter from triggering a severe pandemic. In addition, the CCP pushed through rectification of the political and legal systems and public security teams to strengthen anti-espionage work and education on the rule of law. Personnel reshuffle took place at the provincial and ministerial levels, which saw Secretary of the Shanxi Provincial Party Committee Lou Yangsheng transferred to the post of that of the Henan Provincial Party Committee.

In the economic sphere, mainland China's gross domestic product (GDP) rose 12.7% in the first half of the year. Exports and foreign trade volume

continued to grow; however, inflation led by sustained rises in commodity prices and domestic consumption not recovering to pre-epidemic levels seem to show signs of an economic downturn. The majority of international agencies predicted that mainland China's GDP would expand by 8.3% to 9.4% in 2021. Additionally, in the first five months of this year, the hidden local government debt grew by 4.3% year-over-year, an increase that continues to expand.

In the social arena, the CCP enforced "extraordinary controls" shortly before the party founding celebration. It also implemented the Measures for the Administration of Religious Personnel to strengthen control on religious groups. Non-governmental organizations around the world continued to disclose the CCP's human rights violations in Xinjiang, prompting the US, Europe, and other countries to voice condemnation and impose sanction; in response, the CCP pushed back along with pro-China forces. Furthermore, the CCP released white papers on "Respecting and Protecting the Rights of All Ethnic Groups in Xinjiang" and "Tibet Since 1951: Liberation, Development and Prosperity" to whitewash its governance of Xinjiang and Tibet without loosening controls in reality.

## **(2) Foreign Relations**

Xi Jinping participated in the Global Health Summit and APEC Summit via videoconference and spoke with United Nations Secretary-General António Guterres over a phone call. On all these occasions, Xi emphasized joint efforts to maintain multilateralism, urged international unity against the pandemic, and called for an end to vaccine nationalism. At the CPC and World Political Parties Summit, he criticized the US for its blockade and decoupling, demanding recognition for diverse approaches to democracy. He also opposed interference with other countries' internal affairs on grounds of democracy and human rights. During overseas visits, Foreign Minister Wang Yi voiced opposition to the politicization of the search for the origin of the COVID-19 virus, unilateral sanctions and bullying, and technological blockades and decoupling. He also

reiterated China's positions on Xinjiang, Hong Kong, Taiwan, the South China Sea, and other issues. During high-level diplomatic meetings with the US, China drew three bottom lines and stressed that the Taiwan issue was the most critical among all. The European Parliament responded to the CCP's retaliatory sanctions by freezing the EU-China Comprehensive Agreement on Investment (CAI). Moreover, the G7 and other summits expressed serious concern about the CCP's human rights abuses and economic and trade practices.

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

Xi Jinping conferred military flags to three main battleships of the People's Liberation Army (PLA), promoted four officers to the rank of general, and signed the Law on the Protection of the Status, Rights, and Interests of Military Personnel to garner military support. The PLA continued to develop nuclear weapons, construct a third aircraft carrier, and accelerate deployment of the Chengdu J-20 Aviation Brigade. The scale of PLA harassment against Taiwan grew larger as the PLA expanded the scale of its combat simulation drills. It has also strengthened its operations on tactical airlift in the South China Sea in a bid to break through the containment of the West. The US, Japan, France, and Australia conducted their first joint military exercise to counter the CCP.

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

The Hong Kong Government revised the electoral system, postponed elections, and set up political vetting of candidates in the Legislative Council elections. Meanwhile, the government expanded the scope of personnel legally obliged to take oaths, triggering a wave of resignation by district councilors. Macao's Legislative Council election saw a record number of candidates being disqualified. Appointment of the head of the Hong Kong Security Bureau and Police Force was criticized as "Hong Kong governed by military attachés." The

number of civil servants who resigned from their jobs hit a 14-year high. The Hong Kong government detained senior executives at Apple Daily and froze their assets, forcing the newspaper to suspend publication. It also removed past programs and intervened in personnel affairs at Radio Television Hong Kong, causing a chilling effect. Hong Kong's Press Freedom Index plunged to an eight-year low. Hong Kong's economy resumed growth after six consecutive quarters of contraction. Hong Kong and Macao authorities rejected private-sector applications to hold assemblies commemorating the Tiananmen Incident on the grounds that the applicant, the Hong Kong Alliance in Support of Patriotic Democratic Movements of China, violated the Hong Kong National Security Law. In addition, the Hong Kong government's unreasonable demand that Taiwan personnel stationed in Hong Kong sign a "Letter of Commitment to One China" forced Taiwan to introduce operational adjustments to maintain essential operations. The Hong Kong and Macao representative offices in Taiwan temporarily suspended their operations.

## **(5) Taiwan Work**

In a speech on the centenary of the CCP's party founding, Xi Jinping reiterated the "one China" principle and "1992 Consensus" as mainland China's position on Taiwan. He emphasized that resolving the Taiwan issue and achieving complete unification are the historical missions the CCP vows to accomplish. On the vaccine issue, mainland China promoted vaccine donations to Taiwan and spread propaganda about Taiwanese citizens travelling to mainland China to receive mainland Chinese vaccines. Meanwhile, the CCP criticized Taiwan for politicizing epidemic prevention and using the pandemic to plot independence. After Taiwan Semiconductor Manufacturing Company (TSMC) and Hon Hai successfully secured the BNT vaccines, the CCP emphasized that the accusations that mainland China was blocking Taiwan's procurement are self-defeating and blamed Taiwan for scapegoating mainland China. Furthermore, the Taiwan Affairs Office continued to publicize the implementation of the 22

measures on agriculture and forestry as various provinces issued relevant measures. Fujian Province rolled out more measures to “promote integration.” In addition, the CCP arranged for a number of youth exchange activities in summer and invited Taiwanese political figures to participate or address the events by video. Wang Yang and Liu Jieyi urged Taiwanese youth to contribute to the process of peaceful unification. The Taiwan Affairs Office thanked relevant parties and people from all sectors in Taiwan for their condolences following the flooding in Zhengzhou, Henan Province.

On international support for Taiwan's participation in the World Health Assembly (WHA) and concern over peace and stability in the Taiwan Strait, the CCP emphasized that Taiwan's international participation must be based on the "one China" principle. It criticized pro-Taiwan remarks and actions made during the US-Japan, US-Korea, EU-Japan, European Union, and G7 summits as forming “small cliques” and exercising small clique politics to interfere with its internal affairs. It also accused Taiwan of “plotting independence and making provocation” and "relying on foreign forces." In the military sphere, US warships continued to conduct transit through the Taiwan Strait, leading to the CCP blasting the US for creating risks in the Taiwan Strait and sending wrong signals to Taiwan independence forces. Mainland Chinese warplanes continued to make incursions into Taiwan's southwest airspace; on June 15, the PLA sent a record 28 flights into the air around Taiwan, claiming that the move was necessary to curb Taiwan independence. The CCP's political, military, and diplomatic pressure on Taiwan goes on.