

MAC 2021 Fourth 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 fourth quarter of 2021. The key points of the report are summarized as follows:

(1) Internal Situation

In the political arena, Xi Jinping presided over the Democratic Life Meeting of the Politburo and other annual meetings. He demanded strict discipline in the transition of party officials to ensure maximum stability of the political, economic, and social environment. Xi also urged all party members to continue learning from the spirit of the sixth plenary session of the 19th Central Committee of the Chinese Communist Party (CCP) and uphold the "Two Establishments." The appointment of new party committee members was completed in 14 provinces last year (2021) at the provincial, city, and district level, with remaining appointments slated to be carried out in other provinces between April and June this year. The provincial "two sessions" were already held in 30 provinces by the end of January. Twelve governors have taken office since September last year. In addition, the sixth plenary session of the Central Commission for Discipline Inspection emphasized supervision of the key minority and "top leaders," which has led to punishment for 627,000 party members last year, including 36 provincial and ministerial cadres. The Ministry of Public Security advanced work to eliminate the pernicious influence of the Sun Lijun gang.

In the economic sphere, the Central Economic Work Conference stated that the economy is facing triple pressures, namely "contraction in demand, supply shock, and weaker expectation." It decided that the course of economic work this year is "prioritizing stability and seeking progress amid stability." The National Bureau of Statistics announced that the gross domestic product (GDP) grew by 8.1% last year. All provinces have set GDP growth targets this year for about 5% to 9%. External analysts estimate China's GDP growth this year to be 4.0% to 5.6% after factoring in the COVID-19 pandemic, housing market crunch, strengthened regulatory reform, "carbon peak and neutrality" policy, etc.

In social areas, Xi Jinping reiterated the importance of Sinicization of religions at the National Conference on Work Related to Religious Affairs. Xinjiang remains firm in promoting the "rule of law in Xinjiang" to address international pressure over its human rights issues. Foreign observers pay attention to the impact of the CCP's "common prosperity," "three distributions," and other measures on social equity, business operation, and other areas. In addition, the party maintains a tight grip on online public opinions by shutting down Internet forums and banning discussion of issues such as food waste and religious propagation.

(2) Foreign Relations

US President Joe Biden and Xi Jinping held a video summit on November 16, where they pledged to strengthen cooperation on issues of mutual interest. Xi emphasized that China and the US should coexist peacefully, promote exchanges in all areas, and coordinate and cooperate on key issues. He expressed hope that the US would not start a new Cold War. The US held a Summit for Democracy in December without inviting the CCP, prompting the latter to issue a report entitled "The State of Democracy in the United States" to attack American democracy for its failures and blast the US for the harm of exporting its self-proclaimed democracy globally. In October, Xi Jinping spoke on

the phone with Fumio Kishida, Japanese Prime Minister who recently assumed office, accentuating that China and Japan should abide by all principles established in the four political documents and manage their differences on historical and Taiwan-related issues. Xi also had a video conference with Russian President Vladimir Putin at the end of December, where he emphasized comprehensive cooperation between the two nations.

(3) Military Developments and Regional Security

On January 4, Xi Jinping signed Order No. 1 of the Central Military Commission in 2022 to demand full understanding of the changing national security landscape and military tensions. On January 21, Xi promoted seven generals. The CCP proposed the new "Three-step" development strategy in its "third historical resolution" to strengthen its armed forces' strategic functions in managing crises and deterring wars. The Ministry of National Defense stated in November that the military conducted a "Joint Patrol for Combat Preparedness" in the Taiwan Strait, blaming Taiwan for colluding with foreign forces. From mid to late December, a naval formation led by the Liaoning aircraft carrier made a transit through the Miyako Strait for an exercise in the distant waters of the Pacific Ocean before returning to the East China Sea. Moreover, the Chinese and Russian air forces conducted joint patrols in the Sea of Japan and East China Sea on November 19; China and Vietnam also conducted a "Peace Rescue-2021" joint exercise between December 6 and 12.

(4) Situation in Hong Kong and Macao

Xi Jinping met with the chief executives of Hong Kong and Macao in December. He affirmed Hong Kong's new electoral system for adhering to the principle of "one country, two systems" and commended Macao's revamp of its national security defense mechanism. The two key publications of the sixth

plenary session of the 19th CCP Central Committee, i.e. its communiqué and the "third historical resolution," both underscored the significance of implementing "patriots ruling Hong Kong" and facilitating Hong Kong's transition "from chaos to order." The seventh Hong Kong Legislative Council election was held on December 19, which saw a record low turnout rate for the geographical and functional constituency since Hong Kong's handover. The CCP issued a white paper, "Hong Kong: Democratic Progress Under the Framework of One Country, Two Systems," to defend its reform of Hong Kong's electoral system and lambaste foreign countries for political interference. In October, Hong Kong's district councilors concluded oath-swearing after 61 of them were disqualified. The situation in Hong Kong attracted international attention. The US sanctioned five deputy directors of the Liaison Office of the Central People's Government in Hong Kong S.A.R.; the UK also condemned China for breaching its commitment to Hong Kong.

(5) Taiwan Work

The CCP reiterated the "one China" principle, "1992 Consensus," opposition to "Taiwan independence," and rejection of meddling by external forces in its Sixth Plenary Session and third "historical resolution." In his New Year's message, Xi Jinping claimed that achieving unification is the wish shared by compatriots on both sides of the Taiwan Strait. The Annual Working Conference on Taiwan Affairs concluded that the cross-Strait situation is severe, and there are increasing sources of uncertainty and instability. The CCP further proposed "the party's overall policy for resolving the Taiwan issue in the new era" to summarize Xi's thinking on the Taiwan issue that is going to underpin the 20th National People's Congress (NPC). Moreover, since last year, the CCP has escalated its push for "opposing independence, promoting unification, and facilitating integration" by announcing a list of "Taiwan independence diehards"; many provinces have also acted in concert by imposing fines on the Far Eastern Group and justifying such decisions as "made in accordance with the law."

Moreover, Taiwan Affairs Office Director Liu Jieyi and Deputy Director Liu Junchuan repeatedly drew rosy pictures of a post-unification Taiwan, which apparently would truly enjoy "eternal peace and security" and other so-called benefits. Such rhetoric was part of the CCP's efforts to spread pro-unification propaganda against Taiwan. In addition, the CCP has been fast-tracking unification and integration through large-scale exchange activities. Lastly, the CCP made it clear that it would roll out new strategies for its Taiwan work at the 20th NPC.

When videoconferencing US President Joe Biden, Xi Jinping attributed the escalating cross-Strait hostility to Taiwan's "reliance on the US to seek independence" and US attempt to "use Taiwan to contain China"; he warned of "decisive measures" should the Taiwan independence forces cross the red line. Meanwhile, in the face of Lithuania opening a Taiwanese representative office, the CCP resorted to political and economic coercion on Lithuania and manoeuvred Nicaragua into severing diplomatic ties with Taiwan. On Taiwan-US interaction, China urged the US to abide by the "one China" principle, cease military contact with Taiwan, and stop obstructing unification. Mainland Chinese military aircraft and warships continue to make incursions and conduct provocative drills around Taiwan. To sum up, the CCP has recently insisted that Taiwan is to blame for all cross-Strait tensions. It can be predicted that going forward, the CCP will continue to take unilateral actions and use a two-pronged strategy with Taiwan, namely promoting integration through exchanges while compelling unification through political and military intimidation. The CCP's pressure campaign against Taiwan will not ease.