

MAC 2022 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 2022. The key points of the report are summarized as follows:

(1) Internal Situation

In the political arena, the Chinese Communist Party (CCP) convened the 13th National People's Congress (NPC) and 5th session of the Chinese People's Political Consultative Conference (CPPCC) (the "Two Sessions") with a focus on the stable development of the economy and society. Xi Jinping demanded that the 20th NPC be held successfully and initiated related preparation accordingly. He was elected by the Guangxi Zhuang Autonomous Region party organization as Guangxi's delegate to the 20th NPC in late April. Following the Two Sessions, Xi Jinping and other high-ranking officials made inspection tours across China to assess progress on work regarding rural revitalization, food security, the economy and people's livelihood, and the COVID-19 pandemic control. The CCP authorities addressed the anti-corruption campaigns in the financial sector; they also made political inspections at the central government agencies. Meanwhile, several government units embarked on efforts to strengthen security and minimize risks. The COVID-19 pandemic remains at its height and has spread to 30 provinces; in response, Xi Jinping insisted that China would stick to a "dynamic zero-COVID policy." In Shanghai, high infection rates persist, and strict

lockdown measures have sparked public grievances; in Beijing, there are signs of a resurgence of the pandemic in the recent days.

In the economic sphere, the Report on the Work of the Government presented at the Two Sessions set the target rate of China's annual economic growth at 5.5%, with policy emphases placed on "steady growth" and "stabilizing the economy." In the first quarter of this year (2022), mainland China's GDP grew by 4.8%; the overall unemployment rate was 5.5%, whereas the youth unemployment rate reached 16% in March. The CCP State Council recently held several meetings and rolled out a series of measures to stabilize the economy. The estimates of China's annual GDP growth rate released by multiple international agencies range between 4.2% and 5.5% in light of the impact of the Russia-Ukraine war, the COVID-19 pandemic, the housing market crunch, policies on regulatory reforms, etc.

In social areas, the "Mother of Eight" incident in Xuzhou, Jiangsu Province, triggered massive social outrage and culminated with punishment for 17 officials. The CCP tightened its grip on public opinion to suppress comments critical of Russia and frustrated with the COVID-19 lockdown measures. In February, the CCP announced the "Measures for the Appointment and Management of Vice Principals of the Rule of Law in Primary and Secondary Schools" to ramp up control of primary and secondary school students and ensure that they "listen to the Party and follow the Party" in forming their political ideology. In addition, beginning from March 1, the CCP authorities implemented the "Measures for the Administration of Internet Religious Information Services" to limit the free dissemination of religious information on the Internet. Meanwhile, in Xinjiang, the authorities pressed on with their crackdown on religious activities; in Tibet, the government stepped up digital surveillance to achieve *weiwen* (maintaining stability).

(2) Foreign Relations

On February 4, Xi Jinping and Russian President Vladimir Putin issued a China-Russian Joint Statement. On February 24, Russia launched an invasion of Ukraine. China failed to condemn or impose sanctions on this aggression; meanwhile, it restated its opposition to unilateral sanctions and reaffirmed its “no limits” strategic partnership with Russia. On March 18, US President Joe Biden and Xi held a virtual summit, after which China claimed to value Biden's reiteration of the "four noes and one no-intention" and said that the key to improving bilateral relations was the proper management of China-US differences. US officials stated in congress that they will ensure that China understands the cost of invading Taiwan, a statement that the CCP denounced as the US "using Taiwan to contain China." Moreover, at the Boao Forum for Asia, Xi Jinping proposed a "Global Security Initiative"; urged all Asian countries to “safeguard peace,” “advance cooperation”, and “promote unity”; and highlighted the principle of indivisible security. The CCP Foreign Minister actively engaged in neighborhood diplomacy by visiting South Asia in person and inviting his counterparts in the Middle Eastern and Southeast Asian countries to visit China. He has also been strengthening energy cooperation, advocating the discussion and passage of a “code of conduct for the South China Sea,” amending relations with India, and actively participating in Afghan and Central Asian affairs to increase China's influence and discourse power in the region.

(3) Military Developments and Regional Security

On January 4, 2022, Xi Jinping signed a mobilization order to start training of the armed forces. Meanwhile, seven officers were promoted to the rank of General. In April, Xi inspected the Wenchang Space Launch Site and touted China's ability to build modern aerospace projects. Analysts are concerned that the CCP could draw lessons from the Russian-Ukrainian war and invade Taiwan. Mainland China's Minister of Defense Wei Fenghe spoke with the US Secretary of Defense on the phone, warning that an ill-managed Taiwan issue could cause irreparable damage to China-US relations. China's aircraft carrier Shandong

sailed through the Taiwan Strait on March 18. The Eastern Theater Command of the People's Liberation Army (PLA) conducted joint combat-readiness patrols around the Taiwan Strait on April 15 in response to a US congressional delegation visit to Taiwan. The US warships have made four transits through the Taiwan Strait this year (on January 22, February 26, March 17, and April 26), which the CCP blamed as a deliberate attempt to undermine peace and stability across the Taiwan Strait. The CCP and Solomon Islands signed a bilateral security cooperation framework agreement, leading to widespread speculation of China planning on establishing a military base in the Solomon Islands and raising concerns among countries including the US, Australia, and Japan.

(4) Situation in Hong Kong and Macao

For the first time, the Report on the Work of the Government presented at the Two Sessions contained language of implementing comprehensive jurisdiction over Hong Kong and Macao. The CCP also amended the method for Hong Kong and Macao to elect delegates to the NPC, stressing that the candidates must not engage in acts endangering national security. Hong Kong was hit by a devastating 5th wave of the COVID-19 pandemic, which prompted Xi Jinping to demand swift actions on disease control. The CCP's heavy-handed measures to assist Hong Kong in curbing the virus outbreak drove a new wave of social conflict. The Hong Kong government postponed the 6th Chief Executive election, which Hong Kong's former Chief Secretary for Administration John Lee made public that he would join as a candidate. Personnel changes made in the PLA garrison in Hong Kong and the Hong Kong and Macao Affairs Office of the State Council (HKMAO) indicated that Beijing remains on high alert over the situation in Hong Kong. New members of the Hong Kong Legislative Council swore in at an oath-taking ceremony, and the various changes made to the event spoke volumes about the policy direction of "patriots ruling Hong Kong." The US issued the Hong Kong Policy Act Report for 2022, which signaled the continuous erosion of freedom and democracy in Hong Kong. Hong Kong's economy grew

by 6.4% in 2021, but international credit rating agencies downgraded their forecast of Hong Kong's GDP growth in 2022 to 1.5% due to the impact of the COVID-19 pandemic. Macao's economy expanded by 18% in 2021 owing to a rebound in overall demand from the easing of the COVID-19 situation compared to that in 2020.

(5) Taiwan Work

At a Lunar New Year reception, Xi Jinping stated that China has steadily intensified its struggle to "oppose independence and promote unification" with Taiwan over the past year. During the CCP Working Conference on Taiwan Affairs and the Two Sessions, high-level CCP officials reiterated the "one China" principle, "1992 Consensus," and their opposition to Taiwan "independence" and interference by external forces. The CCP authorities called for a thorough implementation of an "overall strategy for Taiwan" and the effective execution of related propaganda campaigns. In addition, the CCP authorities renewed their efforts to "promote integration" by announcing new policies that allow Taiwanese residents to register for individual industrial and commercial households in various pilot zones through application. Furthermore, the CCP authorities hailed the achievements of the "22 Measures on Agriculture and Forestry."

The CCP has recently been fueling its "one China, anti-independence" rhetoric internationally in the wake of the Russia-Ukraine war and subsequent global attention on the Taiwan Strait issue. For instance, during a video conference with Biden, Xi demanded that the US firmly abide by the "one China" policy; the CCP Foreign Minister Wang Yi maintained that there is a fundamental difference between the Taiwan and Ukraine issues, namely the former being entirely China's internal affairs. On US scholars criticizing China for over-interpreting United Nations General Assembly Resolution 2758, the CCP argued that from the perspective of international law, the People's Republic of China had already completed the "succession of government" back in 1949. Regarding the

interaction between Taiwan and countries such as the US, Japan, and Europe, and issues such as US arms sales to Taiwan, the CCP chastised the countries involved for interfering in China's internal affairs, accused Taiwan of colluding with external forces to make "independence"-seeking provocations, and pointedly released information on its military activities to escalate pressure on Taiwan. Furthermore, the PLA military aircraft and warships have repeatedly been conducting military drills and harassment around Taiwan and in the southwestern ADIZ of Taiwan. In the future, the CCP is predictably going to carry on its aggression targeting Taiwan and warn all parties against crossing its bottom lines; its coercion and suppression will not cease.