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METRIX

29,000

That's the number of maps that were shredded in the coastal city of Qingdao, Shandong province, last week because they showed Taiwan as a separate country. **Media reports** say authorities destroyed more than 800 boxes containing the maps at a secret site. The English-language maps were discovered by customs officials and were destined for export. China regards self-governing Taiwan as a renegade province and has recently stepped up pressure also on foreign firms to refer to the island as a part of China.

TOPIC OF THE WEEK: EU-CHINA SUMMIT

EU steps up criticism of China ahead of summit with premier Li Keqiang

Just a week before the annual EU-China summit, EU Commission president Jean-Claude Juncker has taken another swipe at China and what the EU says are unfair trade and investment practices.

In a **speech** to lawmakers in the German state of Saarland on Monday, April 1, Juncker said “it can’t stay like this, that Chinese companies have free access to our markets in Europe, but we don’t to the markets in China.”

He also said that Chinese investments in EU member states made it harder for the EU to agree on joint foreign policies. “One country isn’t able to condemn Chinese human rights policy because Chinese investors are involved in one of their ports,” Juncker said. “It can’t work like this.”

Juncker and European Council President Donald Tusk will co-host the **21st annual summit** with China on Tuesday, April 9, in Brussels. The EU’s High Representative for Foreign Affairs Federica Mogherini will also attend. The Chinese delegation is led by premier Li Keqiang.

During the meeting, the EU wants to discuss trade and investment relations with its second-largest trading partner. **Key EU demands** include better access to the Chinese market, progress on WTO reform – including rules on industrial subsidies - and an acceleration of the negotiations of an EU-China investment agreement. The EU wants to reach a deal by 2020.

The security of 5G, the next generation mobile data networks, is also on the agenda. Amid a heated debate in Europe about the involvement of Chinese tech giant Huawei in building Europe’s 5G networks, the EU Commission last week issued **recommendations** to foster a common European approach. EU leaders and their Chinese guests are also expected to discuss global issues such as climate change, an area where close cooperation with China is considered crucial.

The EU-China summit follows a meeting last week in Paris between China’s state and party leader Xi Jinping with French president Emmanuel Macron, German Chancellor Angela Merkel, and Claude Juncker. The three European leaders are spearheading efforts to better coordinate Europe’s policies vis-à-vis China.

The EU and some European countries have become more vocal in their criticism of China in recent months. The EU Commission, in a **discussion paper** published in March, called China a partner as well as an economic competitor and a “systemic rival.” Concerns are mounting over Chinese investments in strategic industries and Beijing’s growing influence in Europe.

Yet there are also deep divisions within Europe. Italy recently abstained from a vote on a new EU investment screening mechanism and last month became the first EU founding member to formally endorse the Belt and Road Initiative (BRI), China’s key foreign policy project to improve trade and infrastructure links. Juncker said in his **speech in Saarbrücken**, he wasn’t against the project “as long as the

conditions are right.” If European companies can profit from it and “if you don’t only meet Chinese workers on these construction sites but also European workers, then this is all feasible,” he said.

European unity on China will be put to a test right after the Brussels summit when Li Keqiang is expected in the Croatian coastal town of Dubrovnik for a separate meeting with 16 central and south-eastern European countries. The format, known as 16+1, is controversial within Europe. Critics see Chinese trade and investment pledges during these gatherings as an attempt to divide the EU. Others say **the meetings have lost their momentum** because many Chinese investment promises failed to materialize.

MERICs analysis: **China meets tougher EU at annual summit.** Blogpost by Rebecca Arcesati.

CHINA AND THE WORLD

Taiwan condemns China after fighter jets cross maritime line

Taiwan has accused China of provocation after two Chinese fighter jets crossed the median line of the Taiwan Strait. “It was an intentional, reckless and provocative action,” the Taiwanese Ministry of Foreign Affairs **said** on Twitter. The incident on Sunday, March 31 was the first such incursion in years, possibly the first intentional one in two decades. The Taiwanese air force scrambled its units in response. Taiwan said in the case of further incursions, Chinese jets would be “forcibly expelled.” China did not comment on the incident.

The median line is a widely agreed upon boundary that passes through the middle of the Taiwan Strait that divides the two sides. The flights come a week after the US sailed a destroyer and a coastguard ship through the **Taiwan Strait**. Although it’s an international waterway, China often hits out when US or other western navy ships pass through.

In recent years, China has repeatedly sent military aircraft and ships **to circle Taiwan** and worked to isolate the island diplomatically. Beijing regards Taiwan as part of its territory and has never renounced the possibility of using force to bring the island under its control. Since the election of Beijing-sceptic Tsai Ing-Wen as Taiwanese president in 2016, China’s state and party leader Xi Jinping has further increased pressure, suggesting that 2049, the centennial of the founding of the PRC, should be the deadline for reunification. In the lead-up to next year’s presidential elections in Taiwan, the pressure from Beijing is expected to increase further.

New Zealand’s Jacinda Ardern talks Uighurs and Huawei with Xi Jinping

New Zealand’s prime minister Jacinda Ardern wrapped up a whirlwind visit to Beijing this week to shore up bilateral relations amid a spat over the technology giant Huawei.

During her first official visit to China, Ardern met with Chinese state and party leader Xi Jinping and premier Li Keqiang and reiterated New Zealand's commitment to the comprehensive strategic partnership between the two countries, calling ties with Beijing one of New Zealand's "most important and far-reaching relationships."

She also **raised the issue of China's treatment of the Uighurs** and other Muslim minorities in the far-western Xinjiang region, where up to a million people are reportedly being held in detention facilities and so-called "re-education camps."

Xi Jinping, for his part, told Ardern that New Zealand should not discriminate against Chinese companies.

New Zealand has been careful to foster close ties with China, its biggest trading partner, but relations have somewhat cooled when Ardern was elected prime minister in 2017. Her government has openly criticized China's growing influence in the South Pacific. Relations deteriorated further last year, when the New Zealand **Government Communications Security Bureau** blocked Huawei from providing 5G technology to Spark, one of the country's major telecommunication companies. New Zealand is also part of the Five Eyes partnership, an intelligence alliance with the United States, Canada, the United Kingdom, and Australia. Juggling close security relations with the US and close trade relations with China has become increasingly difficult in recent years.

News in brief

- **Xinjiang:** China thanks Kazakhstan for "support" on "deradicalization scheme"
- **Outdated agreement:** Angola to stop paying China debts with oil
- **Space observation:** Argentine lawmakers seek closer oversight of Chinese tracking station in Patagonia.

POLITICS, SOCIETY AND MEDIA

Hong Kong plans new extradition laws despite opposition

Hong Kong's leaders have presented controversial amendments to the city's extradition laws this week that would allow suspects to be sent to mainland China to stand trial. The proposals have sparked strong opposition from rights activists and business leaders who fear the changes could further erode the territory's legal protections. Last weekend several thousand people took to the streets of Hong Kong demanding that the amendments are scrapped.

According to the laws **presented to the Legislative Council on April 3**, the city's chief executive would have the right to order on a case-by-case basis the extradition of wanted suspects to China, Macau and Taiwan as well as other countries not covered by existing treaties without the previously required Legislative Council review. As a safeguard, such orders could be challenged and appealed against through the city's courts instead.

The amendments **were spurred** by a Taiwanese murder case last year. Hong Kong officials argued they were unable to extradite the suspect for lack of a formal extradition treaty and **the “impracticable” review proceedings**. Government officials have said that under the new rules no one at risk of the death penalty or torture or facing a political charge could be sent from Hong Kong.

Yet Sunday’s protestors fear that the amendments will further erode the rule of law in Hong Kong. They have raised concerns about China’s legal system, torture and ill treatment in China, and said that fair trials are not possible in the mainland. Several **international human rights groups** have appealed to the Hong Kong government to scrap the proposed changes. The amendments will be debated by a council committee and are expected to be passed later this year.

Prominent Tsinghua law professor suspended after criticizing Xi Jinping

Prestigious Tsinghua University has reportedly suspended a prominent law professor who last summer warned of deepening repression under state and party leader Xi Jinping. According to media reports, the university put Xu Zhangrun under investigation and suspended him from all teaching and research activities.

The case has sparked rare public criticism from writers, artists and several other academics at Tsinghua who see Xu’s suspension as another sign of eroding academic and intellectual freedom in China.

Tsinghua University has not commented on the case; Xu’s profile page is still available on the university’s website. Yet reports about him were swiftly deleted from Chinese social media channels. Only the **Global Times newspaper** reported the case in its English-language edition, calling Xu’s views “extreme” and warning that criticism of the government had to be “constructive.”

Xu shot to prominence **last July** when he published an online essay titled “Imminent Fears, Immediate Hopes,” criticizing Xi’s totalitarian tendencies and the personality cult surrounding him. Xu warned that China was moving back to closed, repressive politics that could prove disastrous for the country. Despite pervasive internet controls, Xu’s essay was shared widely among intellectuals, capturing the disquiet among many of them about the country’s direction.

Cases of academic censure have also been reported from elsewhere. **Voice of America says** that a professor at Chongqing’s University of Education, Tang Yun, was suspended last month for “harming the country’s image”, violations of “political discipline” and “undue influence on teachers and students.”

News in brief

- **Tibet:** White Paper signals Beijing’s tough position - no more talks with Dalai Lama
- **Industrial safety:** Beijing starts inspection campaign as second blast within two weeks kills seven
- **Ex-Interpol chief:** Meng Hongwei expelled from CCP and removed from all posts

ECONOMY, FINANCE AND TECHNOLOGY

More foreign banks to set up majority-owned securities joint ventures

Financial services providers JP Morgan and Nomura have been granted regulatory approval to establish majority-owned securities ventures in China. A third bank, UBS, received permission back in December 2018.

Allowing foreign enterprises controlling stakes in financial firms is a key part of China's pledge to open its financial markets. It's been a long-standing demand by foreign investors. While the latest moves are moderate, they underline China's commitment to reforming its financial sector. More foreign banks are likely to apply for majority-owned securities ventures in the next few months.

China hopes that opening its financial sector will not only attract foreign capital but also address underlying risks in its domestic market by improving the allocation of capital through increased competition. Foreign financial services providers are seen as being more independent from political influence, unlike many of their domestic competitors.

Securities firms are middle men who broker bonds and equities for their clients and handle their portfolios, including for institutional investors. They are often considered a first point of entry for foreign capital.

Boao Forum: Has China's answer to Davos lost its allure?

The annual World Economic Forum in the Swiss Alpine resort of Davos still draws political and business leaders from all over the world. But China's answer to it, an annual gathering on the tropical island of Hainan, seems to have lost its shine. This year's Boao Forum for Asia (March 26-29) failed to attract high-profile international leaders and focused on local and regional development instead.

Timing and the unresolved trade dispute between China and the United States were part of the problem. State and party leader Xi Jinping, last year's key speaker, was on a trip to Europe, while other senior officials stayed in Beijing for talks with US trade officials. But observers were also puzzled that a discussion on China's free trade zones, a key project of China's pledge to further open its economy, was switched to a closed-door event on short notice. Premier Li Keqiang's **opening speech** was not streamed live on Chinese state television like in previous years.

About 2000 delegates attended the four-day gathering but **the guest list** was light on high-profile international figures, a stark contrast with 2018 when at **least six heads** of state and government were present, and IMF Managing Director Christine Lagarde and UN Secretary-General Antonio Guterres were among the speakers.

The Boao Forum was established in 2002 to showcase China as a rising power ready to hone Asia's response to a globalized world. Over the years, China has tried hard to put the forum on the world map

but doubts always remained whether the event was international enough. At this year's forum, participants also complained that political influence and heavy-handed bureaucracy made it challenging to focus on commerce and business.

News in brief

- **Economy:** China names and shames local governments for mistreating foreign investors
- **Electric cars:** Daimler and Geely to build new Smart in China
- **Planes:** Huge Airbus order during Xi's France visit padded by old deals
- **Energy:** Siemens and SPIC to cooperate on gas turbines in China

PROFILE

China's former internet tsar Lu Wei

He was the face of China's pervasive internet controls and wanted to change cyberspace **through censorship**. When Lu Wei was abruptly removed as head of China's Cyberspace Administration in 2016, some analysts believed he was marked for promotion within the Chinese Communist Party (CCP). But the reality was very different: Lu was investigated for corruption, expelled from the party and put on trial. On March 26, a court in the eastern city of Ningbo jailed him for 14 years for bribery and fined him CNY 3 million (USD 447,000). The court said 59-year old Lu had accepted bribes worth more than CNY 32 million (USD 4.77 million) in different government posts between 2002 and 2017.

Lu worked his way up through China's official Xinhua news agency before becoming head of propaganda and then, in 2014, chief internet regulator at the new Cyberspace Administration of China (CAC). He was a colorful and often brash official by Chinese standards and vociferously defended China's draconian internet controls. In 2015, he told reporters: "Indeed, we do not welcome those that make money off China, occupy China's market, even as they slander China's people. These kinds of websites I definitely will not allow in my house."

Time magazine listed him in 2015 among the 100 most influential people in the world. The man who controlled what people in the biggest internet market could read, was also courted by international tech companies. Facebook co-founder Mark Zuckerberg greeted Lu in Mandarin, when he visited the company's US campus in 2014. Facebook has been blocked in China for years.

Lu's jail sentence is a clear indication that the anti-corruption campaign by state and party leader Xi Jinping will not spare high-ranking party and government officials. **The Ningbo court said in a statement** that Lu had accepted his jail sentence and would not appeal. He had "shown repentance" and "actively returned" most of his illicit assets, the statement added. Last year, a hand-written letter by Lu was published in which he had already expressed regret for his actions.

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