

SINOMETER

The China Strategic Monitor



VOL. 10
OCTOBER
2022



EDITORS

DR MADHUKAR SHYAM

SWAYAMSIDDHA SAMAL

Note from Head of CS3

Dear All,

We are happy to publish the tenth issue of the Sinometer: The China Strategic Monitor, a monthly newsletter by the Centre for Strategic Studies and Simulation (CS3), USI.

The newsletter is divided into three sections. The newsletter begins with an analysis of the most significant event in China; 'The 20th National Party Congress'. It is then followed by Domestic News. A high-profile MeToo case was settled out of court, and a protest on Sitong Bridge in Beijing rocked the country. China launches new frigate and electromagnetic levers and China's economy improves this month. The International News section will consist of news about US-China and India-China.

The purpose of this issue is to give a holistic perspective of China in the backdrop of China's 20th National Party Congress and tense US-China relations. We hope that budding China Watchers will take an interest in the newsletter. Happy reading!

**Maj Gen RPS Bhadauria,
VSM(Retd)
Head, Centre for Strategic Studies
and Simulation (CS3), USI**

TABLE OF CONTENTS

ANALYSIS

The National 20th Party Congress.....4-5

DOMESTIC NEWS

High-profile MeToo case gets settled out of court.....6
Anti-CCP Protest in Beijing before Party Congress 6
China’s Economy improves amidst covid measures 6-7
PLA Navy’s frigate makes training debut 7
China’s “new electromagnetic lever” test breaks previous records..... 7

INTERNATIONAL NEWS

Elon Musk says Taiwan should become a 'Special Administrative Zone' like Hong Kong.. 8
China visas for more than 1300 Indian students after Covid.....8
The first Solomon Islands police officers travel to China for training8-9
Xiaomi leads India’s smartphone markets 9
Chinese duo charged by the US in Huawei case 9
US imposes heavy tech restrictions on China.....9-10

Analysis

The 20th National Party Congress

The most crucial event, the 20th National Party Congress of China was held from the 16th to the 22nd of October. Held every five years, crucial decisions are taken at the Congress. The progress report for the last five years is presented by the General Secretary of the Party. Appointments and policy recommendations for the next five years are also made.

The 20th Party Congress cemented General Secretary Xi Jinping's position as General Secretary and President for another term. However, the appointments made to the Politburo Standing Committee (PSC), Politburo, and the larger Central Committee are marked by the trusted men of Xi with the exclusion of other factions such as the Communist Youth League or the Shanghai Gang. One dramatic moment occurred soon before Xi's new Politburo was announced when the apparently ailing former General Secretary and President Hu Jintao was sternly taken from the room. The informal age limit was struck down by Xi, according to which members in the PSC aged 68 and above are required to stand down. There were no women members in the PSC or even in the Politburo. The term 'collective leadership', which had gained popularity over the last few decades since the rule of Deng Xiaoping, was done away with as it increasingly became a 'one-man show'. Mr. Xi's words while introducing the new leadership — that they would not be daunted by 'high winds, choppy waters, and even dangerous storms' — reflected the prevailing mood at the Congress.¹

In the PSC, three members, Wang Huning, Zhao Leji, and Xi Jinping himself retained their positions. The four new members elected were Li Qiang, Ding Xuexiang, Cai Qi, and Li Xi. Li Qiang, Shanghai's Party Secretary, and Xi's chosen apprentice is likely to be the next premier. The overwhelming criticism of Li Qiang's management of COVID-19 outbreaks in Shanghai earlier in 2022 had previously made it seem as though his candidacy was in jeopardy, but in the end, it was inconsequential, as he was chosen as the number two candidate. Ding Xuexiang, "chief Xi's of staff", Cai Qi, the party secretary in Beijing, and Li Xi, the party secretary in Guangdong—were all promoted to PSC. One remarkable appointment was that of Ding Xuexiang, who had previously never held a provincial leadership position. Xi also held the additional position of the Chairman of the Central Military Commission, which he has headed since 2013. The 72-year-old Zhang Youxia, a former Politburo member, was made Vice-Chairman.

Xi gave a 105-minute address at the Congress's opening ceremony during which he praised the party's accomplishments while ignoring internal issues including the stagnant economy and the harm caused by his strict zero-Covid policy. Additionally, delegates approved a resolution on the Party's constitution and agreed

¹ China's 20th Party Congress over, the road ahead. 4th November 2022. *The Hindu*.

<https://www.thehindu.com/opinion/lead/chinas-20th-party-congress-over-the-road-ahead/article66092388.ece>

to support the work report that was presented. There was mention of Taiwan, which Xi said was not an alienable part of China. Emphasis was laid on technology and talent emerging from China. We may anticipate considerable importance being given to ensuring centralised control of all party-military-state action, both internally and externally. Expected harsh economic headwinds will test the system and put pressure on Xi's socialist policies in the years to come. These issues are only the beginning. Furthermore, Xi should anticipate complicated international policy, particularly with the United States.

Domestic News

High-profile MeToo case gets settled out of court

One of the largest #MeToo lawsuits in China was resolved outside of court.² Online retail billionaire Liu Qiangdong, 49, often known as Richard, Liu was accused of sexually abusing a Chinese graduate student at the University of Minnesota while she was 21 years old and he was there on business. Liu has always refuted the allegations of assault, claiming that it was consensual. Liu Jingyao filed a civil lawsuit against Liu in 2019 after prosecutors decided not to press charges. However, both sides' legal counsel announced a settlement on the eve of the Minneapolis trial. No settlement sum was made public.

The shocking news ended a case that had gained media and public interest in China thanks to the US court system's much more accessible access than the traditionally secretive Chinese judicial system.

Anti-CCP Protest in Beijing before Party Congress

According to at least a dozen images and videos that surfaced on social media, two banners bearing protest slogans were hanging from an overpass of a busy road in Beijing's northwest on 13th October. "We want food, not PCR tests. We want freedom, not lockdowns. We want respect, not lies. We want reform, not a cultural revolution. We want a vote, not a leader. We want to be citizens, not slaves," read one banner hanging over Sitong Bridge.³ A second banner demanded that Xi be fired and called for a strike and a school boycott. Such an act of resilience is rare in China, especially before a big event such as the 20th Party Congress. In a "100-day operation," the police went all-out to prevent any potential societal disturbance that would obstruct a smooth transfer of power during the leadership turnover at the 20th Party Congress.

China's Economy improves amidst Covid measures

China reported a 3.9% gain in gross domestic product between July and September of last year. The outcome, however, fell short of the declared goal of 5.5% for 2022 as the economy struggled with lockdowns brought on by the zero-Covid policy.⁴ Beijing is counting on spending on industrial production and infrastructure to boost the economy. The 5.7% rise in investments in 'fixed assets'

² Settlement Reached in U.S. Court on Chinese #MeToo Case. 3rd October 2022. *The New York Times*. <https://www.nytimes.com/2022/10/02/world/asia/richard-liu-liu-jingyao-settlement.html?smid=nytcore-ios-share&referringSource=articleShare>

³ Anti-CCP protest and lockdown fears fuel China tensions before congress. 13th October 2022. *The Guardian*. <https://www.theguardian.com/world/2022/oct/13/shanghai-covid-restrictions-fuel-fears-of-another-lockdown>

⁴ China economy grows faster than expected, but falls short of targets as risks loom. 24th October 2022. *The Guardian*. <https://www.theguardian.com/world/2022/oct/24/china-economy-gdp-growth-faster-than-expected-but-falls-short-of-targets-as-risks-loom>

over the prior year was the main driver of the growth in the September quarter. Retail sales were up 2.5% for the month of September, exports increased 5.7% from the previous year, and industrial production increased 6.3%. In the most recent three months, China's real estate market saw its fifth consecutive quarter of decline.

PLA Navy's frigate makes training debut

The Chinese People's Liberation Army (PLA) Navy's Type 054A frigate Ziyang conducted its first training exercise.⁵ According to a report on 25th October by China Central Television (CCTV), the Ziyang, hull number 522, engaged in a training exercise that included live fire of its main cannon and anti-submarine depth charges. According to a press statement posted by the PLA Eastern Theater Command on its WeChat account earlier this month, the Ziyang is a part of the PLA Eastern Theater Command Navy.

China's new "electromagnetic lever" test breaks previous records

A super-speed electromagnetic test facility has been finished in China for the creation of fighter jet catapults, maglev trains, space launches, and other cutting-edge technology.⁶ In a recent operational test, the machine propelled more than 1 tonne of weight at 1,030 km/h (640 mph), breaking previous records. According to the report, the facility in Jinan, in the eastern Shandong province of China, was built for the testing of aerial or super-speed ground equipment because it would give the designers a strong, quick-response, precise, and controlled way. The Institute of Electrical Engineering of the Chinese Academy of Sciences created the new facility. The project started in 2019, and operations got underway in December.

Additionally, Qingzhou and Yuzhou electromagnetic launch systems for space missions are being created by Chinese researchers. These systems are intended to take the position of a vehicle rocket's first stage with an electromagnetic catapult.

⁵ PLA Navy's newly commissioned frigate Ziyang makes training debut. 27th October 2022. *Global Times*. <https://www.globaltimes.cn/page/202210/1278080.shtml>

⁶ China set world record with new super-speed 'electromagnetic lever' test, state media says. 30th October 2022. *SCMP*. <https://www.scmp.com/news/china/military/article/3197717/china-set-world-record-new-super-speed-electromagnetic-lever-test-state-media-says>

International News

Elon Musk says Taiwan should become a 'Special Administration Zone' like Hong Kong

Millionaire businessman Elon Musk asserted that it would be difficult to prevent a battle between China and Taiwan, but he urged that the island be designated as a "special administrative zone" akin to Hong Kong. In an interview with the Financial Times, Musk said, "My proposal would be to work out a special administrative zone for Taiwan that is relatively tolerable, probably won't make everyone happy."⁷ He also reckoned in the interview that the Tesla factory in Shanghai would suffer consequences if there is a conflict between China and Taiwan. Tesla's Shanghai factory produces between thirty to fifty per cent of Tesla's total production. Musk came under fire on Monday for proposing a peace deal between Ukraine and Russia that called for Russia to legally annex Crimea.

China visas for more than 1,300 Indian students post Covid ban

After being prevented from doing so for more than two years owing to Covid-19 travel restrictions, more than 1,300 Indian students have gotten permits to return to China and resume their studies.⁸ After making a significant change in June to reduce the length of the quarantine period for incoming travellers from a previous 14 plus 7 system to seven days in hotel isolation and three days of home observation, China loosened Covid-19 rules in August allowing international students with long-term study permits to return. It is unknown when direct flights to the Chinese mainland will resume, but some Indian students have already travelled through Hong Kong on their way home. Hong Kong recently reduced its inbound travel restrictions to a "0+3" system, which only requires self-monitoring for three days and no mandatory quarantine. High ticket prices, however, continue to discourage many people from attending.

Building on prior efforts to reopen the nation, the Chinese Ministry of Culture and Tourism also released proposed regulations last month to further loosen entry restrictions for foreigners.

The first Solomon Islands police officers travel to China for training

A team of 32 police officers from the Solomon Islands has flown to China for the first time to receive training. They will tour police stations and offices, and benefit from the knowledge of the Chinese police.⁹ Counsellor Yao Ming, the deputy chief

⁷ Elon Musk: 'Aren't you entertained?' 7th October 2022. *Financial Times*. <https://www.ft.com/content/5ef14997-982e-4f03-8548-b5d67202623a>

⁸ Coronavirus: China visas for more than 1,300 Indian students after two-year Covid-19 travel ban. 12th October 2022. *SCMP*. <https://www.scmp.com/news/china/diplomacy/article/3195690/coronavirus-china-visas-more-1300-indian-students-after-two>

⁹ Solomon Island police head to China for training. 12th October 2022. *Nikkei Asia*. <https://asia.nikkei.com/Politics/International-relations/Solomon-Island-police-head-to-China-for-training>

of mission at the Chinese embassy in Honiara, stated that the officers will also receive a "better knowledge of Chinese police, diverse Chinese cultures, and friendly Chinese people." According to the announcement, the officers will help "improve collaboration between RSIPF [Royal Solomon Islands Police Force] and Chinese police, and boost friendship between China and Solomon Islands."¹⁰

Xiaomi leads India's smartphone markets

Despite the industry's overall downturn in the third quarter and the government's intensified monitoring of Chinese tech companies' operations in China, Xiaomi Corp.¹¹ continued to dominate India's sizable smartphone market. 9.2 million smartphones were supplied by Beijing-based Xiaomi in the third quarter, accounting for 21% of the Indian market. The second place was held by Samsung. With shipments of 7.3 million and 7.1 million units, respectively, the two leading Chinese smartphone brands Vivo and Oppo shot up to the third and fourth position in the same quarter. Realme fell to the sixth position with 6.2 million shipped.

In the September quarter, only Oppo had a positive year-over-year increase among the top five smartphone vendors, at 14%. This rise comes despite government crackdowns on Chinese smartphone brands.

Chinese duo charged by the US in Huawei case

Two Chinese intelligence officials attempted to bribe a US law enforcement official to get inside information on Chinese giant Huawei.¹² According to the indictment, the Chinese intelligence agents Guochun He and Zheng Wang tried to plan a conspiracy to steal the prosecution strategy paper, witness lists, and other sensitive information from the US attorney's office for the eastern district of New York. The US official they assumed had been hired to work for the Chinese government was a double agent for the FBI, and the Chinese operatives paid him almost \$61,000 in bitcoin in bribes. China "sought to interfere with the rights and freedoms of individuals in the United States and to undermine our court system that defends those rights," according to US Attorney General Merrick Garland, who stated this in response to the cases.

US imposes heavy tech restrictions on China

On October 7, the Biden administration released a comprehensive set of export regulations, which included a move to ban China from receiving specific

¹⁰ First Solomon Islands police head to China for training amid deepening security ties. 13th October 2022. *The Guardian*. <https://www.theguardian.com/world/2022/oct/12/first-solomon-islands-police-head-to-china-for-training-amid-deepening-security-ties>

¹¹ Chinese smartphone giant Xiaomi holds onto lead in Indian market despite a decline in shipments, continued government scrutiny. 22nd October 2022. <https://www.scmp.com/tech/big-tech/article/3196885/chinese-smartphone-giant-xiaomi-holds-lead-indian-market-despite-decline-shipments-continued>

¹² Chinese spy duo charged in Huawei case as US condemns 'egregious' interference. 24th October 2022. *The Guardian*. <https://www.theguardian.com/world/2022/oct/24/huawei-chinese-spies-us-prosecutors-department-of-justice>

semiconductor chips produced anywhere in the world using US equipment.¹³ A list of businesses that US investigators cannot investigate was expanded by the US earlier that day to include 30 additional Chinese enterprises, including the leading memory chip manufacturer in China, YMTC. Moreover, nine businesses were delisted by US regulators, including Wuxi Biologics from China, which supplies the Covid-19 vaccine from AstraZeneca with its active components.

The regulations, some of which take effect right away, expanded upon limitations outlined in letters to toolmakers KLA Corp, Lam Research Corp, and Applied Materials Inc. received earlier this year, which in effect ordered them to stop shipping equipment to wholly Chinese-owned factories making advanced logic chips. Senior US officials stated that talks with its allies were underway and that no commitments had yet been made that they would take comparable actions.

¹³ Biden administration imposes sweeping tech restrictions on China. 7th October 2022. *The Guardian*. <https://www.theguardian.com/us-news/2022/oct/07/biden-administration-tech-restrictions-china>

About the Editors

- Dr Madhukar Shyam is a Research Assistant at Centre for Strategic Studies And Simulation (CS3) at the United Service Institution of India, New Delhi. His previously included being a Assistant Professor at the Dept. of Political Science, Delhi Colleges of Arts and Commerce, University of Delhi. He finished his M.Phil. and PhD. from Centre for East Asian Studies at School of International Studies, from Jawaharlal Nehru University. His M.Phil. is on 'Middle Kingdom and New Confucianism in Chinese Foreign Policy; 1989-2016' and PhD is on 'Intellectual Property Rights in China: A Case Study of Copyright; 2001 to 2018'. He writes on International Politics, China's Foreign Policy and its Economic policy for different journals.
- Swayamsiddha Samal is a Research Assistant at the Centre for Strategic Studies and Simulation (CS3) at the United Service Institution of India. (USI). She holds a Bachelor of Arts from Jawaharlal Nehru University in Mandarin language and a Master of Arts from Pondicherry University in Politics and International Relations. Her M.A. dissertation was on 'Chinese ties with three African states: Kenya, Somalia and Djibouti'. She has previously interned at the Takshashila Institution and published in various news outlets. Her research interests are Chinese politics, specifically the Chinese Communist Party, China's foreign policy and its role in the Indo-Pacific region.



United Service Institution of India

Rao Tula Ram Marg
(Opposite Signals Enclave)
Post Bag No 8
Vasant Vihar PO
NewDelhi-110057



SUBSCRIBE



Disclaimer: The SinoMeter does not reflect the official views of the USI and USI is not responsible for the credibility and factual correctness of the news items in the given newsletter.