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METRIX

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Chinese officials currently head four of the United Nation's 15 **specialized agencies**: the International Telecommunication Union (ITU), the International Civil Aviation Organization (ICAO), the United Nations Industrial Development Organization (UNIDO), and the Food and Agriculture Organization (FAO).

TOPIC OF THE WEEK: HOW CHINA DEALS WITH THE CORONA CRISIS

Xi embarks on victory lap after battle with coronavirus

Party General Secretary **Xi Jinping's first visit to Wuhan** since the outbreak of coronavirus signaled Beijing is confident of winning the battle against the pandemic at home. "He is there now to reap the harvest," a Renmin University Professor commented. Xi addressed nationwide outrage over Wuhan's party chief, who had called on citizens to show Xi and the Chinese Communist Party (CCP) their gratitude. Aware of popular anger about the mismatch between at times poor crisis management and the leadership's self-congratulation, Xi expressly thanked the people of Wuhan for their sacrifices.

Case numbers suggest the spread of the coronavirus is slowing in China, while it is increasing in Europe, the US and many other parts of the world. China is now worried about importing coronavirus from other countries. Some cities are placing people arriving from Italy, South Korea and other affected countries in quarantine, and Xi himself has **postponed a state visit to Japan**, which was due to take place in April. A Ministry of Foreign Affairs spokesman even noted there's **no proof that the virus originated in China**, citing comments by renowned epidemiologist Zhong Nanshan.

Foreign reporting at least initially focused on Beijing's inadequate crisis response. It is a narrative the Chinese leadership now wants to debunk by underlining its capacity to act rapidly and firmly to curb the spread of the virus. The **Chinese counter-narrative taking shape** holds that Beijing's success is due to the superiority of the one-party system: the Chinese leadership is competent and trustworthy, while leaders elsewhere are struggling to control the epidemic – especially in democratic countries.

In a demonstration of the Chinese Communists Party's (CCP) exceptionalism, Beijing is taking measures against visitors from certain countries to prevent the spread of the virus – precautions it had previously criticized other countries for taking against visitors from China. It remains to be seen whether major events – like the EU-China Summit, which is due to take place in Beijing at the end of March – will go ahead as planned. So far, China seems reluctant to cancel or even postpone it. The CCP wants to be seen as the only actor that can take care of its citizens and control the outbreak.

CHINA AND THE WORLD

US-China skirmish over UN's World Intellectual Property Organization

The geopolitical contest between the USA and China was on full display last week when **China's candidate lost the election** to become head of the United Nation's World Intellectual Property Organization (WIPO). Top US officials had lobbied against a Chinese Director General by emphasizing Beijing's economic espionage and poor record on IP-protection. This followed **Washington's failure** to stop a Chinese official becoming head of the UN Food and Agriculture Organization in 2019, which raised the number

of specialized UN agencies led by Chinese to four out of 15. With eight top jobs coming open in 2021 and 2022, the US will likely keep a close eye on any further moves by China.

“WIPO leadership has become another area in which fears about Chinese technological prowess and distrust of China’s party state are reinforcing each other – arguably beyond what’s justified by the specific issues at stake,” says MERICS analyst **John Lee**. WIPO administers international regimes for registering patents and trademarks, and applications by Chinese companies have risen rapidly – Huawei **filed more patent applications with WIPO in 2018** than any other company. With the World Trade Organization under pressure, the competition for influence over the WIPO looks set to intensify.

News in brief

- “Foreign missions”: **US to cap number of nationals China’s top media can post to US**
- CIA accused: **Chinese cybersecurity firm says US conducted decade-long hacking campaign**
- Alleged PLA infiltration: **Philippines senator claims thousands of Chinese soldiers are in the country**

POLITICS, SOCIETY AND MEDIA

New rules encourage China’s online media to report good news

Information considered politically damaging should no longer be available on the internet in China. The country’s political leadership instead wants online content to buzz with “positive energy”. Content creators and media platforms, internet users and government agencies are being encouraged to create a “healthy internet” environment. New **rules for “regulating the online-content ecosystem”** that came into force on 1 March make a distinction between illegal and harmful content and content that promotes the party-state’s ideology and achievements, which should be encouraged. Xi Jinping has declared that bringing “positive energy” to the internet is the media’s central task.

“In times of the coronavirus this means: no criticism of the government’s crisis response, a lot of focus on the heroic efforts of doctors and nurses, and on the leadership’s success in combatting the epidemic,” says MERICS analyst **Katja Drinhausen**. China’s leadership is **increasingly targeting negative content** and once again strengthening ideological control. The **rules – especially those regarding negative content** – leave a lot of scope for interpretation to the local authorities and online platforms that are now expected to implement them. In early March, media platforms closed a large number of user accounts that had sent unauthorized information about the corona virus.

China’s fight against corona gives Hong Kong protestors new momentum

Hong Kong’s anti-China protest movement is gaining new momentum as the city’s concerns about coronavirus subside. Even before the disease started spreading at the end of last year, fewer and fewer citizens had been taking part in the protest marches. But last Sunday, hundreds of people took to the

streets of Hong Kong for the first time in several weeks. They did so to remember a student who died after falling off a garage roof during a protest in November. Now as then there were incidents involving police officers: a journalist was brutally beaten, for which **Hong Kong police later apologized**.

Social groupings that had previously not been politically active repeatedly spoke out in past weeks. The likes of doctors, nurses and residents of quarantined neighborhoods among other things spoke out against keeping the borders to the mainland open because city's hospitals were not prepared for a huge crisis like the coronavirus. Hong Kong police arrested **17 people for their alleged involvement in a night-time attack on a hospital using a homemade bomb**. Authorities are apparently for the first time **considering the use of anti-terror laws** that came into force in 2002. Hong Kong has so far come through the outbreak relatively unscathed, reporting a total of **129 infections and three deaths (as of March 12)**.

Mareike Ohlberg, analyst at MERICS: "The handling of the corona crisis in Hong Kong has once again shown the population that the city's government is not acting primarily in their interest, but according to instructions from Beijing. This will probably erode the people's trust in their government even more."

News in brief

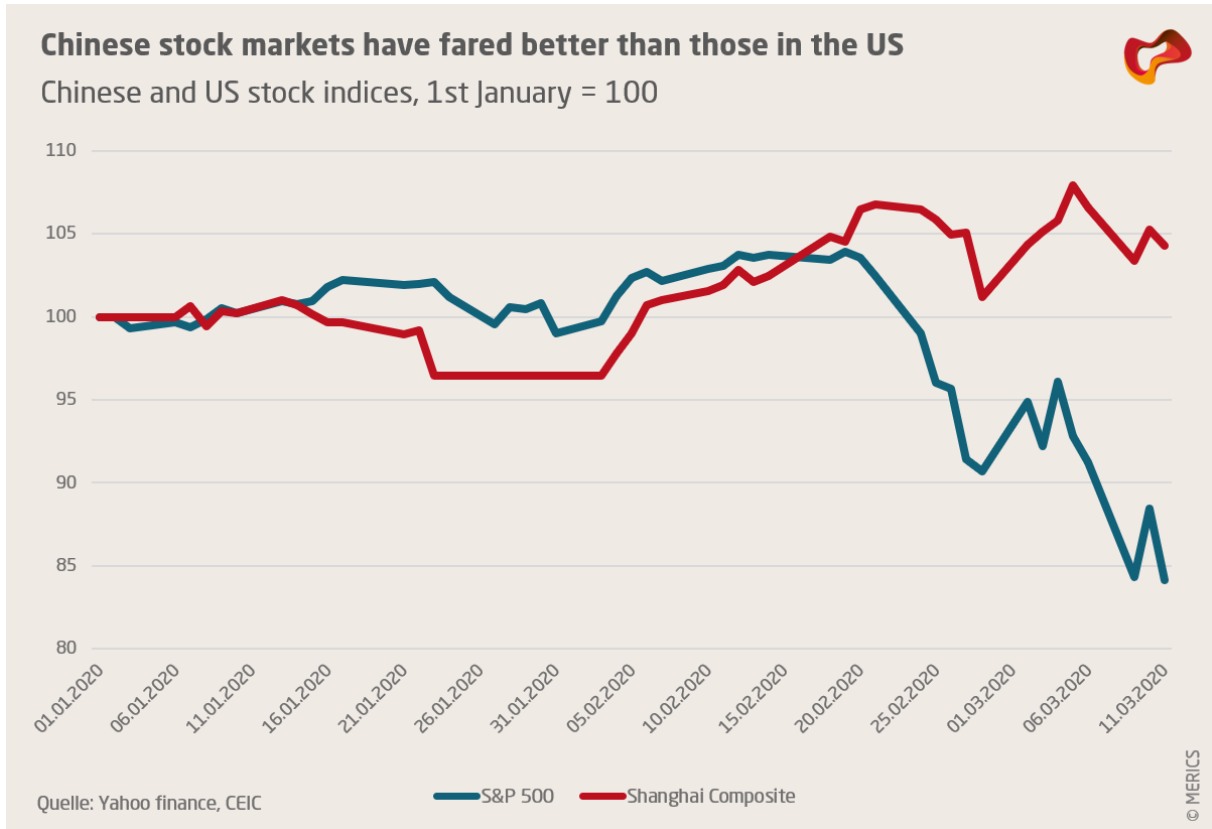
- Forced labor: **Report says 80,000 Uighurs working in Chinese factories against their will**
- Fatal corona quarantine: **More than 29 dead after requisitioned hotel collapses in Quanzhou**
- Taiwan: **Opposition party's new chairman breaks with KMT's traditional Beijing-friendly attitude**

ECONOMY, FINANCE AND TECHNOLOGY

Chinese stocks remain stable while global markets crash

China's financial markets remained comparatively stable this week as international panic over the rapid global spread of COVID-19 sent stock markets elsewhere tumbling. Thanks largely to the Chinese government's sustained efforts to shore up markets through stimulus packages and strict capital controls, **China's stock market saw a drop of only three percent** on Monday, while stock markets in the US, Germany, France and the UK lost seven to eight percent, their **worst single-day performances since the financial crisis**.

The Chinese **yuan also remained virtually unchanged**, maintaining its highest level since January. Following President Xi Jinping's visit to Wuhan on Tuesday, the **currency even gained against the dollar**, backing up the official narrative that China is close to containing the domestic spread of the virus. Further signs that Beijing has successfully contained the virus could further bolster Chinese stock markets in the weeks to come. For example, the **first steps taken this week** to lift Hubei's province-wide lockdown are a strong signal that what the China's leadership dubs successful crisis-fighting is now slowly but surely reviving economic activity.



Coronavirus knocks flat China's economy

Latest data show China's service sector had been hard hit alongside manufacturing, a clear sign of how broadly and severely the coronavirus epidemic has hit the economy. The country saw **exports fall 17.2%** to a deficit of USD 7.1 billion in the first two months of 2020, the kind of decline not seen since the global financial crisis of 2007/08. **China's service sector is also struggling**, as indicated by the Caixin/Markit services purchasing managers' index falling to 26.5 in February from 51.8 the previous month. It is the index's first drop below 50 points, a signal that business is contracting, since 2005.

The Chinese government has pumped money into the financial system and taken other measures to revive the economy – **high-tech companies in Wuhan have received special permission** to circumvent quarantine guidelines to continue operations, for example, and the Ministry of Ecology and Environment (MEE) has **exempted several companies from on-site environmental checks**. Local governments have also set targets for corporate power consumption to get the real economy moving again, although reports suggest some companies are meeting these by **turning on machines in factories that are not properly staffed or producing anything**. Further economic fallout will very likely be felt for a while – and put the government's ability to effectively steer economic activity to the test.

News in brief

- Huawei: Tech company is producing more and more 5G-base stations without US chips
- Airlines: China to pay cash support to domestic and foreign carriers to restore services
- Stake acquisition: Ant Financial takes minority stake in Swedish payments platform Klarna
- Reviving economy: More than half of Chinese SMEs still closed due to COVID-19, ministry says

PROFILE: Gui Minhai

Chinese-born Swedish bookseller Gui Minhai gets ten years in Chinese prison

A Hong Kong publisher and bookseller who has long held Swedish citizenship has been sentenced to ten years in a Chinese prison. The Central People's Court in the eastern Chinese city of Ningbo on 25 February convicted Gui Minhai (桂敏海) after he had been taken into custody in January. He was one of five people long pursued by Chinese law enforcement about their involvement with Hong Kong's Causeway Bay Books, a publisher of political exposés banned in mainland China.

Gui disappeared into Chinese custody for the first time while visiting Thailand in 2015. The Chinese government justified his arrest and transfer to China on the grounds that he had 12 years earlier caused a fatal traffic accident while under the influence of alcohol. Gui was released in 2017, but his whereabouts in China were not known. While in prison, Gui had recorded a statement – apparently forced – to declare he had traveled to China of his own accord and to ask Sweden not to interfere.

In February 2018, Gui was traveling by train to Beijing with two Swedish diplomats when he was again taken into custody by police officers. A short time later, the Chinese government announced that Gui, then 54 years old, had applied for Chinese citizenship while in custody and was willing to give up Swedish citizenship. The Swedish Ministry of Foreign Affairs, however, stated that “Swedish citizenship can only be renounced after an examination and a decision by the Swedish Migration Agency.” Gui was also charged with passing secret information to foreigners. The court in Ningbo last month saw this accusation as proven – without ever detailing any alleged instances.

The case shows that the Chinese Government is not afraid to take action against citizens who ostensibly enjoy the protections of a foreign passport. Sweden continues to wrestle with China's authorities and their lack of disclosure. Sweden is still lobbying for Gui's release, but Stockholm's power to intervene is limited. Its relations with Beijing plunged into deep crisis in November of last year when Gui was awarded a Swedish free-speech prize.

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