

# CHINA BRIEF

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## **In a Fortnight: Hungary: China's Gateway to the EU Market**

On November 24, Li Keqiang, China's premier and top economic official, arrived in Budapest to great fanfare ([China Economic Daily](#), November 29). Although Hungary is not typically on lists of major economic partners for China—even maps of the trans-Eurasian Belt and Road Initiative (BRI) skip over Hungary in favor of nodes in Greece or Italy—it has emerged as a key entryway for Chinese goods into the European market.

While Chinese coverage of the visit has trumpeted a number of trade deals, a review of China and Hungary's economic relationship indicates that China has little to gain directly from the partnership. Instead, China is playing a longer-term, strategic game.

In 2016, China was the destination of only \$2.2 billion worth of Hungarian exports—2.25 percent of its total exports. For context, Hungary exports \$3.5 billion worth of goods to the United States. China is more interested in the countries that Hungary trades with, like Germany, which had exports to China worth \$85 billion ([Atlas of Economic Complexity](#) [accessed November 30]). This makes China Hungary's largest non-EU trading partner ([MOFCOM](#), August 3). Meanwhile, China sold

Hungary more than double that amount worth of widgets: fixtures, lights and other oddments that Hungarian workers then assembled into larger products for exports. Therefore, while Li and Hungarian Prime Minister Viktor Orban tout expanding Hungarian exports—especially of agricultural products—the reality is that China has always bought more Hungarian chemicals than it has fruit or grain.

The bigger story then is geopolitics and Hungary's role as a hub and entry point to the European market for Chinese goods.

Li's primary purpose for the visit was the sixth meeting between China and the heads of state of 16 Central and Eastern European Countries (CEEC)—the so-called "'16+1' cooperation mechanism." China has been explicit about its goals for Hungary. When previous Premier Wen Jiabao's visited Hungary during the first 16+1 meeting in 2011, he bluntly admitted that Hungary was to be an entry-point to the richer European market (*China Brief*, July 15, 2011). After the unveiling of the Belt and Road in 2013, Hungary took on even greater significance as commercial projects became part of a prominent national strategy (*China Brief*, January 9, 2015).

In May, Hungary held Europe's first "Belt and Road Forum." Speaking at the forum, Daniel Palotai, Chief Economist at the Hungarian National Bank, noted that Hungary has already become a de-facto clearinghouse for Chinese currency, and that Hungarian financial institutions are eager to cooperate with BRI projects (*China Economic Daily*, May 26). In the short-

run, Hungary provides immediate and convenient market access to the EU for Chinese goods and a favorable investment climate.

However, there is a longer-term component at work as well. The Belt and Road Initiatives is meant to create work for Chinese state-owned enterprises, but also to create efficiencies that lead—long-term—to better, more prosperous trading partners for China.

Investment in Hungary advances both of these goals. Chinese staff at the Central European Trade and Logistics Cooperation Zone highlighted Hungary's value as a logistics hub, noting that seven major highways branch out of Budapest, connecting it to 480 million consumers within 1000 kilometers (621 miles) (*China Trade News*, July 6, 2017). Most importantly, 10 of the countries within that range are EU members.

To make these deals more palatable—and improve the ability of Chinese goods to move inter-regionally—China is now funding improved rail links. This includes a line between Budapest and Belgrade that, when completed in 2019, should reduce travel times from eight to two-and-a-half hours (*China Daily*, August 16). Eventually, the railway will also link to the Greek port Piraeus, offering an efficient path for seaborne trade directly into the heart of Europe.

For Central European governments another major attraction is the possibility of greater north-south connectivity. Traditionally, the major highways and rail lines in Europe have gone from east to west. While these links were useful for moving goods to the more

developed economies in Western Europe, the lack of corresponding north-south links acted as a bottleneck for improving trade among the eastern and central European states. China's appetite for investment in large infrastructure projects offers a solution to this historical problem and could make eastern and central European economies more competitive.

As in the case of the Ethiopia-Djibouti rail links, improvements to inter-regional rail extend beyond the positive effects for Chinese trade and could be both politically popular and have a major benefit to local economies (*China Brief*, November 10).

Longer term, Chinese investment and attention to the less-developed economies in Central and Eastern Europe will probably pay off. Governments looking to reduce their reliance on powerful neighbors (as Hungary does on Germany), or political parties which have been criticized by liberal states (as Orban's Fidesz Party has) will continue to find China an attractive ally.

In the end, to maintain growth long-term China must build bridges—politically and literally—in countries like Hungary.

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## Central Government Cracks Down on “Low-End” Citizens While Praising “Poverty Alleviation” Efforts

By Willy Lam

In the wake of a fire on November 18 in a poor Beijing suburb that killed 19 people, police equipped with bulldozers and heavy-duty demolition equipment evicted several tens of thousands of migrant workers who had settled in Beijing over the past ten years (*Ming Pao* [Hong Kong], December 2; *BBC Chinese*, November 24). None of these so-called “low-end population” that were kicked out of their homes were given compensation or legal recourse. [1] The mass eviction of migrant workers stands in stark contrast to China's “poverty alleviation” (*fupin*; 扶贫) campaign, a major plank of the “China model” of development, which Communist Party General Secretary Xi Jinping touted at the 19th Chinese Communist Party (CCP) Congress as an “alternative option” to the Western order.

### Poverty Alleviation and the China Model

Throughout Xi's five-year tenure, the “core leader” of the party-state apparatus has repeatedly cited poverty alleviation, social welfare, and justice as not only his major policy goals but seminal attributes of the China model. Xi's first slogan—the “Chinese dream”—envisages the obliteration of poverty by 2021, the centenary of the establishment of the CCP, when China will have become a “moderately prosperous society.”

Moreover, in 2014, Xi pledged that every citizen would be protected by rule of law and a fair judicial system ([Guancha.cn](#), October 23, 2014; [Qstheory.cn](#), August 22, 2014). During the 19th Party Congress last month, Xi promised that the Party would satisfy not only the people's rising aspirations for higher living standards but also their "growing demands for democracy, rule of law, equality, justice, safety and environmental [standards]." Xi then asserted that "Chinese wisdom" and the "Chinese *fang'an* [model or blueprint; 方案]" would provide a "brand-new option" for developing countries which have misgivings about the traditional Western model ([China.com.cn](#), October 18; [Wen Wei Po \[Hong Kong\]](#), October 24).

Judging by the official definition of *fupin*, the Xi administration seems to be doing well. The official poverty line is defined as an individual income of 2,300 yuan (at 2010 price levels) a year. As of the end of last year, China still had more than 43 million residents in rural areas with an annual income of less than 2,300 yuan (roughly \$348). Twelve million people were lifted out of poverty in 2016 and another 10 million people are expected to be taken off the rolls this year. ([South China Morning Post](#), September 1). President Xi, who spent several years as a "rusticated youth" in a barren hilly village in Shaanxi, has taken a personal interest in the *fupin* campaign. At a major speech last summer, Xi again committed this administration to wipe out poverty by 2020 ([China.com.cn](#), September 1; [Xinhua](#), August 31).

Yet a major shortcoming of treating poverty alleviation as a quasi-political campaign is

that *fupin* is often used to boost the political fortunes and standing of "Xi and his protégés. The best example of this is the new Chongqing Party Secretary Chen Min'er (陈敏尔), who has long been viewed as a potential heir to Xi. One of the reasons for the elevation of Chen (born 1963) to the Politburo at the 19th Party Congress was his outstanding *fupin* achievements while serving as governor and party secretary of hardscrabble Guizhou Province from 2012–2017. According to the *People's Daily*, "the party committee and government of Guizhou has been expert at 'waging tough battles' to eradicate poverty." In the five years since the 18th Party Congress of 2012, more than 7 million peasants were lifted out of poverty ([People's Daily](#), April 16).

Guizhou provinces' success in becoming a destination for transfer payments from the central government and loans from state-owned banks shows how the *fupin* campaign has been politicized in service of well-placed cadres'. Last October, the Guizhou Branch of the People's Bank of China (China's central bank) extended 43.6 billion yuan of low-interest credit to provincial financial institutions which have a track record in helping rural counties and villages develop their economies. The central government-backed loans carry an interest rate which is 2–5 percent lower than average. Provincial authorities indicated that a "multi-faceted, extensive financial system has been constructed to help poor districts and poor population centers" ([China.com.cn](#), October 21; [Xinhua](#), October 20).

Both Chinese and Western analysts, however, have argued that in its anxiety to parade *fupin*

results, the Xi administration has neglected the basic legal, educational and human rights of “low-end sectors.” After all, the majority of the tens of millions of migrant laborers who have illegally settled in the outskirts of big cities such as Beijing, Shanghai, and Guangzhou long ago ceased to live under the 2,300 yuan-per-year poverty line. In busy seasons, these migrant workers, who are employed in professions ranging from housing construction to menial household work, can earn 3,000 yuan or more a month ([163.com \[Beijing\]](#), November 1; [The Diplomat](#), June 29, 2016). The sticking point is that, as in previous administrations, the Xi leadership has failed to guarantee that members of disadvantaged sectors—even those who have lifted themselves out of the poverty line—can fully enjoy the constitutionally mandated rights that urbanites have taken for granted.

According to historian and social critic Zhang Lifan, every citizen should have the right to live in any part of China. The 59-year-old *hukou* or household registration regulation, which has been denounced as a modern-day apartheid system, has prevented citizens from rural areas to live in prosperous cities along the coast. Even migrant workers who have settled in the big cities for years cannot get urban I.D. cards, which alone would enable them to enjoy amenities and benefits similar to those given urban citizens. “Every civilized country allows citizens to settle in different parts of the nation,” said Zhang. “After all, Chairman Mao was one of the millions of poor peasants who moved north” to seize better political and economic opportunities in the cities, he added ([Zhang Lifan’s Twitter](#), November 28; [VOA Chinese](#), November 28.)

A major document on economic and social reform released by the party Central Committee in late 2013 pledged to “make innovative changes to population management, and to speed up the reform of residence-permit systems.” Yet the directive, titled “Decision on Certain Major Issues Regarding Comprehensively Deepening Reforms,” only alluded to the possibility of peasants freely settling in medium-sized cities. Moreover, it affirmed the long-standing CCP belief in “seriously controlling the population scale of megacities” ([Xinhua](#), November 18, 2013). In fact, the official pretext for the eviction of migrants in Beijing is precisely President Xi’s instruction that the capital’s development—including the control of the number of residents—must follow rigorous planning. “Constructing and managing well Beijing is a major part of the modernization of the national governance system as well as governance ability” ([Xinhua](#), March 2).

The glossy veneer of Xi’s programs geared toward *fupin* and the provision of social welfare cannot hide the fact that “low-end” migrant workers evicted out of their modest homes in the capital have no recourse to legal help. According to *hukou* regulations, they have no right to be in Beijing in the first place. Even several small-scale NGOs which offered temporary lodging and free transport services to the evictees were harassed by police and ordered to stop ([Apple Daily \[Hong Kong\]](#), November 26; [South China Morning Post](#), November 26).

Partly owing to the virtual apartheid of urban and rural populations, there is a systematic bias against those unfortunate Chinese who

happen to grow up in destitute pockets of the central and western provinces. Despite constitutional guarantees that every Chinese is entitled to nine years of free education, many children in remote villages—particularly girls—only have skimpy access to education facilities. Research by Stanford University economist Scott Rozelle shows that more than half of eighth graders in neglected rural areas in China have IQs below 90, which would limit their learning and working opportunities in later life. At least one-third of rural children fail to complete junior high. Moreover, less than 10 percent of them go to senior high school, compared with 70 percent of their peers in cities. Compounding these issues, many children are “left-alone kids” or offspring of the estimated 200 million migrant workers who have flocked to find better jobs in the cities. These children are mostly taken care of by their grandparents, whose education and hygiene are very low. Poverty Alleviation efforts are unlikely to address these injustices since too many barriers to social mobility remain. For example, almost all urban high schools—which are much better equipped than those in the countryside—do not accept rural students, including those from relatively better-off families ([China Daily](#), September 28; [Sciencemag.org](#), September 21).

## Conclusion

The institutionalized discrimination against rural Chinese has shown Xi’s repeated pledges that all citizens “need not worry about food, clothing, free education, basic medical and housing facilities” to be hollow ([Apple Daily](#), November 28). His 19th Party

Congress address was replete with promises that all citizens would have “housing security” and equal access to social-welfare amenities—prerequisites for a responsible socialist administration ([People’s Daily](#), October 28; [China News Service](#), December 5, 2016). Yet what the merciless eviction of the “low-end population” of Beijing has demonstrated is that China has become a nation where the privileged classes led by the Party’s biggest clans ride roughed over disadvantaged sectors. Delaware State University Sinologist Yinghong Cheng, notes that the recent Beijing crisis testifies to the growth of “social Darwinism” underpinning the “violence, chicanery and suppression” used by the authorities ([Theinitium.com \[Hong Kong\]](#), November 26). At stake is not only the perpetuation of an unjust socio-political order, but the bankruptcy of the China model that Xi has so triumphantly paraded before nations keen to explore non-Western development paths.

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## Notes

1. The term *diduan renkou* (“low-end population” [低端人口]) was first used in an article on urban management published by the Overseas Edition of the *People’s Daily* in August 2016. It has since been widely used by officials and journalists to refer to “workers engaged in low-end professions or jobs.”

Despite its derogatory connotation, the term has appeared in Beijing municipality documents on the subject of population management. Since the mass eviction, numerous scholars and opinion leaders in Beijing, Hong Kong and overseas-Chinese communities have slammed the Xi administration for institutionalized discrimination against migrant workers, who have played a key role in making the “Chinese economic miracle” over the past two decades possible ([Ming Pao](#), November 28; [BBC Chinese](#), November 24; [China Youth Daily](#), August 2, 2016).

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## **Xi’s Consolidation of Power at the 19th Party Congress: Implications for PLA Aerospace Forces**

By Derek Grossman and Michael S. Chase

China’s paramount leader, Xi Jinping, has emerged from the recent 19th Party Congress stronger than at least his past two predecessors. Xi solidified his grip on power by enshrining “Xi Jinping Thought” into the Party constitution and unveiling a new Politburo Standing Committee that does not include a clear successor, suggesting he may break with recent precedent and remain in power after his second five-year term. Xi continues to derive leverage from his anti-corruption campaign, likely indicating that his rule will go unchallenged for the foreseeable future. During

the party congress, Xi also revealed significant changes to the Central Military Commission (CMC), the top body overseeing the People’s Liberation Army (PLA). The current CMC features fewer seats than the previous CMC, and Xi has either promoted from within the previous CMC or recruited new officers to carry out his priorities for the military. All of these changes will have a major impact on the PLA and in particular on China’s aerospace forces, which include the PLA Air Force (PLAAF), PLA Rocket Force (PLARF), and PLA Strategic Support Force (PLASSF).

### **Xi Setting the Tone**

The central theme of Xi’s opening address was the need to “strive for the great success of socialism with Chinese characteristics for a new era, and work tirelessly to realize the Chinese Dream of national rejuvenation” ([Xinhua](#), October 18). Since 2013, Xi’s Chinese Dream has envisioned a modern, prosperous, and strong China by 2050. Boldly echoing “Mao Zedong Thought” by referring to his own ideology as “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era,” Xi enshrined his doctrine into the party constitution, making it an all-pervasive feature of Chinese politics and society ([China Brief](#), November 10). Although his predecessors also enshrined their ideologies into the constitution, only Mao Zedong, Deng Xiaoping, and now Xi are listed by name in the constitution. It is a true testament to Xi’s elevated stature that he is now associated with these founding communist revolutionaries.

Xi’s power in part is derived from his continued anti-corruption campaign that resulted in

the removal of nearly two thousand Chinese Communist Party officials and PLA officers. Within the military, the campaign has toppled a number of “tigers,” including at least 45 at the rank of major general and above, according to the *ChinaFile* tabulation of Xi’s anti-corruption campaign (*ChinaFile*, as of October 31, 2017).

Just prior to the 19th Party Congress, Xi sacked two PLA generals—the chief of the CMC’s Joint Staff Department, General Fang Fenghui, and the director of the CMC Political Department, General Zhang Yang (who recently reportedly committed suicide)—as well former Chongqing Party chief Sun Zhengcai for corruption (*China Brief*, October 20).

### “World-Class” Military Forces

Xi’s marathon address at the party congress laid out an ambitious way ahead for the continued modernization of the PLA, which he expects to become a top-tier, global military by mid-century. Specifically, in support of the Chinese Dream, which envisions “a strong country with a strong military,” Xi stated that PLA modernization will be “basically completed” by 2035, and that by 2050 the PLA will have been “fully transformed” into a “world-class force,” one that is capable of deterring or defeating potential adversaries and supporting China’s expanding global interests. Xi detailed the need for PLA modernization across all services, and reiterated China’s pledge to raise the PLA’s “preparedness for all strategic directions,” probably meaning that the military should have plans for multiple potential contingencies. Increased readiness, coupled with growing combat capabilities will

better enable China to “manage crises and deter and win wars,” according to Xi.

### Implications for PLA Aerospace Power

Xi’s decision to promote PLAAF commander Xu Qiliang to senior vice chairman on the CMC likely holds significant implications for the PLAAF. In 2012, Xu became the first PLAAF vice chairman to attain that rank in the post-Mao Zedong era, and his further advancement to senior vice chairman signifies not only his exceptional loyalty to Xi but also the ascendance of the PLAAF as a service (*China Brief*, November 16, 2012). To be sure, Xi has been trying to transform the PLAAF for several years. He visited PLAAF headquarters in April 2014 and endorsed the PLAAF’s vision to become a “strategic air force,” defined as an air force with modern platforms, strategic planning for its mission sets, and an elevated role within the PLA (*China Brief*, October 2, 2015). That same month, then PLAAF commander Ma Xiaotian gave an important speech calling for the service to take a more active role in maritime security (*PLA Daily*, April 2, 2014)

Then, in June 2016, the PLAAF began highlighting the importance of building a “world-class” air force—foreshadowing the wording of Xi’s address to the party congress. For example, Wang Mingliang, a professor at the PLAAF Command Academy, stated that the Y-20 transport aircraft entering into service was “an indication that the Chinese Air Force had taken a major step toward a world-class air force.” In May 2017, the *People’s Daily* included the need to build a “world-class air force” alongside former leaders Jiang Zemin

and Hu's Jintao's earlier calls to integrate offensive and defensive capabilities into the force (People's Daily, May 7). Jiang and Hu's directives represented fundamental transformations of the PLAAF's roles, missions, and capabilities, and the fact that Xi's directive is mentioned alongside theirs strongly suggests that Xi expects China's air force to undergo another major transformation to support China's expanding regional and global interests.

The Party Congress speech and new CMC also suggest a continued emphasis on the modernization of China's strategic missile force and the PLA's space, cyber and electronic warfare (EW) capabilities. Xi promoted former PLARF Commander Wei Fenghe, an incumbent CMC member, to the position of third in rank on the CMC. This suggests Wei may be poised to become China's next Minister of Defense (this was the case with General Chang Wanquan after the CMC was revealed in 2012), which would enable him to wield significant influence over not only the inner workings of the Ministry itself but also in dialogues with foreign counterparts. Moreover, Xi's emphasis on the strategic missile force and the development of new capabilities for the PLARF in recent years suggest it is another service in ascendance that will certainly remain the focus of PLA modernization. For example, when Xi visited PLARF headquarters in September 2016, he highlighted its status as the "core of strategic deterrence" and emphasized its importance to China's great power status and national security (China Military Online, September 26, 2016). This role was further highlighted during the military parade

marking the PLA's 90th anniversary on 1 August 2017 when the Rocket Force unveiled its new DF-31AG ICBM. Even China's older missiles are seeing improvements as China's strategic missile force continues to develop hypersonic glide vehicles (HGVs) to improve its ability to counter adversary missile defenses.

Separately, the fact that Xi specifically mentioned the PLASSF—responsible for space, cyber, and EW operations—during his lengthy address to the party congress signifies the high level of importance placed on this augmenting force. Indeed, Xi highlighted the need for the PLA to be able to wage network information warfare, and the ability to fight jointly in a multi-domain environment—both key drivers behind the creation of the PLASSF. This echoes themes about the importance of the PLASSF that Xi has highlighted since its establishment in December 2015. For example, during an August 2016 visit to the PLASSF, Xi charged the organization with pursuing innovative concepts and capabilities to support PLA joint operations and contest the space and cyber domains (China Military Online, August 29, 2016). Xi has also expressed personal interest in related concepts such as quantum technology, which further suggests he believes the PLASSF is critical to the future success of PLA missions. (China Brief, December 5, 2016)

Despite the rising prominence of PLA generals relevant to China's aerospace forces on the new CMC, it nevertheless remains the case that the majority of the new CMC is ground forces officers—two non-PLA Army (PLAA) and four PLAA officers. Moreover, even when

considering Xi's decision to reduce the size of the CMC, from 11 to seven seats, the proportion of ground forces to aerospace forces officers is similar to the 2012 CMC. This probably means that the PLAA as a service continues to maintain a privileged position even as China strives to transform the PLA into a joint military. Nonetheless, Xi's promotion of PLAAF commander Xu, coupled with his inclusion of Joint Staff Department chief General Li Zuocheng as a CMC member, strongly suggests that he will press ahead with plans to enhance the PLA's jointness.

Although the service commanders were dropped from the CMC for the first time since 2004, the new heads of the PLAAF, PLARF, and PLASSF will still play important roles in shaping the future of Chinese aerospace forces. The newly-minted PLAAF commander, Lieutenant General Ding Laihang, has publicly discussed the need for the PLAAF to increase the range of its power projection capabilities. He recently stated that the PLAAF would "exercises on the open seas will become a regular part of training" (*South China Morning Post*, September 4, 2017). Meanwhile, although little is known about the new PLARF commander, Lieutenant General Zhou Yaning, he has a reputation for preferring to pay closer attention to weapon system technology over military strategy. He reportedly said: "Warfare in the future will be largely dependent on weapons. Strategy will only help to refine and supplement the technology" (*South China Morning Post*, September 16, 2017). General Gao Jin, the commander of the PLASSF since its establishment in 2016, is the former president of the Academy of Military Science,

which is responsible for publishing the *Science of Military Strategy*. His promotion to PLASSF commander is probably an endorsement of the views espoused in these publications (*China Brief*, February 8, 2016). In short, these commanders will be key operational and strategic interlocutors for U.S. policymakers and military officials.

### Looking Ahead

Given Xi's tight grip on power, the U.S. should expect that his directives on military modernization will be aggressively enforced. Xi appears to value the status afforded to China and to him of mirroring or even surpassing U.S. military capabilities, including in the air and space domains. Xi's anti-corruption campaign enables him to ruthlessly weed out those who do not carry out his orders, or those who are actually too corrupt to effectively fill these roles. Xi's speech and the new membership of the CMC signal that the PLAAF, PLARF, and PLASSF are likely rising in prominence—an important development in a traditionally army-centric military.

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## Yang Jiechi: Xi's Top Diplomat Back in His Element

By Yi Wang

In the new leadership line-up following the recent 19th Party Congress, Yang Jiechi (杨洁篪), deserves special attention as the new arbiter of China's foreign affairs. His promotion

to the Politburo, with the prospect of becoming Vice-Premier taking overall charge of foreign affairs across multiple portfolios, restores the top diplomat's status to the level once enjoyed by his former mentor Qian Qichen (钱其琛). Yang also paved the way for a more dynamic and open public diplomacy that has been used to great effect, particularly by Xi Jinping.

### Generational Takeover

As the first Foreign Minister born after the founding of the communist regime in 1949, Yang exemplifies China's current diplomatic workforce. Before Yang's time, China's foreign affairs establishment had been staffed mostly by former revolutionaries and demobilized soldiers donning civilian clothes. Perhaps unsurprisingly, they had limited training, spoke bafflingly accented Mandarin (Putonghua), (much less foreign languages), and were excessively dependent on translated, and often filtered, information about the outside world. A typical example of this generation was the PRC's first ambassador to the U.S., Chai Zemin (1916-2010), who used to turn many heads at suave functions, with his zany Shanxi accent and rough-hewn demeanor acquired from his early days as a guerrilla fighter.

In contrast, Yang has been one of the best-trained new-era diplomats in an increasingly professionalized diplomatic service. After completing primary education in 1963, he was admitted to the Shanghai Foreign Languages School (SFLS), one of only 11 such select schools in the country at the time. This not only afforded him early exposure to English, crucial in foreign-language acquisition,

but paved the way for his subsequent diplomatic career. Although his formal education was interrupted by the Cultural Revolution when worked at the Pujiang Electricity Meter Factory, he was lucky to be chosen, in 1972, as a trainee for the Ministry of Foreign Affairs (MFA). At the time the MFA was in dire need of English-speaking staff in the wake of President Nixon's ground-breaking visit to China and the PRC's admission to the UN.

The following year, Yang was sent to Britain for further education, along with a group of similar recruits, including Wang Guangya, who used to share a bunk bed with Yang at SFLS and later became Permanent Representative to the UN (2003-2008), Zhou Wenzhong, who was eventually appointed Ambassador to Washington (2005-2010), and Le Aimei, who later became Yang's wife. Yang first attended Ealing College, then the University of Bath and finally the London School of Economics (LSE) before returning to Beijing in 1975.

### "Tiger Yang"

On the strength of his excellent command of English, Yang was assigned to the MFA's Translation Office, where he worked for over ten years on two occasions (1975-83 and 1987-90), interpreting for most of the Chinese leaders of the time, including Deng Xiaoping. This gave him a vantage point at a young age observe top-level diplomacy and to befriend key players on the world stage. In 1977, for instance, 27-year-old Yang Jiechi had the opportunity to accompany George Bush Senior and his family on the latter's tour of Tibet. He got on so well with the Bush family that they

became his life-long friends, affectionately calling him "Tiger Yang", after the Year of the Tiger when he was born. This augured well for his subsequent career.

### **Fixer of Sino-US relations**

As it turned out, apart from three Beijing-based stints mainly covering North America and Oceania (1990-93, 1995-2000, and 2005-07) until becoming Foreign Minister in 2007, Yang was to be posted three times to Washington, first as Second Secretary in 1983-87, then as Minister in 1993-95, and ultimately as Ambassador in 2001-05. These postings provided good opportunities for honing his diplomatic skills and for developing numerous contacts in the host country. Such skills and contacts were frequently called upon during his long diplomatic career. They proved particularly useful at critical junctures of Sino-US relations, such as in April 2001, when a US EP-3 spy plane collided with a Chinese J-8 interceptor fighter jet over international waters off China's southern coast.

The mid-air collision, occurring only three months after Yang commenced his ambassadorship in Washington, resulted in the death of the Chinese pilot and forced the U.S. plane to land on Hainan Island, with its 24-crew members detained by the Chinese authorities. Washington demanded the immediate release of the crew, but Beijing wanted a formal apology first. Washington refused to apologize, insisting it had done nothing wrong. The standoff became so intense that waves of public antagonism and nationalistic sentiments swept across China and parts of the United States.

An old-style diplomat, like Chai Zemin, would have done little more than repeating the government line, and invariably through an interpreter. But Yang was different. According to Chinese sources, in the days following the incident, he made multiple visits to the State Department and Congress to lobby key individuals and became a frequenter of the White House, then occupied by George W. Bush. He also appeared twice a day on U.S. television, giving China's view of the incident. When speaking on CNN, for instance, he used the analogy of nuisance drivers causing havoc in a faraway neighborhood and hitting a local resident who happened to take a look outside their own house. Is it too much for the victim's family, Yang quipped, to ask for an apology?

Chinese sources said that Yang's efforts made a big difference to US public opinion. After his TV appearances, more than 50 percent of respondents to opinion polls favored a US apology to China, compared with less than 20 percent beforehand ([Shandong Province MFA Office](#), May 14, 2010). Before long, President Bush and Ambassador to China Joseph Prueher grudgingly expressed sorrow, though not exactly apologizing, for the death of the Chinese pilot and for the US aircraft entering Chinese space uninvited. Taking this as the formal apology it had demanded, China soon released the U.S. crew. The much-feared escalation of the crisis was thus averted.

### **The yin Yang**

Yang's ability to cultivate friendly contacts is certainly helped by his amiable personality. People who have worked with him say he is

very approachable and does not put on airs (bu bai jiazi; 不摆架子) ([Sina Blog](#), September 25, 2010). If we use the traditional Chinese yin-yang dichotomy to categorize Chinese diplomats, with yin meaning affable, sensitive and engaging and yang meaning tough, doughty and blunt, Yang Jiechi certainly falls into the yin category. For an archetypal hero of this category, one cannot go past Zhou Enlai, the PRC's first Premier-cum-Foreign Minister, renowned for his *qinheli* (亲和力; ability to charm and befriend).

For a well-known figure of the yang category, we need look no further than Zhou's immediate successor, Marshall Chen Yi (1901-72), whose table-thumping vehemence and famed ability to stare down rivals with his distinctive bulging and glaring eyes were widely admired by the older generation of soldier-diplomats. A contemporary example of this category is Sha Zukang, China's Ambassador for Disarmament (1995-97), also from Yang's cohort of UK-educated trainees, nicknamed "China's John Bolton" for his outspoken bluntness. Of course, most fall between these two archetypes, with a few able to cross boundaries according to the circumstances at the negotiation table. Former Foreign Minister Qiao Guanhua (1913-83) was reputed to be capable of optimising his blend of scholarly and soldierly qualities (nengwen nengwu; 能文能武) to grin merrily or rebuke angrily (xixiao numa; 嬉笑怒骂) as the occasion demanded.

### Out of Character

In July 2010, perhaps as an instinctive response to emulate the past masters of diplomatic versatility, the normally affable and gracious Yang—then Foreign Minister—famously stormed out of an ASEAN forum in response to U.S. Secretary of State Hillary Clinton's criticism of Beijing's conduct in the South China Sea. While Qiao's broad repertoire had won him admiration, Yang's out-of-character performance did not impress the forum participants.

To be fair, Yang was under pressure to act tough, especially when nationalistic sentiments were allowed to run high during Hu Jintao's hamstrung presidency, with the Foreign Ministry portrayed by belligerent elements as too weak against foreign aggressiveness. Yang thus found it necessary to show a tough and gritty side, though he usually did it more subtly than at the ASEAN forum. When confronting the press, he would sometimes make a joke of the fact that he was born a Tiger, hinting that he would resolutely safeguard China's national interest like a tiger protecting its cub ([CCP News](#), September 2007).

### Soft Power With a Personal Touch

Posturing aside, Yang's long-term exposure to the outside world and his superior command of English enabled him to feel the need to improve China's international image more keenly than most of his fellow bureaucrats. As a result, during Yang's tenure as Foreign Minister (2007-2013) Beijing began to promote its public diplomacy in a big way.

Veteran diplomats and distinguished scholars were enlisted to form the Public Diplomacy Advisory Panel and the second-track Public Diplomacy Association was also established. The high-profile publication *Public Diplomacy Quarterly* was launched, with Yang's close associate, Ambassador Zhou Wenzhong (who attended Bath University and LSE with Yang), on its editorial board. The MFA's public diplomacy unit was upgraded, with its name changed, first from Gongzhong (公众) to Gonggong Waijiaochu (公共外交处) and then to Gonggong Waijiao Bangongshi (公共外交办公室; Public Diplomacy Office) to reflect its expanded focus ([MFA](#), December 26, 2012).

Yang also opened the Foreign Ministry's doors to the public through such activities as Open Days and the Blue Room Forums.

The erstwhile bashful Yang also saw fit to utilize these occasions to flaunt his hobbies that happen to include key ingredients of China's soft power: calligraphy, ping pong and Peking Opera ([Sina Blog](#), September 25, 2010).

### **Back in His Element?**

If Yang had been out of his depth under Hu's unassuming stewardship, the much stronger leadership of Xi Jinping may offer a chance for Yang to do what he does best.

Having now consolidated his power, Xi is vigorously pushing ahead with his mega-projects like the Belt and Road Initiative and "a new type of major power relations" (新型大国关系), a catchphrase reportedly coined by Yang with his brother Jiemian (杨洁勉), a

noted strategic analyst. And who better to help Xi build such relations than Yang, having devoted almost his entire career to cultivating ties with the biggest power in the world. It is, therefore, no surprise that Yang took credit for the good rapport developed between Xi and Donald Trump at recent summits ([SCMP](#), October 25).

Admittedly, Yang is not nearly as versatile as some of his predecessors, but a unique convergence of circumstances has enabled Yang to turn his weakness to good advantage. With Xi himself bonding well with Russian leader Vladimir Putin and Foreign Minister Wang Yi, Yang's Japanese-speaking successor, working on Japan, Yang can afford to focus on his specialty in getting the US relationship right.

More importantly, Xi may do well to have his formidable strength (yang) complemented by Yang's soft touch (yin). An empowered Yang may feel more comfortable displaying his congeniality, not just to endear himself to "the core leader of the new era", but to help win over more international support for Xi's grandiose China dream.

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## Behind the Golden Shield: China Reforms Public Security Intelligence

By Edward Schwarck

In his last address before retiring as China's security chief in October, Meng Jianzhu (孟建柱) briefed members of the Politburo Standing Committee on the use of artificial intelligence (AI) to predict threats to social order ([Sina](#), September 21). AI-enabled policing is the latest evolution of the Golden Shield Project (金盾工程)—a nationwide network that is attempting to link surveillance assets nationwide with personal digitized information stored in public records. However, as China's police employ more sophisticated technology, and collect ever-greater volumes of data, they are also adapting their organization to better process information (*China Brief*, June 3, 2011). Over the past two decades, the Ministry of Public Security (MPS) has built a new "public security intelligence system" (公安情报信息体系) to improve how analysis reaches decision-makers. New intelligence structures are helping China's security state cope with an increasingly complex, fluid, and networked society.

### Intelligence Reform

In 2004—a year after the launch of the Golden Shield—the annual Meeting of National Public Security Bureau Chiefs (全国公安厅局长会议) produced a plan for a new "public security intelligence system". China's top cops agreed that new 'integrated intelligence structures'

would help "improve the level of intelligence collection, analysis, and assessments". [1] The plan aimed to address longstanding problems with information sharing and a backward analytical culture at every level of public security.

For much of the 1980s and 1990s, public security intelligence work was a specialist function of the MPS's "operational departments" (行动部门). Criminal Investigations (刑侦), Economic Crime (经侦), Counter-Terrorism (反恐), State Security (国保) and others contained ancillary intelligence offices (情报科) that supported their investigators. Operational departments set their own collection tasks and managed their own information resources—and intelligence was commonly seen as the exclusive property of whoever collected it. Information not of direct use to the collectors was discarded or withheld from other departments for fear of benefiting rivals.

Public security intelligence work was treated as a back-office job that served the narrow requirements of the department—not a guide for security policy. Information was rarely shared beyond departmental walls. There was no unified leadership over intelligence work, and no direction over how information was collected, analyzed and disseminated. In the early 2000s, scholars at the Public Security University in Beijing began to lament the lack of an "intelligence cycle" (情报流程) to synthesize information into a valuable product for decision-makers. While officers made use of tradecraft such as interrogations, interviews, covert surveillance, agents and informants, the lack of a process to synthesize information meant that traditional public security

“intelligence” barely met the defining criteria of intelligence at all. What Chinese analysts derided as “small intelligence” (小情报) could not lead investigations, forecast threats, or guide strategy. [2]

By the mid-2000s it was clear that the MPS' existing intelligence system was no longer capable of serving the needs of law enforcement. Local officials described their difficulties in maintaining the security state's information dominance (制信息权) over an increasingly fluid and IT-literate society. They feared that China—like other globalized economies—was facing ever more complex and dynamic forms of criminality and dissidence ([Hzwestlake.gov.cn](http://Hzwestlake.gov.cn), July 29, 2014). Moreover, the erosion of the *danwei* (work unit) system and the uncontrolled flows that accompanied market reform deprived the party-state of its traditional eyes and ears. For one analyst, the MPS' traditional intelligence system was “no longer suitable for the real requirements of the fight.” [3]

### **The Blueprint: Intelligence-Led Policing**

In 2008, at a meeting of MPS police chiefs in Nanjing, former MPS Vice Minister, Zhang Xinfeng, heralded the achievements of the Golden Shield in laying a nationwide information infrastructure onto which new intelligence structures could then be grafted ([Boxun](#), May 7, 2009). The blueprint for the new system is “Intelligence-Led Policing” (ILP; 情报指导警务), a British law enforcement model pioneered in the 1990s. It has since been enthusiastically adopted by law enforcement agencies across the globe, including in the United States. In China, it has become a

mantra in public security policy speeches and academic analysis.

ILP is sometimes misunderstood as simply an increased use of intelligence operations by police. In fact, it is a management philosophy that places assessments derived from intelligence and analysis at the center of all strategic and operational decision-making. Seamless information sharing is crucial in ILP, as intelligence serves as the command and control link between strategic decision-makers, operational officers, and frontline cops. A municipal-level public security officer in Anhui accurately describes the logic of ILP as a “virtuous cycle”: intelligence is gathered from a criminal environment, collated, analyzed, and presented to decision-makers for consideration. Decision-makers allocate resources and formulate strategies on the basis of this intelligence. Frontline officers apply resources and execute the strategy to shape or disrupt the criminal environment.

There is a clear alignment in the benefits of ILP and the requirements of law enforcement in China. ILP offers resource efficiency when China's police continue to struggle with personnel numbers ([China Brief](#), April 12, 2012). In ‘Tier One’ cities such as Shanghai, Beijing, Guangzhou, and Shenzhen, population size would probably be overwhelming for a more traditional, investigation-led police force. This is possibly also true in the countryside, where budgets are small and jurisdictions are large ([China Brief](#), September 4, 2015). Moreover, intelligence-led, preemptive policing frees up resources as police spend less time trailing leads. And, by consolidating intelligence and analysis from multiple law enforcement

fronts, analysts can uncover “hidden” (内幕性) connections between criminal trends and incidents. [4] In other words, ILP lets the MPS do more—and better—with less.

### **Integrated Intelligence Departments**

At the center of public security intelligence today are “Integrated Intelligence Departments” (IID) (综合情报部门), which sit at central, provincial, municipal, and county level public security bureaus. Staffed by a new cadre of “highly educated” analysts (one Chinese analyst reported 28,000 nationwide in 2015), they draw on the intelligence produced by operational departments as well as the statistical analysis offered by big data crunchers in Command Centers. [5] IID’s analytical product is an integrated assessment of statistical predictions and specific threats. It not only reads the conditions in a community or region that support the generation of crime, but also the criminal entity, their intent, their target, their plan, and the resources they have available. The clarity of threat offered by an ILP-enabled system supposedly helps police manage the most persistent and complex forms of crime and disorder.

Perhaps the most important function of IIDs is how they have helped introduce an intelligence cycle into public security work. IIDs hold regular “intelligence consultation” (情报会商) meetings, where participants receive tasking from above and issue targets to collectors. These meetings can serve tactical purposes such as planning local law enforcement activities, or strategic ones such as resource allocation. When necessary, meetings can bring in government agencies or industry

representatives. It would be logical for the MPS to use IIDs to share assessments and coordinate strategies with China’s other security agencies, such as the Ministry of State Security (MSS) or the quasi-military Peoples’ Armed Police (PAP). Cross-agency sharing of this type would serve the broader objective of improving cooperation within China’s intelligence community, which is an official requirement of the 2017 National Intelligence Law ([npc.gov.cn](http://npc.gov.cn), 27 June).

### **Conclusion**

The result of China’s new public security intelligence system is that the MPS is more tactically and strategically aware of existing threats to the party-state, as well as those over the horizon. Centralizing authority over intelligence work allows more effective oversight over intelligence work, and ensures that every department and jurisdiction has access to the same information and quality of analysis. Finally, the emergence of public security intelligence as a standalone discipline will also allow the MPS—with its informatized intelligence capabilities—to stand tall in China’s intelligence community. After a checkered history of intelligence work, it appears as though the pressure of informatization on policing structures has reshaped the MPS into a competent intelligence organization. In the future, a stronger intelligence capability may strengthen the MPS’ policy clout among China’s leaders, and possibly increase its involvement in national security intelligence work, which has traditionally been monopolized by the MSS and PLA.

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