



VOLUME 20 • ISSUE 6 • APRIL 01, 2020

IN THIS ISSUE:

Military Activity and Political Signaling in the Taiwan Strait in Early 2020

By John Dotson.....pp. 1-7

The Coronavirus Pandemic and the Rise of Chinese Civil Society

By Willy Lam.....pp. 8-12

The Chinese Charm Offensive Towards Italy as the Coronavirus Crisis Deepens

By Dario Cristiani.....pp. 13-18

Global Supply Chains, Economic Decoupling, and U.S.-China Relations,

Part 1: The View from the United States

By Sagatom Saha and Ashley Feng.....pp. 19-24

China's Deepening Diplomatic and Economic Engagement in Afghanistan

By Syed Fazl-e Haider.....pp. 25-29

Military Activity and Political Signaling in the Taiwan Strait in Early 2020

By John Dotson

Introduction

On March 16, People's Liberation Army (PLA) Air Force aircraft conducted a set of unusual nighttime sorties over the sea to the southwest of Taiwan. At least one KJ-500 airborne early warning and control (AEWC) aircraft and an undisclosed number of J-11 FLANKER-L jet fighters participated in the mission, and at one point crossed the median line of the Taiwan Strait, which prompted a scramble by Republic of China Air Force (ROCAF) F-16 fighters in response ([Focus Taiwan](#), March 17; [Taipei Times](#), March 18). Although the nature of the mission was unusual—this marked the first time that PLA aircraft flew in the vicinity of Taiwan at night—the incident was otherwise consistent with a pattern of increasingly provocative naval and military aviation operations conducted in the vicinity of Taiwan by PLA units in the first quarter of 2020.



Image: A photo released by Taiwan's Ministry of Defense on February 10, showing a Taiwan Air Force F-16 (foreground) escorting a PLA Air Force H-6 bomber (background).

(Source: [ROC Defense Ministry / AFP](#))

This uptick in tactical military activity has been accompanied by more assertive rhetoric from People's Republic of China (PRC) media outlets and spokespersons since the landslide reelection of Taiwan President Tsai Ing-Wen (蔡英文) on January 11 ([China Brief](#), January 17). These military operations (*see further discussion below*) have also taken place as PRC officials and citizens have scrambled to cope with the social, economic, and political impacts of the COVID-19 pandemic that first manifested in the central Chinese city of Wuhan in December ([Jamestown](#), ongoing). This suggests that senior Chinese Communist Party (CCP) officials wish to project the message that the crisis has not inhibited the PLA's capabilities to defeat Taiwan "separatism"—and may further wish to use such operations to assert an image of strength in the face of the internal crisis produced by the pandemic.

Background: PLA Aviation Operations Near Taiwan Prior to 2020

PLA Air Force (PLAAF) flights around Taiwan are not a new phenomenon, and PLAAF sorties to circumnavigate the island—frequently involving H-6K bomber aircraft flying through the Bashi Channel (巴士海峡, *Bashi Haixia*) south of Taiwan, with other aircraft acting in support or escort roles—have been conducted since November 2016. In certain periods, such as the summer of 2017, these sorties peaked significantly. [1] These flights serve a two-fold purpose: they provide training for aircrews in conducting longer-distance sorties in likely operating areas for a potential future conflict over Taiwan; and they also serve a propaganda role, with both real and notional "island encirclement" sorties promoted in state media as part of a psychological warfare campaign intended to intimidate residents of Taiwan. [2]

On March 31, 2019 two PLAAF J-11 fighters crossed the median line of the Taiwan Strait (an unofficial boundary, but one traditionally observed by military aircraft from each side), the first such reported incident since 2011. This prompted a scramble by ROCAF fighters and a sharp response from Taiwan President Tsai Ing-Wen (蔡英文), who vowed the “forceful expulsion” of PLA aircraft repeating this action in the future ([SCMP](#), April 1, 2019).

The end of 2019 saw another significant development for naval aviation in the region, when the PLA Navy (PLAN)’s first indigenously-designed carrier SHANDONG (山东舰) (CV-17) was commissioned in mid-December 2019 at Sanya Naval Base on the southern Chinese island province of Hainan ([Xinhua](#), December 17, 2019; [Japan Times](#), December 18, 2019). On December 26, SHANDONG sailed through the Taiwan Strait in the course of conducting local-area training and sea trials ([USNI](#), December 26, 2019). The transit was of limited importance in terms of demonstrating operational proficiency, but it was a symbolically powerful statement of the PRC’s growing naval strength and assertiveness towards Taiwan.



Image: Xi Jinping, in his role as Chairman of the CCP Central Military Commission, reviews an honor guard as part of commissioning ceremonies for the PLA Navy aircraft carrier SHANDONG held at the Sanya Naval Base on Hainan Island, Dec. 17, 2019. (Source: [Xinhua](#))

Significant U.S.-PRC Military Events Near Taiwan in Early 2020

The pace of military incidents involving both U.S. Navy / Air Force and PLAN / PLAAF platforms has picked up in the first three months of 2020 (*see chart below*). These events have also been accompanied by at least three significant political events:

- Taiwan President Tsai's reelection victory on January 11.
- A visit in early February to the United States by Taiwan Vice President-elect Lai Ching-te (賴清德), who met with senior U.S. political figures and attended the annual National Prayer Breakfast in Washington D.C. ([Taiwan News](#), February 4). Although Lai had not yet assumed office at the time, and therefore visited in an unofficial capacity, his visit still drew strident condemnations in PRC state press ([Xinhua](#), February 6).
- Passage of the "Taiwan Allies International Protection and Enhancement Initiative" ("TAIPEI Act"), which was signed into U.S. law on March 26. The measure provides a symbolic statement of support for Taiwan, and "requires the Department of State to annually report to Congress on steps the State Department has taken to help strengthen Taiwan's diplomatic relationships and partnerships around the world" ([Congress.gov](#), March 26).

Noteworthy U.S. and PRC military actions in the vicinity of Taiwan in the first quarter of 2020 are provided in the chart below:

Selected Significant U.S. and PRC Military Events Near Taiwan, January – March 2020		
Date	Event	Source(s)
Jan. 16	The U.S. Navy guided-missile cruiser USS SHILOH (CG-67) transited the Taiwan Strait. A U.S. Navy spokesman described it as a "routine Taiwan Strait transit" that demonstrated "commitment to a free and open Indo-Pacific." PRC outlets condemned the action, with a government spokesman asserting that Taiwan is "the most important and sensitive issue for China-U.S. relations," and that the United States should abide by the PRC's "One-China Principle."	(USNI , Jan. 17) (SCMP , Jan. 17) (CGTN , Jan. 17)
Jan. 21	Multiple PLAAF Su-30 and Y-8 aircraft flew from airfields in southern China and passed through the Bashi Channel south of Taiwan, before returning the same way. ROCAF fighter aircraft were scrambled in response.	(VOA Chinese Service , Jan. 23)
Jan. 23	A formation of PLAAF aircraft, including a KJ-500 AEWEC aircraft and an H-6 bomber, passed through the Bashi Channel en route to the western Pacific Ocean. In response to the incident, which took place just prior to the Lunar New Year holiday, the ROC Defense Ministry assured the Taiwan public that it monitored such flights and that "there is no holiday for national security."	(SCMP , Jan. 23) (VOA Chinese Service , Jan. 23)

Feb. 9-10	PLA naval and air forces conducted joint drills in waters to the south of Taiwan. PRC state media explicitly linked the drills to the U.S. visit of Taiwan Vice President-elect Lai, stating that “Taiwan's Democratic Progressive Party has been increasingly colluding with the U.S. [in plans] to confront the Chinese mainland, planning Lai Ching-te's US visit, [and] seeking ‘independence’.” State press further asserted that continuing PLA flights and naval drills proved that “mainland military capabilities were hindered not one jot by the ongoing novel coronavirus outbreak,” and that the PLA was “determined and capable of crushing any ‘Taiwan secessionist’ activities, resolutely safeguarding national sovereignty and territorial integrity, and peace and stability in the Taiwan Strait.”	(Global Times , Feb. 9) (Global Times , Feb. 11)
Feb. 9	A formation of PLAAF J-11 fighters, a KJ-500 AEWEC aircraft, and H-6 bombers carried out a long-distance training flight that crossed the centerline in the Taiwan Strait, prompting Taiwan to scramble F-16s in response. PLAAF aircraft circumnavigated Taiwan, flying through the Bashi Channel and into the western Pacific Ocean, before turning north and returning via the Miyako Strait to the northeast of Taiwan.	(Focus Taiwan , Feb. 9)
Feb. 10	A mission containing an unspecified number of PLAAF aircraft, including H-6 bombers, briefly crossed the median line in the Taiwan Strait on their way to the western Pacific through the Bashi Channel.	(SCMP , Feb. 14)
Feb. 12	A U.S. Air Force MC-130J Commando II aircraft flew north to south along the airspace over the Taiwan Strait, while two U.S. Air Force B-52 Stratofortress bombers flew along Taiwan's east coast.	(Stars & Stripes , Feb. 16)
Feb. 15	The U.S. Navy guided-missile cruiser USS CHANCELLORSVILLE (CG-62) transited the Taiwan Strait. A U.S. Navy 7th Fleet spokesperson stated that “The ship's transit through the Taiwan Strait demonstrates the U.S. commitment to a free and open Indo-Pacific. The U.S. Navy will continue to fly, sail and operate anywhere international law allows.”	(USNI , Feb. 16)
Feb. 17	A U.S. Navy P-8A Poseidon maritime patrol aircraft operating over international waters 380 miles west of Guam was allegedly targeted by a lasing device from the PLAN LUYANG III (Type 052D)-class destroyer HOHHOT. Per a U.S. Pacific Fleet statement, the action was “unsafe and unprofessional,” and posed a threat of “harm to personnel or damage to equipment.” PRC state press later described the P-8A flight as one of a series of “provocative actions” by the United States, and claimed that the aircraft performed “dangerous maneuvers” that were “extremely inappropriate, unprofessional and unsafe.”	(USNI , Feb. 27) (China Daily, March 27)
Feb. 28	A PLAAF H-6 bomber transited through the Bashi Channel south of Taiwan before circling back and returning to base.	(Straits Times , Feb. 28)

Mar. 5-9	The U.S. Navy aircraft carrier USS THEODORE ROOSEVELT (CVN-71) conducted a port visit in Da Nang, Vietnam—only the second such visit by a U.S. carrier since the restoration of U.S.-Vietnam diplomatic relations.	(INDOPACOM Mar. 12)
Mar. 16	A KJ-500 AEWEC aircraft and an undisclosed number of J-11 FLANKER-L jet fighters conducted a nighttime training mission southwest of Taiwan. At one point the aircraft reportedly crossed the median line of the Taiwan Strait, prompting a scramble by ROCAF F-16 fighters.	(Focus Taiwan , Mar. 17) (Taipei Times , Mar. 18)
Mar. 26	The U.S. Navy guided-missile destroyer USS MCCAMPBELL (DDG-85) transited the Taiwan Strait. A U.S. Navy 7th Fleet spokesperson reiterated the message that “the ship’s transit through the Taiwan Strait demonstrates the U.S. commitment to a free and open Indo-Pacific,” and that “the U.S. Navy will continue to fly, sail and operate anywhere international law allows.” A PRC spokesman called such actions “extremely dangerous,” and asserted that “U.S. moves have seriously interfered in China’s internal affairs, severely harmed peace and stability in the Taiwan Strait and poisoned Sino-U.S. military ties.”	(U.S. Pacific Fleet Facebook , Mar. 26) (Asahi Shimbun , Mar. 26) (Taipei Times , Mar. 27)

Conclusion

PLA naval and aviation operations in the vicinity of Taiwan are an ongoing phenomenon, and may be expected to further increase commensurate to the PRC’s growing military power. These activities ebb and flow on a regular basis, and too much could be made of looking for broader significance at particular times. That said, such tactical activity does appear to have been on the rise in the first quarter of this year. Furthermore, it has been accompanied by increasingly strident rhetoric from the PRC, which is insisting on its claimed sovereignty over Taiwan in an ever-more assertive fashion—even as democratic political processes in Taiwan are leading the island away from the PRC’s orbit, and making the prospects for peaceful unification on Beijing’s terms more remote than ever.

These actions have also been paralleled by an increase in maritime presence and freedom of navigation operations conducted by the U.S. Navy and U.S. Air Force in the vicinity of Taiwan and the South China Sea. In a proverbial case of the lady protesting too much, PRC state press has accused the U.S. government of conducting military provocations in order to distract from failings surrounding the ongoing viral pandemic: as stated by the nationalistic **Global Times** on March 22, “The current U.S. administration wants to shift attention from its failure in containing COVID-19 and the plummeting stock market, so it is increasing efforts to escalate tension... China hawks believe that such actions during the crucial period of the COVID-19 outbreak can shift Americans’ attention by inciting nationalist sentiment” ([Global Times](#), March 22).

The combination of its own rising military capabilities, and the need to project an image of strength amid the domestic social and political crisis sparked by the COVID-19 pandemic, have led Beijing to ramp up provocative military measures aimed at sending a political message to both Taiwan and the United States. If domestic woes continue this year—as, for example, in a serious economic downturn—Beijing’s saber-rattling across the Taiwan Strait may be expected to continue further into 2020.

John Dotson is the editor of China Brief. For any comments, queries, or submissions, feel free to reach out to him at: cbeditor@jamestown.org.

Notes

[1] Grossman, Beauchamp-Mustafaga, Ma, and Chase, *China’s Long-Range Bomber Flights: Drivers and Implications* (RAND Corp., 2018), pp. 20-25.

https://www.rand.org/content/dam/rand/pubs/research_reports/RR2500/RR2567/RAND_RR2567.pdf.

[2] For discussion of how PRC state media has promoted these flights for propaganda purposes, see: *ibid.*, pp. 22-23. For an example of how notional PLAAF flights have also been used in propaganda directed at Taiwan, see: John Dotson, "Beijing Sends a Menacing Message in Its Lunar New Year Greeting to Taiwan," *China Brief*, February 15, 2019.

<https://jamestown.org/program/beijing-sends-a-menacing-message-in-its-lunar-new-year-greeting-to-taiwan/>.

The Coronavirus Pandemic and the Rise of Chinese Civil Society

By Willy Lam

Introduction: China's Civil Society Amid the COVID-19 Pandemic

According to figures provided by People's Republic of China (PRC) authorities, the COVID-19 pandemic peaked in early March. One day after Chinese Communist Party (CCP) General Secretary Xi Jinping made his only inspection tour of Wuhan on March 10, the epicenter of the outbreak, official statistics indicated that only eight new cases had appeared in the city—with only 15 new cases in China overall. Also per official figures, on February 25 more newly confirmed cases of COVID-19 originated from outside of China rather than inside the country ([WHO](#), February 26). At least from one perspective, the authority and prestige of Xi seem to have been salvaged to some extent.

However, public intellectuals, journalists, whistleblowers and other members of civil society have insisted that if Xi had been forthcoming about the outbreak from day one—and if adequate medical facilities and equipment had been transported to Hubei Province in good time—the number of cases in China would have been significantly lower than 80,000 and that almost certainly, the number of fatalities would have been much less than the official figure of 3,199 as recorded on March 15 ([Economic Times](#), March 15; [Straits Times](#), March 12).

At a time when parts of China are under quasi-martial law, Xi has taken this opportunity to hit out at China's nascent civil society. A large group of intellectuals risked their personal safety to eulogize the contribution of the late Wuhan doctor Li Wenliang (李文亮), who was one of the first whistle blowers to expose the severity of the coronavirus. On December 30, Li was among the first medical professionals to warn of a large virus outbreak; he subsequently fell victim to COVID-19 associated pneumonia and passed away on February 6 ([Radio French International](#), February 20; [BBC Chinese Service](#), February 7). Public intellectuals such as famed law professor Xu Zhangrun (许章润) of Tsinghua University and constitutional expert and activist human rights lawyer Xu Zhiyong (许志永) have disappeared ([Chinese PEN](#), February 20; [Radio Free Asia](#), February 19).

Meetings of institutions of civil society, such as both the legally recognized and the underground churches, have also been suppressed in the name of curtailing public gatherings ([Christian Times \(HK\)](#), March 20). The police state apparatus also took advantage of the quasi-curfew atmosphere to mete out a ten-year jail term to Hong Kong's Causeway Bay bookseller Gui Minhai (桂敏海), who was first detained in Thailand in 2015 for publishing a rash of books deemed embarrassing to the CCP's red aristocracy. While Gui has nothing to do with the pandemic, his heavy sentence seemed a warning to intellectuals who dare expose the party's treatment of advocates of freedom of expression ([HKEJ.com](#), February 25; [Apple Daily](#), February 25).



Image left: Hong Kong bookseller Gui Minhai (桂敏海), who was abducted in Thailand by PRC agents in 2015 after publishing books deemed embarrassing to senior CCP officials. Image right: A still image of Gui's February 2020 trial in the city of Ningbo (Zhejiang Province), at which he received a ten-year prison sentence. ([Apple Daily](#), February 25)

Xi Jinping Uses the Crisis to Advance His Protégés

Pioneers in China's nascent civil society have also zeroed in on the fact that Xi has taken advantage of the pandemic to raise the political fortunes of a host of officials who had worked with him in earlier years in Zhejiang and Fujian. (Xi was a mid- to senior-ranked official in Fujian from 1985 to 2002, and Party Secretary of Zhejiang from 2002 to 2007.) Several officials deemed protégés of Xi have been promoted during the fight against the pandemic. Foremost is the elevation of Shanghai mayor Ying Yong (应勇) to Hubei as Party Secretary. (The rank of party secretary is higher than that of governor or mayor.) Similarly, Wang Zhonglin (王忠林), the former party secretary of Jinan (capital of Shandong Province), has been moved to Wuhan as party secretary ([China Brief](#), February 28). Although on the surface it was a lateral transfer, Wang Zhonglin in effect won a promotion given that Wuhan is a much higher-profile job.

Also having their political fortunes augmented are two senior cadres on the frontline of handling the pandemic in Wuhan: Xi-affiliated Vice-Premier Sun Chunlan (孙春兰) and Secretary-General of the Central Political-Legal Commission Chen Yixin (陈一新). Sun is the head of the Central Instruction Group (中央指導組長, **Zhongyang Zhidao Zuzhang**) for dealing with the pandemic in Hubei, and Chen is her deputy. A number of cadres close to Xi who are from coastal and central provinces, and who have been tasked with the temporary assignment of helping Hubei, are also seen as rising stars ([Ming Pao](#), March 13; [Apple Daily](#), March 7; [HK01](#), February 22).

A number of intellectuals and “citizen journalists” have also faulted the way in which top officials such as Xi and Vice-Premier Sun sought to gain political capital during their tour of Wuhan. It was not until March 10, when the pandemic situation in Wuhan had stabilized, that Xi made an inspection trip to the city. Much was made of the fact that the authorities had deployed thousands of both People’s Armed Police and municipal police to “protect” Xi, who always remained at an extra safe distance from the medical workers and ordinary Wuhan residents whom he was supposed to encourage and cheer up ([Apple Daily](#), March 14; [Radio Free Asia](#), March 10). The voices of civil society were most strongly felt when Sun visited the Qingshan District of Wuhan on March 5. While Sun kept a safe distance from the ordinary residents, a few dozen who lived in the taller floors of the residential district shouted “Fake, fake! Everything is fake!” This was in apparent reference to pledges made by the Sun team that food and essential supplies would be made available to every family in the quarantined city ([BBC Chinese Service](#), March 6; [Radio Free Asia](#), March 5).



Image: Ying Yong, the newly-designated Party Secretary for Hubei Province, meets local CCP officials in the Luojiaping (落驾坪) District of Ezhou City (鄂州市), Hubei Province, during an inspection tour on March 5. ([Changjiang Wang](#), March 5). Ying Yong is among a handful of proteges of Xi Jinping who were appointed to senior positions in Hubei in February 2020. ([China Brief](#), February 28)

Civil Society Actors Make Their Voices Heard

On the surface, Chinese civil society actors—led by intellectuals, rights lawyers, and underground churchgoers—are being suppressed by draconian means. Yet, a number of brave activists have defied the censorship and oppression to have their voices heard. Tsinghua University professor Xu Zhangrun and a dozen-odd public intellectuals published a net-based appeal stating that “Freedom of expression starts today.” Apart from demanding proper treatment of victims of the pandemic, the petitioners asked for the establishment of a Dr. Li Wenliang Day, and a National Freedom of Expression Day. In an article titled “An

Angry People Are No Longer Afraid,” Professor Xu took President Xi to task for gaining publicity for himself by using his tight control of the fight against the nation-wide pandemic. “He has no shame because his words and what is in his heart do not match,” wrote Xu ([HKCNEWS](#), February 20).

A founder of the influential New Citizen Movement, constitutional expert Xu Zhiyong (no relation to Xu Zhangrun) simply asked for Xi to “step aside.” Before his disappearance on February 15, Xu wrote in an article critical of the leadership: “In their hearts, there are no concepts of right and wrong, no conscience, no bottom line and no human nature” ([VOA Chinese Service](#), March 8; [Radio French International](#), February 23). Famed rights lawyer Wang Yu (王宇) told the foreign media that “an authoritarian regime is propped up by two things: laws and violence.” She further stated that “the sudden death of Li Wenliang has made many people understand that this regime fears people who say the truth,” and “not only has the pandemic been covered up, even the death of Li Wenliang was not transparent” ([Apple Daily](#), March 6; [DW](#), February 13).



Images: Tsinghua University law professor Xu Zhangrun (left) and human rights attorney Xu Zhiyong (right). Both men disappeared in February after criticizing the Chinese government's handling of the COVID-19 pandemic. (Image sources: [RFA](#) and [Twitter](#))

The most merciless attack on Xi came from the pen of Ren Zhiqiang (任志强), the well-known former CEO of a large corporation who is also a Communist Party member. In a February 23 article widely believed to be written by the popular internet commentator, Ren called an unnamed top official “a clown who insists on remaining an emperor despite the fact that his clothes have all been removed.” Ren has not been heard of since March 12, despite his many friends trying to locate his whereabouts. The article had a wide circulation in social media before being abruptly removed. It pointed out that the upper echelon of the CCP was faced with a “crisis of governance,” and that the media censorship delayed the saving of COVID-19 victims when the pandemic first broke in December ([SCMP](#), March 15; [Reuters](#), March 15; [Radio French International](#), March 11).

Why has what some intellectuals call the “emancipation of the civil society” struck such a level of resonance among the people? As Tsinghua’s Professor Xu pointed out, everybody is equal before the pandemic. More significant is the realization that hiding the facts will only render the outbreak more deadly both in China and abroad. Some Chinese netizens have worn masks with the words “freedom of expression” (言論自由, *yanlun ziyou*) written on them, and taken photos posted on websites in China, Hong Kong and abroad ([The Initium](#), February 25; [Apple Daily](#), February 7).

Conclusion

Every time that the party-state has made blunders provides an opportunity for an emancipation of thought among civil society elements such as intellectuals and rights lawyers. Remember the Wenchuan earthquake of 2008 in Sichuan Province? Official statistics indicated that 69,227 died, with another 17,923 disappeared; yet unofficial estimates went as high as 300,000 lives lost. Moreover, the authorities never addressed the hundreds of shabbily built structures called “tofu buildings” ([BBC Chinese](#), May 10, 2018; [New York Times Chinese Edition](#), May 10, 2018). Not for nothing was 2008 called the “Inaugural Year of the Civil Society” ([BBC Chinese Service](#), May 7, 2018; [China.com.cn](#), May 20, 2008). This was when public intellectuals such as Ai Weiwei and Tan Zuoren risked being beaten by police in their investigations behind the shoddy tofu structures. Others lost their jobs and freedoms trying to compile a full list of primary and secondary students who perished in the tragedy. Volunteer contributions to the victims of the Wenchuan Earthquake totaled an estimated 60 billion yuan ([Radio French International](#), May 12, 2018; [The Initium](#), May 12, 2018).

In the course of the Wuhan pandemic, hundreds of whistleblowers and other civil society pioneers have suffered brutal treatment at the hands of the police-state apparatus. Apart from imposing draconian censorship measures, the authorities have detained hundreds of medical professionals, freelance journalists, and “citizen reporters” for telling the truth to overseas-based Chinese and foreign websites and social media platforms. Despite this, their voices have not been silenced, and their sacrifice and bravery attest to the continued and rising development of China’s stunted civil society.

Dr. Willy Wo-Lap Lam is a Senior Fellow at The Jamestown Foundation and a regular contributor to China Brief. He is an Adjunct Professor at the Center for China Studies, the History Department, and the Master’s Program in Global Political Economy at the Chinese University of Hong Kong. He is the author of five books on China, including Chinese Politics in the Era of Xi Jinping (2015). His latest book, The Fight for China’s Future, was released by Routledge Publishing in July 2019.

The Chinese Charm Offensive Towards Italy as the Coronavirus Crisis Deepens

By Dario Cristiani

Introduction

One year ago, Italy was hitting the headlines as Rome became the first G7 country to formally sign a Memorandum of Understanding (MoU) with China to join the Belt and Road Initiative, or BRI ([China Brief](#), April 24, 2019). For Italy-China relations, 2020 would have been in any case a vital year: marking fifty years since the establishment of official diplomatic ties, the Italian President of the Republic Sergio Mattarella was due to visit China by the end of the year, after People's Republic of China (PRC) President Xi Jinping came to Italy in March 2019 to sign the MoU ([La Repubblica](#), January 17). However, twelve months later, Italy is finding itself facing the worst health and economic crisis it has experienced since World War II—a crisis in which the PRC is playing a number of prominent roles.

This global pandemic has been caused by a new strain of coronavirus that emerged in the central Chinese city of Wuhan (Hubei Province) in late 2019. Officials of the ruling Chinese Communist Party (CCP) at first tried to cover up the outbreak, before having to admit to its existence ([China Brief](#), January 17; [China Brief](#), January 29). It was just a matter of weeks before this disease started spreading worldwide. Beyond China itself, the country that has faced the most virulent outbreak is Italy: as of March 31, the COVID-19 virus had claimed the lives of 11,591 Italians, while 14,620 have recovered out of 101,739 people who tested positive ([Corriere della Sera](#), March 31). Such a horrific outbreak has thrown Italy into the worst crisis of its republican history, and one of the worst in its unitary history. This crisis soon assumed a multifaceted dimension: it became not merely a public health emergency, but also developed into a political, institutional, economic, security, and even psychological emergency, with entire Italian communities under lockdown for weeks.

European Troubles and Chinese Readiness

In Italy, one of the most debated aspects of this crisis has been the role that external players came to play, as either facilitators or troublemakers. China immediately assumed an obvious relevance in this context: being on the one hand, the country where this global emergency started; and on the other, one of the most active and vocal countries in coming to the rescue of Italy. The CCP first commenced a domestic propaganda campaign, with Xi Jinping calling in February for a “people's war” against the virus ([Xinhua](#), February 11). Then, as the pandemic was unfolding globally, the PRC launched a massive information campaign to shift the narrative, with a two-fold aim: magnifying the virtues of its own management of the crisis, and spreading doubts regarding the actual origin of the disease ([The Diplomat](#), March 24, 2020).

As new cases of COVID-19 started shrinking on its own territory, the PRC embarked on a global information war and a strategy of global engagement, turning what was a weakness into a *de facto* potential strength:

using the know-how that Chinese officials and doctors built up to cope with this pandemic, and using it as a sharp tool of diplomacy and soft power. Being that Italy is the country hardest hit after China, Beijing found a fertile soil to launch its initiative. It is also an effort favored by several other circumstances: as summarized by Francesca Ghiretti, China's activities concerning the Italian coronavirus crisis gained particular attention in light of "the slow reaction by actors on which Italy has traditionally relied" and the "lack of an efficient and pervasive communication strategy," which represented "another shortcoming in Europe's response" ([Istituto Affari Internazionali](#), March 26).

These weaknesses nurtured a mounting anti-European feeling in Italy, and the hashtag "#Italexit" became a common feature in Italian social media ([Corriere della Sera](#), March 17). More broadly, Italians were expressing frustration in their historical alliances and the lack of aid from other countries in the European Union (EU). In more recent weeks, both communitarian institutions and individual EU states have tried to make it up for this, sending doctors, providing biomedical materials, and accepting Italian patients into their medical facilities. However, the damage was done: the initial delays created severe damage to Italy's broader European ties.



Image: A team of Chinese medical workers poses for a photo with Italian representatives after arrival in Milan (March 18, 2020). The group was part of a delegation of 37 doctors and paramedics from China's Sichuan Province, which was dispatched to assist with medical relief efforts in the hard-hit Lombardy region of northern Italy. (Source: [CGTN](#))

The Chinese Propaganda Campaign and Its Impact in Italy

Against this background, the PRC has launched a number of initiatives to seize control of the public relations momentum. Beijing is now actively advancing the narrative that, while European countries were all rejecting the Italian call for help, and the United States was buying up much-needed testing kits and lifting them out on a military plane, China was stepping in to help. In a message posted on the Facebook account of the PRC Embassy in Rome on March 10 (titled “Beijing Asks Chinese Companies to Send Respirators and Masks Immediately to Italy”), the Chinese government announced its readiness to do “its part as a sign of deep thanks to Italy for helping the country in times of need.” After a telephone conversation between PRC Foreign Minister Wang Yi (王毅) and his Italian counterpart Luigi Di Maio, the PRC offered to provide lung ventilators, masks (including high-tech ones), protective suits, and swabs for coronavirus tests ([PRC Embassy in Italy–Facebook](#), March 10).

The message has been that China “donated” these materials to Italy. However, the reality was somewhat different: only a small portion of these medical supplies were donated, while the rest were purchased by Italy ([Il Foglio](#), March 12). In parallel, the Italian Red Cross was in touch with the Chinese Red Cross to have representatives of the latter organization come to Italy, and the first group of doctors from the Chinese Red Cross arrived in Italy on March 12. The PRC leveraged the occasion to turn this nominally non-governmental exchange into a public relations exercise. The Chinese government organized a special charter flight of China Eastern Airlines (which was allowed despite a ban on flights from China, due to the flight being a humanitarian aid plane), and the arrival of the delegation was accompanied by live streaming from Fiumicino Airport in Rome, with PRC Ambassador Li Junhua in attendance ([Il Foglio](#), March 13).

The scene of Chinese doctors coming to Italy’s rescue was compelling. These images, as well as the Facebook post described above, were widely shared in the Italian social media sphere. They also came immediately after news reports of other European countries acting selfishly in the face of Italy’s crisis: for example, Germany and France blocked the export of masks and other medical materials, a decision harshly criticized by Italy and other EU countries ([Corriere della Sera](#), March 6, 2020). Media and social media comments by many Italians have been highly critical of Italy’s historical allies, with many commentators also celebrating the Chinese efforts. PRC representatives have actively promoted such messages: for example, PRC Foreign Ministry Spokesperson Hua Chunying has posted a fake video on Twitter saying that Italians were chanting “Grazie, Cina!” (“Thank you, China!”) while the PRC national anthem was being played in Rome ([Hua Chunying Twitter](#), March 14). And recently, for the first time ever, all members of the Italian Parliament received copies of the latest issue of the bilingual magazine **Cinitalia**, produced by the PRC state-owned China Media Group ([Formiche.Net](#), March 20).

The timing of all of this is not coincidental: Beijing saw an opportunity to take advantage of the emerging European rift, and to increase its level of public and political engagement with Italy. (Unlike Moscow, which seeks to weaken the EU, Beijing does not have an issue with pan-European institutions. It will, however,

continue to seek greater influence in individual European states whenever possible.) Beijing had an interest in shifting the narrative: from China being the country where the pandemic started, to China being the country that comes to the rescue of countries suffering from the same problems—offering solutions, much needed biomedical support, and valuable experience. The message has also been advanced that these solutions are linked to China's own model of governance, which offers lessons to those facing similar situations in the future. This approach has worked: many Italian commentators have stressed how the Chinese model was successful, and how Italy should try to follow China's lead in the future to become more efficient in coping with sudden crises ([Corriere della Sera](#), March 9; [ANSA](#), March 8).



Image: An Italian political cartoon distributed via Facebook, which shows a suffering Italy receiving assistance from China while the EU stands callously aloof. (Source: [Facebook](#))

Chinese medical aid and positive propaganda have also been accompanied by active disinformation, with Beijing pushing narratives that question the actual origin of the virus. For instance, PRC officials and state media outlets have used social media to promote the idea that the virus was the result of an American experiment, or that suspicious cases of coronavirus-related pneumonia already existed in Italy prior to the disease outbreak in Wuhan in November ([Lijian Zhao Twitter](#), March 12; [Global Times Twitter](#), March 21). Disinformation has also been accompanied by social media manipulation: on March 30, the news website **Formiche** published analysis showing that almost half (46.3%) of the Twitter posts published between 11-23 March with the hashtag “#forzaCinaeItalia” (“let’s go, China and Italy”) are the work of bots, along with 37.1% of the tweets linked to another popular hashtag, “#grazieCina” (“thank you, China”) ([Formiche.Net](#), March 30).

What Is At Stake?

China's charm offensive towards Italy has been particularly significant amidst the COVID-19 crisis. However, it was so substantial in part because it found a fertile terrain in Italy, particularly among specific political actors. The Italian Minister of Foreign Affairs, Luigi Di Maio, was very active in nurturing this. This activism has triggered several criticisms, even among Di Maio's allies in the government, who have accused him of being too keen on China ([La Stampa](#), March 25). Di Maio was the institutional architect behind Italy joining the Belt and Road Initiative last year when he was Minister of Economic Development ([China Brief](#), April 24, 2019). Since taking over his new role, Di Maio has tried to strike a more balanced position, but some of his statements—for instance, on protests in Hong Kong—remain highly controversial.

Di Maio's party, the Five Star Movement (FSM), is openly pro-China. Earlier this month, a post appeared on the blog of FSM founder Beppe Grillo, which was written by Fabio Massimo Parenti and titled "China-Italy: a Shared Destiny" ([Il Blog di Beppe Grillo](#), March 12). Parenti is the same writer who, on the same blog, wrote very apologetic articles—in line with Beijing's narratives—concerning the human rights situation in the western PRC region of Xinjiang ([Il Blog di Beppe Grillo](#), September 13, 2019; [Il Blog di Beppe Grillo](#), November 15, 2019). This pro-Chinese attitude has often created friction with some of Italy's historical allies, particularly the United States ([Formiche.Net](#), March 19, 2020).

In the wake of this crisis, PRC President Xi Jinping has proposed to Italian Prime Minister Giuseppe Conte the construction of a "Health Silk Road"—a variant on the "New Silk Road" program, which would be dedicated to public health issues. As the crisis unfolded, Huawei sent biomedical material and protection devices to support Italy and advanced a proposal to connect Italian hospitals in the cloud, in order to facilitate communication between each other and local medical work teams ([Sole 24 Ore](#), March 13, 2020). This proposal directly connects to Huawei's presence in the Italian market and the controversies it has experienced over the past few months, particularly as several Italian institutional bodies—such as Copasir, the parliamentary committee controlling the secret services—has raised concerns regarding the presence of Chinese companies in developing the 5G network in Italy. These concerns pushed the current government to use its oversight powers in supply deals for fifth-generation (5G) telecom services, one of the first measures the government took after its creation in September 2019 ([Il Foglio](#), March 20; [La Repubblica](#), September 5, 2019; [il Fatto Quotidiano](#), March 19).

Conclusion

The COVID-19 crisis has the potential to become a foundational moment in Italian history—a moment of profound change, in which some of the socio-political pillars of the country could be called into question. International alliances might be one of the cornerstones affected by these shifts. However, this passage is not automatic. Beijing has clearly tried to seize the momentum, with the two-fold aim of transforming its

weaknesses into strengths: shifting the narrative about its performance in the crisis, and taking advantage of the problems that Italy has encountered in Europe with its historical allies.

In doing so, China found fertile soil, as the depth of the crisis put Italy in the uneasy position of searching for as much as help as possible and as soon as possible. This was also true because some Italian political players—namely, the current foreign minister and his party—are indisputably sympathetic to the PRC. Beijing was ready to make the most out of these peculiar circumstances, but whether these significant changes will occur—and at what speed—remains to be seen. The adroit way in which China has managed the relationship with Italy in this peculiar historical moment will give Beijing increased leverage in the future, and this leverage could become even more significant depending on the outcome of this crisis.

As already shown by Italy's decisions on the BRI and after the MoU, Italy is indeed developing its relationship with China. Furthermore, the magnitude of the current pandemic crisis has created cracks in the Italy-EU and Italy-U.S. relationships, although this does not necessarily mean that Italy is ready to abandon its historical alliances in order to strengthen its relations with China ([War on the Rocks](#), June 19, 2019). One thing is certain, however: Beijing will likely try to exploit these divisions, in order to keep advancing its broader design to become the central country of the international system by 2049, the centenary year of the People's Republic of China.

Dario Cristiani is a political risk consultant working on Mediterranean countries. He is currently an IAI/GMA Fellow at the German Marshall Fund, in Washington, DC. Previously, he was a Visiting Fellow at the International Centre for Policing and Security at the University of South Wales (UK); and prior to that, he was the director of the Executive Training in "Global Risk Analysis and Crisis Management" and an adjunct professor in International Affairs & Conflict Studies at Vesalius College (VUB) in Brussels. He received his PhD in Middle East & Mediterranean Studies from King's College, University of London, in 2015. The views expressed in his articles are his own, and do not necessarily represent those of the German Marshall Fund.

Global Supply Chains, Economic Decoupling, and U.S.-China Relations,

Part 1: The View from the United States

By Sagatom Saha and Ashley Feng

Editor's Note:

A series of trade disputes between the United States and China (frequently termed a “trade war” between the two sides) commenced in January 2018, with a series of import tariffs levied on Chinese goods by the U.S. government, followed by retaliatory tariffs issued on American products by the Chinese government. (For two previous China Brief discussions of some of these issues, see: [“Xi Reasserts Control Over PRC Politics as Trade War Deepens,”](#) September 19, 2018; and [“What Derailed the U.S.-China Trade Talks?”](#) May 29, 2019.) Although a limited “phase one” deal was signed between the two sides in January, many contentious issues remain unresolved.

The trade disputes of the past two years have revived discussion of a controversial topic: the extent to which foreign governments and companies could or should pursue economic “decoupling” from China, and the extent to which they should consider measures to relocate manufacturing and supply chains out of China. In this first part of a two-part article series, analysts Ashley Feng and Sagatom Saha consider some of the complex issues associated with potential decoupling—focusing both on U.S. government policies, and the considerations faced by U.S. companies that source production in China. The second part of this series, to appear in our next issue, will focus on policy issues surrounding economic decoupling in China itself.

Introduction: The “Trade War” and U.S.-China Economic Decoupling

The trade war has defined the current adversarial relationship between the United States and the People's Republic of China (PRC). While President Donald J. Trump has at times openly expressed admiration for Chinese Communist Party (CCP) General Secretary Xi Jinping, his administration has pursued policies consistent with economic and technological decoupling. These policies include reforms that strengthen the Committee on Foreign Investment in the United States (CFIUS); greater usage of the export control system, especially the Entity List; and threatening the use of the International Emergency Economic Powers Act (IEEPA) to force U.S. companies back to the United States. These policies, taken to their logical end, would see the secular decoupling of the U.S. and Chinese economies and the rerouting of the global supply chains that bind them.

The interim trade deal has done seemingly little to change the structural economic conflict between Beijing and Washington. If economic decoupling came to pass, it would portend a sweeping reorientation of the global economy that many analysts regard as lying outside the bounds of conventional analysis. Yet some

Trump administration officials, such as Director of Trade and Manufacturing Policy Peter Navarro, have promoted economic decoupling as their desired aim ([SCMP](#), June 20, 2018; [Forbes](#), December 3, 2019). President Trump himself has “ordered” American companies to look for alternative suppliers outside of China, or to return production to the United States ([Twitter](#), August 23, 2019).

The Trump Administration's trade and investment restrictions have not been limited to U.S. companies—they also include pressuring third-party countries and foreign companies to abide by U.S. restrictions. Chinese companies are also relocating their manufacturing capabilities abroad—in part because of secular economic trends, but U.S. actions are accelerating the process. Simply put, sustained U.S. policies on China can encourage economic decoupling, but only if global economic trends continue to cooperate. Those policies are nascent, but could likely become a structural feature of the U.S.-China economic relationship—especially since a harder stance towards China has gained traction among both major parties. This has been demonstrated by widespread criticism of Chinese trade practices in both parties, and in bipartisan votes on legislation antagonistic to Beijing, such as the ***Hong Kong Democracy and Human Rights Act*** or the ***UIGHUR Act*** (see further below).

The Trump Administration has pursued a three-pronged approach in breaking down economic supply-chain links: 1) escalating tariffs, which discourages bilateral trade; 2) imposing investment restrictions and export controls that punish tech transfers; and 3) issuing threats to U.S. firms that do business in China under the IEEPA. These current policies preview what could become a new orientation in U.S. policy towards China, regardless of who leads the United States at the beginning of next year.



Image: PRC lead trade negotiator Liu He (刘鹤) (left) and U.S President Donald Trump (right) pose for a photo at the signing of the “Phase One” U.S.-China trade agreement on January 15, 2020. Despite optimistic

statements surrounding the signing of the deal, serious disputes remain unresolved between the two sides.

(Image source: [Xinhua](#))

Tit-For-Tat Tariffs

Escalating, reciprocal tariffs have been the weapon of choice for both the CCP and the Trump Administration throughout the trade war. Beijing's average tariff rate on U.S. exports rose from 8 percent in January 2018 to a high of 21.1 percent last year, before falling to 20.3 percent as the phase one deal went into effect. Similarly, Washington's average tariff rate jumped from 3.1 percent to 21 percent, before falling to 19.3 percent in the same time period ([PIIE](#), February 14). The role that tariffs play in an all-out decoupling push would be relatively straightforward: U.S. tariffs targeted at China would make domestic production—or more likely, non-Chinese foreign production of tariffed goods—relatively less expensive. However, such a scenario has yet to unfold. In the American Chamber of Commerce in China's annual business climate survey, less than one out of every five companies reported that they have moved, or are planning to move, capacity out of China ([AMCHAM China](#), 2020). However, sustained higher tariffs across another administration might have a more potent effect.

Executive Power and Financial Markets

President Trump, despite his populist style of tweeting, has leveraged few of the executive powers that would allow him to more aggressively pursue decoupling. Last August, the president cited the IEEPA to claim the authority to force all American businesses to leave China ([Twitter](#), August 23, 2019). The law, which was designed to punish and isolate rogue states and terrorist groups, has never been exercised in such a manner; but the legislation as written grants President Trump the ability to declare a national emergency (after nominal consultation with Congress) that would prevent financial transfers to China. Congress would have no authority of its own to terminate such a declaration without a veto-proof, two-thirds majority in each chamber ([U.S. Treasury Department](#), undated). Trump has yet to formally invoke IEEPA for this purpose, and if he were to do so, the executive order would likely be challenged in the courts. The current Supreme Court has generally taken an expansive view of executive authority, but it would be difficult to predict its decision in such a theoretical court challenge.

Further, the Trump Administration has yet to significantly limit Chinese firms' access to America's deep capital markets. As of February 2019, 156 Chinese companies—including 11 state-owned firms—were listed on the three major U.S. exchanges, for a combined market capitalization of \$1.2 trillion ([USCC](#), February 25). The Trump Administration has reportedly considered delisting Chinese firms from U.S. stock exchanges, and a bipartisan group of legislators has introduced legislation that would compel Chinese firms listed on American exchanges to provide access to audits and other oversight mechanisms, or else face delisting ([Reuters](#), September 27, 2019). Growing evidence indicates structural challenges for U.S. regulators tasked with oversight of Chinese companies seeking capital in the United States. The U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board (PCAOB), which oversees audits of

publicly traded firms, has singled out China-based companies as the greatest challenge their inspectors face—in part because 95 percent of the firms that refuse to have their auditing documents reviewed by U.S. authorities have auditors based in mainland China or Hong Kong ([SCMP](#), July 16, 2019).

Trump Administration officials have also floated the prospect of limiting the inclusion of Chinese companies in stock indexes to cut U.S. portfolio investment flows to China, but such moves are often touted as unfeasible ([Bloomberg](#), September 27, 2019). Nevertheless, pointed moves that would force Chinese firms to open their books, or else limit their access to U.S. capital altogether, would reduce the overall economic links between the two countries.

CFIUS Reform and Export Controls

Congress has also played a large role in promoting greater scrutiny of global economic and financial flows, especially those involved in U.S.-China trade. In 2018, Congress passed the Foreign Investment Risk Review Modernization Act (FIRRMA) and the Export Control Reform Act (ECRA). FIRRMA expanded the jurisdiction and processes of the CFIUS, an interagency body that screens investments in the United States on national security grounds ([U.S. Treasury Department](#), August 2018). For its part, ECRA codified the Export Administration Regulations and directed the Department of Commerce's Bureau of Industry and Security (BIS) to define emerging and foundational technologies ([Congress.gov](#), April 2018). The BIS definitions of these new types of technologies feed back into the criteria that CFIUS will use to screen foreign investments.

Since these two pieces of legislation have passed, both the Trump Administration and Congress have drastically increased the use of the CFIUS and the export control regime to affect supply chains and financial flows. Since FIRRMA passed, Chinese investment in the United States has dropped nearly 60 percent from \$29 billion in 2017 to \$5 billion in 2018 ([Rhodium Group](#), May 2019). Over the past three years, the Trump Administration has also increasingly either blocked Chinese companies from investing in U.S. businesses, or forced them to divest: for example, preventing Broadcom from investing in Qualcomm—both companies that develop semiconductors, which could fall under the category of emerging technologies ([SCMP](#), March 13, 2018).

The Trump administration also forced a Tencent-backed Chinese company to divest from PatientsLikeMe, a company that helps people find those with similar health conditions ([O'Melveny & Myers](#), March 9); and Beijing Kunlun to divest from the dating app Grindr ([TechCrunch](#), March 6). Both CFIUS decisions were based on protecting users' personally identifiable information, in a demonstration of the expanding definition of national security that the Trump administration has used to block investments between the United States and China. This trend has continued in the administration's decision earlier this month to force another Chinese company to divest from StayNTouch, a U.S. hotel software company ([White House](#), March 6).

Congress has passed the ***Hong Kong Democracy and Human Rights Act of 2019***, which mandates that the U.S. State Department report annually to Congress on “whether Hong Kong continues to warrant treatment under United States law in the same manner as United States laws were applied to Hong Kong before July 1, 1997” in regards to political rights and personal freedoms; and similarly requires the Department of Commerce to report on export control policy as it pertains to Hong Kong, including whether the territory is being used for shipment of military dual-use items or surveillance equipment ([Congress.gov](https://www.congress.gov/newsroom/recordings/detail/2019/11/27), November 27, 2019). The ***UIGHUR Act*** calls for the identification and restriction of exports of items that contribute to the surveillance of Uighurs, and applies sanctions to PRC government officials that have participated in the suppression and internment of Uighur Muslims ([Congress.gov](https://www.congress.gov/newsroom/recordings/detail/2019/12/03), December 3, 2019). Simply put, Congress is increasingly comfortable prioritizing foreign policy objectives at the expense of U.S.-China economic links.

U.S. Pressure Applied Abroad

Under the expanded authorities provided by Congress, CFIUS has been moving to disrupt investments not just in the United States, but abroad as well. As part of the FIRRMA reforms, CFIUS now maintains a “whitelist” of trusted countries, whose companies face less scrutiny than those from countries not on the list. When the FIRRMA regulations came out at the end of January 2020, only the United Kingdom, Australia, and Canada were added onto the whitelist for a two-year probationary period. However, in light of the United Kingdom’s recent decision to let Huawei bid to build its 5G network, four U.S. senators have introduced the ***Protecting Americans From Foreign Investors Compromised by the Chinese Communist Party Act of 2020***. This legislation threatens to remove the UK from the whitelist by adding a clause that would prevent CFIUS from adding a country onto its whitelist if that country’s telecommunications equipment were installed by a “foreign adversary” ([Senate.gov](https://www.senate.gov/legislation/bills/2020/1024), 2020).

Similarly, the expanding use of export controls by Congress and the administration against PRC actors has disrupted supply chains. Since the beginning of the Trump Administration, BIS has added Huawei and sixty-eight of its subsidiaries for allegedly violating the U.S. sanctions regime on Iran; twenty-eight PRC entities for human rights violations in Xinjiang; four entities for enabling technology transfer for military use in the PRC, and five entities for possible military end-use of technology exports to the PRC (Federal Register, [August 21, 2019](https://www.federalregister.gov/documents/2019/08/21/2019-16441); [October 9, 2019](https://www.federalregister.gov/documents/2019/10/09/2019-20441); [August 14, 2019](https://www.federalregister.gov/documents/2019/08/14/2019-16441); and [June 24, 2019](https://www.federalregister.gov/documents/2019/06/24/2019-12441)). The addition of Huawei and its subsidiaries onto the Entity List, in particular, has compelled U.S. companies to reroute their manufacturing capabilities for critical technologies abroad to avoid the U.S. export control regime ([NY Times](https://www.nytimes.com/2019/06/25/us/politics/huawei-export-controls), June 25, 2019).

Conclusion

The emerging geopolitical competition between the United States and China has forced Washington to come to the same conclusion that Beijing reached years ago: self-sufficiency in critical technologies is a

non-negotiable element of national security. As the competition continues to escalate, private businesses and supply chains will remain caught in the middle. While the Trump Administration's coercive economic actions have had limited effectiveness, they will meet macroeconomic trends in the United States and China that are pushing the two countries farther apart—as the second part of this article will explore.

Ashley Feng is a research associate in the energy, economics, and security program at the Center for a New American Security. She can be found on Twitter @afeng79.

Sagatom Saha is an independent energy policy analyst based in Washington, D.C. His writing has appeared in Foreign Affairs, Defense One, Fortune, Scientific American, and other publications. He is on Twitter @sagatomsaha.

China's Deepening Diplomatic and Economic Engagement in Afghanistan

By Syed Fazl-e Haider

Introduction

On February 29, U.S. and Taliban representatives signed the “Agreement for Bringing Peace to Afghanistan” in Doha, Qatar, which laid out a framework for ending the 18-year old conflict in Afghanistan ([U.S. State Department](#), February 29). Despite skepticism in many quarters regarding the viability of the deal, the negotiations leading to the agreement have been supported by many international actors, to include the government of the People’s Republic of China (PRC). On February 18, PRC Foreign Ministry spokesman Geng Shuang (耿爽) commented on the U.S.-Taliban negotiations by stating that “China firmly supports the broad and inclusive peace and reconciliation process [and] welcomes the news that the U.S. and the Taliban are expected to reach and sign a deal... China stands ready to step up cooperation with all parties to the Afghan issue and the international community for peace, stability and development in Afghanistan” ([PRC Foreign Ministry Briefing](#), February 18).



Image: PRC Ambassador to Pakistan Yao Jing (姚敬) (right) speaking at a conference held at the University of Peshawar, January 2019. Ambassador Yao spoke in favor of Afghan peace talks and the role of the Taliban, stating that the group is “a political force because they are now part of the Afghan political process and they have some political concerns... They have to be allowed to play a legitimate role in [any] future political settlement.” (Source: [Dawn](#), January 23)

As the U.S. plans to draw down its forces in Afghanistan—a key element of the February 29 deal—China is set to further deepen its involvement in Afghanistan ([Nikkei Asian Review](#), January 14, 2019). Beijing wishes to achieve at least two key objectives. First, it wants once and for all to block any contact between the Taliban and ethnic Uighur Muslim militants seeking independence from China ([China Brief](#), April 24, 2019). Second, the PRC wants long-term stability in Afghanistan in order to extend the China-Pakistan Economic Corridor (CPEC)—the flagship project of China's Belt and Road Initiative (BRI)—to the war-ravaged country. Beijing

sees Afghanistan as a primary link between the Central Asian republics and the CPEC ([China Brief](#), December 10, 2019). To achieve its objectives, Beijing has pursued positive engagement with the Taliban movement that controls more than half of Afghanistan's territory. These ties have increased over the past couple of years: for example, in 2019 Taliban representatives paid at least two visits to Beijing (in June and September) for talks with PRC officials ([CGTN](#), June 20, 2019; [Al-Jazeera](#), September 23, 2019).

China's Interests in Afghanistan

With multi-billion dollar investments in different development projects, China is the largest foreign investor in Afghanistan. China has adopted a two-step process over the past twelve years to increase its stake in Afghanistan: first investments, followed by political engagement. The PRC first entered Afghanistan as a major investor and developer in 2007, when it won a \$3.5 billion contract to operate the Ayanak copper-gold mine in the country's eastern Logar Province ([SCMP](#), March 20, 2014). Then, it also invested in oil and gas exploration projects and railway infrastructure development in the war-torn country. On the political front, Beijing made contacts with both the Afghan government and Taliban to promote a political settlement of the conflict—particularly after U.S. President Donald Trump cancelled peace talks with the Taliban last September.

Beijing has played an active role in the run up to the Afghan endgame, as it has aspired to assume a greater role in Afghanistan after the U.S. military withdrawal. China's economic interests in Afghanistan coincide with its wider plans: to develop western China, increase regional trade links, build energy pipelines, and expand its economic influence in the region. The PRC is likely to deepen its strategic partnership with Pakistan and Afghanistan to form a “Pamir Group” in order to establish a new Silk Road linking the Caucasus to western China. Historically, the Pamir Mountains were considered a strategic trade route between Kashgar in China, and Kokand in Uzbekistan on the Northern Silk Road ([Al Araby](#), January 30).

Both geographically and geopolitically, China enjoys a favorable environment to increase its stakes in Afghanistan. China shares a small border with Afghanistan through the Wakhan Corridor, a buffer zone created in the 19th century to separate the Russian empire and British empire. Furthermore, the regional powers surrounding Afghanistan generally have good relations with the PRC, and favor China's increased involvement in the war-battered country:

- Pakistan is China's closest strategic ally, and host to the massive CPEC program ([China Brief](#), January 5, 2019; [China Brief](#), January 17);
- Iran is seeking to deepen its strategic ties with China amid rising tensions with the United States ([China Brief](#), January 17; [China Brief](#), March 16);
- Tajikistan is among the states that first joined the BRI, and also hosts a *de facto* PRC military base in the far eastern part of the country ([East Asia Forum](#), March 23, 2019).

The PRC has now emerged as a key political player in Afghanistan—and after the withdrawal of U.S. troops, China may be expected to play an even more active role. The Trump Administration's Afghan policy has been inconsistent, with sudden U-turns—which in turn has paved the way for China to deepen its involvement in the war-torn country. An initial one-year round of peace talks between the U.S and Taliban ended in failure, due to the sudden cancellation of the talks by President Trump in September 2019 ([BBC](#), September 9, 2019). Immediately afterwards, the PRC moved to boost its own diplomatic profile in the peace process during the month of October: first announcing its intent to host talks between the Afghan government and Taliban ([SCMP](#), October 23, 2019), and then joining in Russia-China-Pakistan-United States discussions on Afghanistan held in Moscow ([Xinhua](#), October 26, 2019).



Image: Liu Jinsong (center-left), then-PRC Ambassador to Afghanistan, speaks at an Afghan Foreign Ministry-hosted event on April 11, 2019. Ambassador Liu used the occasion to emphasize the historical ties between China and Afghanistan, and to promote the potential benefits to Afghanistan of closer integration with the PRC's Belt and Road Initiative. (Source: [PRC Embassy in Kabul](#))

The U.S.-Taliban talks resumed last December, leading ultimately to the February 2020 agreement. The three-month gap created space for the PRC to increase its reconciliation role in Afghanistan, and Beijing contacted both Afghan officials and the Taliban during this period. Presently, China is committed to host a meeting between the Afghan government and Taliban—a key U.S demand that has been rejected by the Taliban, which derides the Afghan government as a U.S. puppet. If this were to occur, it would mean that, after the withdrawal of U.S. troops from Afghanistan, the actual political settlement process would be initiated and led by Beijing.

In the diplomatic arena, Pakistan is China's major trump card for enhancing its political profile in Afghanistan. Pakistan is believed to have played a major behind-the-scenes role in brokering China-Taliban peace consultations. In October 2018, the late Maulana Sami ul Haq, a stalwart Afghan Taliban supporter, called on China to play a greater role in the Afghan peace negotiations. Popularly known as “Father of the Taliban”

([Jamestown](#), May 23, 2007), Maulana invited Beijing to play the role of arbitrator to the Afghan conflict. He advocated increased Chinese engagement because of China's stakes in the region, and stated that China should not leave Afghanistan-related matters solely to the United States. Thanks to leveraging such contacts through its closest ally Pakistan, the PRC developed backdoor communication links with the Taliban ([Express Tribune \(PK\)](#), November 2, 2019).

Afghanistan Emerging as China's Vital Partner in the BRI

Afghanistan was not initially included in the map of China's trillion-dollar BRI program when it was launched in 2013. Instead of Afghanistan, BRI plans focused on Pakistan and Central Asia. In recent years, however, Beijing has shifted focus and increased its stakes in Afghanistan, which sorely needs infrastructure development projects. Afghanistan's potential role in the BRI has been discussed in a report by the Organization for Policy Research and Development Studies (DROPS), a Kabul-based think tank. The report highlights potential roles for the war-battered country that fits well into the BRI. Strategically located Afghanistan provides the shortest route between Central Asia and South Asia, and between China and the Middle East; it can also serve as a gateway to the Arabian Sea. The \$60 billion CPEC program contains transportation infrastructure projects that can be extended to Afghanistan, thereby further integrating it into the BRI. [1]



Image: PRC Foreign Minister Wang Yi (王毅) (left) stands alongside Pakistan Foreign Minister Shah Mahmood Qureshi (center) and Afghan Foreign Minister Salahuddin Rabbani (right) at a diplomatic conference for the three countries, held at the same time that a round of U.S.-Taliban talks failed in September 2019. Throughout 2019, the PRC moved actively to increase its diplomatic influence in Afghanistan. (Image source: [Deutsche Welle](#))

Serious discussions are ongoing to incorporate Afghanistan into the CPEC. In 2017, China convened a trilateral dialogue with Pakistan and Afghanistan intended in part to discuss CPEC expansion into Afghanistan ([TRT World](#), February 18, 2019). In a trilateral foreign ministers' meeting hosted by Islamabad last September, representatives from the three sides observed that the Peshawar-Kabul Motorway may provide the foundation for Afghanistan's formal joining of the CPEC, as Peshawar—Pakistan's largest northwestern city—is already linked with the route. The three sides decided that the motorway project would be pursued under the program of "China-Afghanistan-Pakistan Plus Cooperation" (CAPPCC) ([Pakistan Today](#), September 8, 2019; [China Brief](#), December 10, 2019).

Conclusion

For China, the conflict-ridden but strategically located country of Afghanistan could either prove to be a unique opportunity, or a formidable security challenge. Through its increased presence in Afghanistan, the PRC has worked over the past twelve years to convert the security problems emanating from volatile Afghanistan into a strategic and economic opportunity to expand its influence to South and Central Asia—and even further afield to the Middle East and Europe. Afghanistan will likely be formally included in China's BRI map in the future, as Beijing gradually attains greater economic stakes and diplomatic influence in the war-ravaged country. The PRC may be expected to leverage CPEC to provide a springboard for the extension of its BRI into Afghanistan and Iran, and onwards into the energy-rich Gulf region. Following the withdrawal of U.S. troops, China—with the help of its close ally Pakistan—is set to become a major player in Afghanistan.

Syed Fazl-e-Haider is a contributing analyst at the South Asia desk of Wikistrat. He is a freelance columnist and the author of several books, including The Economic Development of Balochistan (2004). He has contributed articles and analysis to a range of publications including Dawn, The Express Tribune, Asia Times, The National (UAE), Foreign Affairs, Daily Beast, New York Times, Gulf News, South China Morning Post, and The Independent.

Notes

[1] Mariam Safi and Bismillah Alizada, ***Integrating Afghanistan into the Belt and Road Initiative: Review, Analysis and Prospects***, Organization for Policy Research and Development Studies (August 2018). <http://www.dropsafghanistan.org/wp-content/uploads/2019/01/Integrating-Afghanistan-into-the-Belt-and-Road-Initiative.pdf>.
