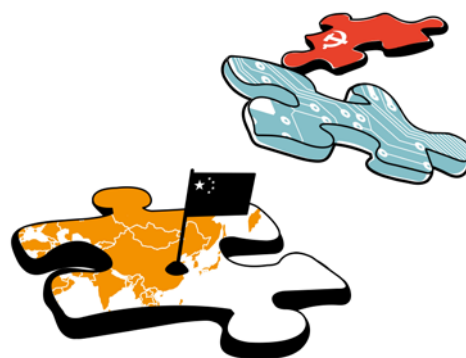


JUNE 30, 2022

MERICS

China Essentials



CONTENTS

TOP STORY	2
NATO Summit looks set to stoke Chinese “containment” fears.....	2
METRIX	3
5 years.....	3
TOPICS	3
Hong Kong enters “new era” of law and order 25 years after the handover	3
China’s graduates head out into uncertain job market	4
Academic database CNKI under scrutiny	5
REVIEW	6
Indelible City: Dispossession and Defiance in Hong Kong, by Louisa Lim (Riverhead Books, 2022).....	6
PROFILE	7
Wang Xiaohong - Xi’s doubly-powerful Minister of Public Security	7
MERICS CHINA DIGEST	8

TOP STORY

NATO Summit looks set to stoke Chinese “containment” fears

NATO this week put the Indo-Pacific firmly on its radar and, for the first time, called China a “systemic challenge” to Euro-Atlantic security in its regularly updated “Strategic Concept”. The alliance presented its guiding document in Madrid, at a summit which for the first time hosted the heads of government of the Indo-Pacific countries Japan, South Korea, Australia and New Zealand.

Both moves look set to bolster Beijing’s perception that NATO is being used by the United States to establish coalitions to contain China. Beijing’s mission to the EU criticized the Strategic Concept as an example of NATO’s “thinking and practice of creating ‘enemies’ and engaging in bloc confrontation” and warned China would “make firm and strong responses” if its interests were threatened.

Beijing has been eying NATO with unease for a while. A NATO summit communiqué in 2019 recognized China’s “growing influence”, and one in 2021 described it as presenting “systemic challenges to the rules-based international order.” The US and the EU have since deepened ties to Indo-Pacific nations and are welcoming long-neutral Sweden and Finland into NATO, arguably its most important expansion since 2004.

A day before the NATO summit, Zhang Jun, China’s Ambassador to the United Nations criticized the alliance for its “Cold-War mentality that is based on bloc confrontation” and warned that China’s leaders “firmly oppose certain elements clamoring for NATO’s involvement in the Asia Pacific, or an Asia Pacific version of NATO on the back of military alliances.”

China’s sharp tone shows Beijing fears the US is using NATO to challenge its growing regional and global interests, possibly even leading to the alliance’s direct involvement in the Indo-Pacific. Although some European leaders are reluctant, the USA is pushing to treat the challenges posed by Russia and China as essentially the same. This could shift the transatlantic stance towards China from a circumspect to an all-out unfavorable one – and increase the risk of China potentially becoming a target of joint Western sanctions in the future. Russia’s war on Ukraine and Beijing’s tacit approval of Moscow’s course looks set to make China’s geopolitical rise more fraught as resistance to its course mounts.

MERICS analysis: “The NATO summit is likely to deepen Beijing’s fears of the US-led coalitions and see China double down on coalition-building to counter the anticipated containment and assert its role on the international stage,” says **Grzegorz Stec**, MERICS Analyst. “The EU should expect and be wary of intensified Beijing operations in reaching to developing countries through its Global Security Initiative and Global Development Initiative and mechanisms of the reinvigorated BRICS framework.”

Media coverage and sources:

- NATO: [NATO 2022 Strategic Concept](#)
- Mission of the PRC to the EU: [Spokesperson speaks on a question concerning NATO’s comments on China in its Strategic Concept](#)

- SCMP: [Nato leaders say China is a 'systemic challenge to Euro-Atlantic security'](#)
- Global Times: [NATO to set stage for extending into Asia-Pacific, faces internal difference](#)
- MERICS: [A return of bloc politics?](#)

METRIX

5 years

This timespan sparked outrage on China's social media after Beijing Daily published a piece suggesting the strict zero-Covid policy of lockdowns and mandatory testing could continue until 2027. The reference was taken from a work report delivered by Beijing Party Secretary Cai Qi, in which he outlined "adhering to the normalization of epidemic prevention and control" as part of plans spanning the next five years. In response to online anger, censors took down a hashtag alluding to Cai's report, which by then had been viewed over a million times. Beijing Daily's editor-in-chief blamed reporters for quoting out of context. To avoid accusations of misinformation, online outlets then removed references to "five years" in articles about Cai's report. (Source: [The Guardian](#))

TOPICS

Hong Kong enters "new era" of law and order 25 years after the handover

The facts: Xi Jinping makes Hong Kong his first official trip outside the mainland in more than two years to attend the 25th anniversary of the UK's handover of the city to China. Xi's in-person attendance is intended to politically signal Beijing's authority over the former British colony. Per tradition, Xi will attend the official swearing-in of the new Chief Executive, John Lee. The former police officer takes over the reins of the city with a cabinet of fresh faces who have highlighted safeguarding national security across all fronts from financial to education as their chief priority. Lee's number two is, the former director of immigration and heads the government committee overseeing Hong Kong's national security and his health secretary Lo Chung-mau, an advocate of China's "zero Covid" policy.

Amidst tight security at the event, one of Hong Kong's last active pro-democracy groups, the League of Social Democrats, announced it has decided not to hold a protest on the day after some of its volunteers were summoned to meet with national security police. Citing pandemic measures, the police also barred at least ten foreign and independent media outlets from attending the ceremony. Meanwhile, Sweden became the first country in

Europe to name the National Security Law as grounds for granting asylum status to a Hong Kong activist.

What to watch: Without sizable opposition in Hong Kong's Legislative Council, Lee is set to push through a series of reforms to tighten Beijing's control and further quell local dissent under the banner of bolstering security and stability. The implementation of Article 23 of Hong Kong's Basic Law will see rules come into force criminalizing things like foreign interference, theft of state secrets and ties to foreign political bodies. Lee's government has also for this year scheduled an anti-fake news law to seek greater compliance on content from companies and individuals and a cybersecurity law said to be modelled on Chinese legislation.

MERICS analysis: "Making sure that Hong Kong yields completely to China's rule is vital to Xi Jinping realizing his 'the great rejuvenation of the Chinese nation'," says MERICS Analyst **Valarie Tan**. "John Lee's tenure will be marked by continued government efforts to achieve complete control and so reform Hong Kong's identity. But this will prove a difficult task as diaspora groups overseas will continue to raise awareness of and protest against the harsh realities of Communist rule in the city."

Media coverage and sources:

- Nikkei Asia: [Hong Kong judicial independence fears threaten city's business case](#)
- The Atlantic: [Farewell to Hong Kong and its big lie](#)
- Springer: [Hong Kong universities in the Shadow of the National Security Law](#)
- SCMP: [Hong Kong activist granted political asylum by Sweden in security law first for EU](#)

China's graduates head out into uncertain job market

The facts: Universities across China sent 10.76 million graduates out to the job market throughout June. The record setting graduating class is struggling to find work in an economy already strained with an 18.4 percent youth unemployment rate. The employment landscape is already bleak with the downturn brought on by the Omicron wave, as well as with the mass layoffs over the last 12 months caused by the regulatory crackdown in the tech sector. In response, Beijing has bolstered its efforts to support employment with subsidies for companies taking on graduates as interns, financing support for graduates that want to start a business and calls on SOEs to open more positions up to graduates.

What to watch: As officials cannot deal with the main driver of unemployment – China's zero-Covid strategy – they will struggle to find ways to absorb this graduating class. However, irrespective of the support measures that are issued to encourage hiring, China's graduating class will struggle to compete in the job market. The youth unemployment rate was already considerable, meaning that the most recent graduates will have to compete with others of their generation as well. Furthermore, graduates will find it hard to compete with established workers that are themselves looking for work after being laid off amid bad economic times and Beijing's regulatory crackdowns. Finally, if the global economy continues to struggle under inflation and downward moving financial markets, China

may not be able to rely on the strong exports it has enjoyed throughout the pandemic to hold up growth and employment.

MERICS analysis: “When President Xi Jinping or Premier Li Keqiang talk about holding up the economic baseline and preserving stability, they are really talking about maintaining employment,” said **Jacob Gunter**, Senior Analyst at MERICS. “The CCP is acutely aware of the dangers of large numbers of disaffected young people, and it will attempt increasingly creative methods to try to find work to keep graduates busy. For example, in an ironic twist of history, it is even pushing graduates to go work for local governments in rural areas – an economic, rather than ideological, return of the ‘down to the countryside’ movement of the Cultural Revolution.”

Media coverage and sources:

- Caixin: [Cover Story: Finding Jobs for China’s 10.76 Million New College Graduates](#)
- Reuters: [Record numbers of Chinese graduates enter worst job market in decades](#)
- SupChina: [China’s record-high number of college graduates are facing a huge challenge to find work](#)

Academic database CNKI under scrutiny

The facts: China’s internet watchdog last week launched a cybersecurity investigation into the operator of the country’s largest database of academic papers, the China National Knowledge Infrastructure (CNKI), which is widely used by Chinese and foreign researchers. The probe aims to “prevent risks for national data security, uphold national security, and protect the public interest,” said the Cybersecurity Administration of China (CAC), citing CNKI’s repositories of personal information and important data about strategic industries like defense, telecommunications, finance, and natural resources. The CAC also said the database holds sensitive information about Chinese research projects and scientific and technological advances. A separate antitrust investigation into CNKI’s operator Tongfang Knowledge Network Technology, an entity owned by a state-owned software company linked to China’s Tsinghua University, began in May.

What to watch: The move follows the introduction of China’s Data Security Law and Cybersecurity Review Measures. It should be seen in the context of Beijing’s growing scrutiny of technology platforms that handle vast amounts of data and make it available to users outside China. Given growing economic and technological competition with the US and other industrialized countries, Beijing is getting more secretive about data related to its economic, innovation, defense, and industrial systems. The CNKI probe could lead to significant information takedowns, causing further headaches for analysts and researchers in China and abroad.

MERICS analysis: “Tongfang is being treated as a “network platform operator,” needing to undergo a cybersecurity review to ensure that national security and the public interest are not compromised by critical or sensitive data leaks or unauthorized exports. As Beijing makes no distinction between cybersecurity and information controls, China researchers

need to constantly devise new ways to navigate the country’s increasingly siloed information environment,” says MERICS Analyst **Rebecca Arcesati**.

Media coverage and sources:

- Reuters: [Chinese authority launches probe into Chinese academic database CNKI](#)
- Cyberspace Administration of China [CN]: [Announcement of the investigation](#)
- 21 Shiji Jingji Baodao [CN]: [CNKI is being investigated! Cybersecurity reviews may become a normalized element in the governance of China’s cybersecurity ecology](#)
- The Wall Street Journal: [China Probes Operator of Nation’s Biggest Academic Database](#)
- South China Morning Post: [China’s largest academic paper database CNKI opens some services to individuals after Beijing’s antitrust probe](#)
- LA Times: [As China shuts out the world, internet access from abroad gets harder too](#)

REVIEW

Indelible City: Dispossession and Defiance in Hong Kong, by Louisa Lim (Riverhead Books, 2022)

This is a story about Hong Kong that pays attention to often-ignored facets of “Hong Kongness”. By highlighting voices and perspectives that have been sidelined whenever big decisions about the city’s future were made, Louisa Lim points up what can be read as a tragic element in its development: Hong Kongers’ “sense of passivity underscored by [their] almost complete absence” from major decision-making processes – from British occupation in 1839-1840 via the Sino-British Joint Declaration of 1984 and the Handover in 1997 to policy making today. In the author’s view, the Hong Kong people were “mere spectators to their own fate” at crucial moments over the last 200 years.

While parts of Lim’s analysis clearly benefit from hindsight, the overview she provides is a timely perspective on governance in and of Hong Kong. In light of China’s campaign to control public spaces and narrow civic freedoms, this book helps to contextualize Beijing’s crack down and its impact on Hong Kongers. Lim observes graffiti, protest banners, post-it notes, calligraphy in the public space, draws on history, interviews and personal experience of living and working in the city – all to show the shattering of the promise that it was Hong Kongers’ “unshakable destiny” to rule themselves.

Although the events she describes are mostly well known, the details she gives and the connections she makes help to contextualize the build-up of the protest movement that took to the streets in 2019. In this way, Lim weaves recent developments into what she calls Hong Kong’s “cycle of destruction and reclamation”. She shows how quickly the freedoms and spaces crucial to upholding Hong Kong’s “way of life”, as the Basic Law calls it, are being eroded. Maybe most importantly, she explains the practical effects this has on the subject of her unerring focus – the Hong Kongers themselves.

*Reviewed by **Sophie Reiß**, Analyst MERICS*

PROFILE

Wang Xiaohong - Xi's doubly-powerful Minister of Public Security

With Wang Xiaohong recently named Minister of Public Security, Xi Jinping can count another important post in China's huge security apparatus being held by an ally as the all-important 20th Communist Party Congress looms this fall. Wang was already named Party Secretary of the Ministry of Public Security (MPS) last year, so he will hold both leading roles in the ministry after current Minister Zhao Kezhi retires. In doing so, Wang will tighten his grip on China's vast and growing domestic security apparatus – one that includes almost two million police officers and runs intelligence and anti-corruption operations as well as China's efforts to apprehend corrupt officials that have fled abroad. Wang will start his other job at the MPS by overseeing a “100-day summer law-and-order crackdown operation”, as announced by the MPS shortly after his nomination.

To make sure he can trust those who watch the watchdogs, Xi has placed trusted officials in all important security agencies, including the MPS, the party's own discipline watchdog, the Central Commission for Discipline Inspection, and the Central Political and Legal Affairs Commission, which oversees political loyalty among security forces (and counts Wang as its vice-head). In 2020, Xi presented then Public Security Minister Zhao with a new police flag in a ceremony that was supposed to show that the public security apparatus serves the party – and Xi – as much as the people. The MPS is one of the largest ministries by funding.

Born in 1957, Wang can look back at a long career in public security, which started in 1993 in his native Fujian province with the post of deputy chief and deputy party secretary of the Fuzhou Municipal Public Security Bureau. He worked his way up the Fujian security apparatus over the next twenty years and switched to leading roles in public security in Henan province in 2013 and municipal Beijing in 2015. A year later, he took on the additional job of vice minister of the MPS and exclusively concentrated on his national responsibilities in 2020.

Media coverage and sources:

- Xinhua: [Xi Focus: Xi confers flag on China's police force](#)
- SCMP: [China's Ministry of Public Security gets new party chief amid corruption drive targeting law enforcement](#)
- China Daily: [Wang Xiaohong appointed Minister of Public Security](#)

MERICS CHINA DIGEST

["An Invisible Cage": How China is policing the future \(NYT\)](#)

The latest generation of Chinese surveillance technology searches vast amounts of data collected on the daily activities of citizens to find patterns and predict crimes or protests. (22/06/25)

[China's Marxism majors prosper amid labour market woes \(FT\)](#)

According to a leading Chinese job search website for graduates, there has been a strong increase in job offers openings that require a degree in Marxism. (22/06/29)

[As China's Communist Party grows to near 97 million, more members are younger and educated \(SCMP\)](#)

China's Communist Party (CCP) had grown to a record 96.71 million members by the end of last year, according to official data. (22/06/30)

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