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DPG China Monitor

DPG China Monitor is compiled by our research team from open source Chinese media. Your comments and feedback can be addressed to Antara Ghosal Singh at antara@dpg.org.in

Cover Photographs:

(Photographs top to bottom)
Zhao Lijian, spokesperson of the Chinese Foreign Ministry courted controversy by linking the US Army to the Corona Virus outbreak, Source: Global Times, http://www.globaltimes.cn/content/1182511.shtml

China’s Emergency Medical Rescue Teams leaving Wuhan after the epidemic was reportedly “brought under control”, March 18, 2020, Source: https://www.chinadaily.com.cn/a/202003/18/WS5e7193c5a31012821728009b.html

A staff at work in a factory producing face mask in Sichuan Province, Source: Global Times, https://www.globaltimes.cn/content/1181954.shtml

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Abstract

The most significant development of the month was the lifting of the two month long lockdown in Hubei Province on March 25, and loosening of restrictions in its capital city Wuhan, the epicentre of China’s Corona virus outbreak. The move was symbolic of China’s perceived victory over the epidemic, even as the rest of the world, including the United States, continued to reel under the Covid-19 pandemic.

As the worldwide infections crossed the one million mark and deaths soared beyond 55,000, global cooperation against the epidemic was hard to come by. Covid-19 became a new flashpoint between China and the US. Throughout the month, Beijing and Washington openly clashed over the source and name of the virus as well as each nation’s response to the outbreak and coverage of the epidemic by their respective media organisations, among others.

On one hand, there was a growing chorus in the western world about holding China accountable for the global spread of the epidemic because of its “disinformation” campaign and its “malicious” influence over the global body, the WHO. There were equally demands for apology and even compensation from China, and calls for boycott of ‘Made in China’ products. Amidst this outcry, the counter-arguments emanating from Beijing were that China itself was a victim, and allegations of China having deliberately spread the pandemic were baseless and politically motivated; that China had no doubt underestimated the severity of the situation in the early stages due to limited knowledge about the virus, but this was not with a view to concealment; that when and how the virus came into the world was still a matter of investigation and conclusions about the source were premature; that it was not China’s concealment that had led to the present situation in the world, but the passive and careless response of nations; and that in contrast to the actions of others, China had quickly cut the chain of transmission and bought time for all and was now providing assistance to afflicted countries.

"Letting China bear the blame and even clamouring for Chinese apology or compensation can only be said to be wishful thinking and has no legal basis. It is no longer more than a century ago and China is no longer free to be coerced and looted by external powers. Some American and British politicians still live in the old century and refuse to wake up," declared an article in the Huanqiu Shibao.

Even as China accused the West of politicising the epidemic and spreading nationalist and even racist sentiments, Chinese media endorsed the view that
the global spread of the virus was another ‘Suez Canal moment’ in the world of international relations, marking major reorganisation in the international order. Whichever country’s policies and actions against the epidemic could win the respect and trust of the international community would determine the future of the world order.

Meanwhile, by highlighting poor performance of the Western democracies in handling the epidemic and playing up the nationalist card, China’s state media managed to put out a remarkable spin for domestic public opinion. Where less than a month ago people were fuming over their government’s “mishandling” of the epidemic situation, they were said to now consider themselves fortunate to be in China, the “safest” and “the most secure” place in the world. The dominant message was that China’s system does have shortcomings, but its strengths far outweigh its weaknesses. Rather than criticising, the Chinese people were urged to be “thankful” of the government, which ensured that the situation did not go out of control like in Italy or the US and a comprehensive “whole-government-to-society model” strategy could be worked out leading to the timely containment of the deadly virus.

Such was the national sentiment in China that its internet space broke out in triumphant celebrations and vulgar mockery as the epidemic wreaked havoc in the US and parts of Western Europe. China’s state media had to issue instructions to tone down the arrogance level and keep China’s success story a low key affair. Yet another propaganda narrative of “China saves the world” was also pushed by the state media, comparing China to “Noah’s Ark” in the turbulent waves of the global pandemic situation, which not just withstood the onslaught of the virus but also became a stabiliser of the global order.

However, despite all the gloating and bragging, there was a growing sense of unease and scepticism in China about the ‘anti-globalisation’ trend further gaining currency as a fallout of the pandemic, with a real possibility of the world reducing its supply-chain dependence on China. In the given dynamics, China cannot wait for the complete elimination of the virus and must resume production on a ‘fast forward’ mode, so as to secure China’s position in the global supply chain. Further, to offset the negative impact of a possible decoupling between China and the Western world, particularly the US, China is resorting to a policy of spurring domestic consumption, while also focusing more on the economic prospects of the East-Southeast Asia region, with the China-ASEAN FTA, China-Japan-Korea FTA, and Regional Comprehensive Economic Partnership Agreement (RCEP) at the core.
Foreign and Security Policy

China-US Relations

The month saw the Covid-19 pandemic evolving as one of the latest and most serious flashpoints between China and the US. The two sides openly clashed over the source and name of the virus\(^1\), each nations’ response to the outbreak and the coverage of the epidemic by respective countries’ media organisations\(^2\).

On one hand, there was a chorus in the western world about holding China accountable for the global spread of the epidemic, because of its “disinformation” campaign and its “malicious” influence on the WHO. While some demanded an apology or compensation from China, others called for boycott of ‘Made in China’ products\(^3\). China, on the other hand, defended its stance with various counter-arguments.

Firstly, it was argued that China is a victim, which has itself faced immense hardship due to the virus outbreak and therefore, should not be vilified. “The discovery of the novel coronavirus in Wuhan is a misfortune of China, and that it became a global pandemic is the misfortune of the world,” Chinese media contended, refuting all allegations about China purposely playing a role in the global spread of the epidemic to export its governance model or deepen its geopolitical influence, as “baseless and politically motivated”.

Secondly, it stressed that there has been absolutely no “concealment” of information from China and it is only due to limited cognition of the virus, that China underestimated the severity of the situation in the early stages of the outbreak. However, this initial glitch has been over emphasised and magnified with an ulterior motive of singling out China.

Thirdly, in a clear U-turn, China junked the popular narrative of the origin of the virus from Wuhan wet market, even as only last month (February 24) the Standing Committee of the National People's Congress issued a directive to comprehensively ban illegal trade and consumption of Wildlife\(^4\) in the country.

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\(^1\)Trump tweet infuriates China, Global Times, March 18, 2020, https://www.globaltimes.cn/content/1182873.shtml
\(^3\)“甩锅中国”救不了美国, Huanqushibao, March 24, 2020., https://opinion.huanqiu.com/article/3xYNZsMPjhH
to avoid any more Covid-19 like tragedies in the future. Instead, it is now being argued that “when and how the virus came into the world, is a matter of scientific traceability and we are yet to reach a credible conclusion”. While noting that the usage of terms like “Wuhan virus or Chinese virus” has been impacting the international public opinion against China, Chinese media suggested avoiding controversies like the one courted by diplomat Zhao Lijian⁵ or indulging in any further public debate on the origin of the virus⁶.

Zhao Lijian, spokesperson of the Chinese Foreign Ministry courted controversy by linking the US Army to the Corona Virus outbreak, Source: Global Times, http://www.globaltimes.cn/content/1182511.shtml

The other key argument emanating from Beijing is that it is not China’s concealment of the epidemic but the Western nation’s passive response that has led to the present crisis in these nations⁷. It contended that as early as January, China made a basic notification of the epidemic situation to the WHO and to other relevant countries, although at that time, China, still had insufficient awareness of the severity of the epidemic. However, on January 20, China warned about human to human transmission propensity of the virus

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⁶全球抗疫格局变化・中国诚求世界安, Huanqushibao, March 8, 2020,https://opinion.huanqiu.com/article/3xL5Mx9ZSfh

and on January 23 it abruptly locked down Wuhan, sending a strong signal to the international community. Despite this, as per the Chinese narrative, the western world chose to remain blindly optimistic, even as the situation in countries outside China like South Korea, Italy, and Iran continued to deteriorate. Now, to debunk public outrage over their own failures and with the US presidential election round the corner, the policy elite in the Western world is making a scapegoat out of China. Their inaction and carelessness is being passed on as China’s fault.

Further in its defence, China highlighted the ‘responsible’ role it played in boosting confidence against the global war against the epidemic. By a stringent lockdown, China quickly cut off the chain of transmission and won precious time for the world. It shared its experience of fighting, treatment and prevention with relevant countries and international organisations, sent medical expert groups to countries worst-hit by the epidemic like Iran, Iraq, Italy etc. It also provided assistance to upwards of 82 countries, along with the WHO, and the AU, with supplies like testing reagents, masks, protective clothing and medical aid.

“Letting China bear the blame and even clamouring for a Chinese apology or compensation can only be wishful thinking and has no legal basis. It is no longer more than a century ago and China is no longer free to be coerced and looted by external powers. Some American and British politicians still live in the old century and refuse to wake up,” stated an article in the Huanqiushibao.

Apart from that, the Chinese media also complained about the US continuously stepping up maritime provocations in an attempt to distract China’s COVID-19 fight. “Since late January, US warships have travelled within 12 nautical miles of the South China Sea islands in Chinese territory five separate times on March 10, 13, and 15,” noted a report in the Chinese press. Further alarms were raised in China, as the US Navy aircraft carrier, USS Theodore Roosevelt, made its second-ever visit to Vietnam on March 5, to mark 25 years of diplomatic

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8抗．蓬佩奥们至少留下三大历史罪名，Huanqiushibao, March 26, 2020, https://opinion.huanqiu.com/article/3xZuZvP5R6j
10坚决打好新冠肺炎疫情防控全球阻击战，Huanqiushibao, March 27, 2020, https://opinion.huanqiu.com/article/3xaZ0ar4uwz
11美政客这一次带不动世界的节奏，Huanqiushibao, March 27, 2020, https://opinion.huanqiu.com/article/3xe5Fgp7Cnt
12US steps up maritime provocations in attempt to distract China’s COVID-19 fight, Global Times, March 27, 2020, https://www.globaltimes.cn/content/1183384.shtml
relations\(^{13}\). This was labelled as yet another attempt by the US to disturb China’s peripheral stability.

Again, much to China’s displeasure, on March 27 U.S. President Donald Trump signed the controversial TAIPEI Act (Taiwan Allies International Protection and Enhancement Initiative Act) of 2019 into law. The new legislation is meant to strengthen and expand the scope of the Washington-Taipei relationship, as well as the island’s ties to other countries and international organisations. A fuming Beijing called it a gross violation of the ‘One-China’ principle\(^{14}\) and threatened the US with disruptions in bilateral ties. For Taiwan there were demands for “harsher punishments”\(^{15}\).

The China-US spat on the issue of human rights also went on unabated. As the US state department released its country reports on human rights\(^{16}\) calling out China’s treatment of Uighur Muslims as the ‘stain of the century’, China retaliated by publishing a 20,000-word Report on Human Rights Violation in the United States in 2019, on March 13, describing the human rights situation in the United States as “lacklustre and deteriorating”\(^{17}\).

\(^{13}\)US stirs regional conflict to stem China’s rise, Global Times, March 11, 2020, https://www.globaltimes.cn/content/1182328.shtml

\(^{14}\)China’s top legislature firmly opposes U.S. signing Taiwan-related act into law, Xinhua, March 27, 2020, http://www.xinhuanet.com/english/2020-03/27/c_138923894.htm

\(^{15}\)用实际举措让“台独”恶有恶报, Huanqushibao, March 11, 2020, https://opinion.huanqiu.com/article/3xN3ApohRvB

\(^{16}\)美人权报告·一盆泼向中国的污水, Huanqushibao, March 13, 2020, https://opinion.huanqiu.com/article/3xOaXvutiFE

\(^{17}\)认清美方以人权维护霸权的真面目（钟声）, Huanqushibao, March 14, 2020, https://opinion.huanqiu.com/article/3xPdq49Pqar
Internal Security

*China’s Emergency Medical Rescue Teams leaving Wuhan after the epidemic was reportedly “brought under control”, March 18, 2020, Source: https://www.chinadaily.com.cn/a/202003/18/WSSe7193c5a31012821728009b.html*

The most significant development of the month was the lifting of the two month old lockdown in the Hubei Province on March 25 and loosening of restrictions in its capital city Wuhan, the epicentre of China’s Corona virus outbreak, a landmark event through which China declared “victory” over the epidemic, even as the rest of the world, including the United States, continued to reel under the Covid-19 threat.

Declaring China the ‘only great power to be out of crisis’, China’s state media endorsed the view that this is the ‘Suez Canal moment’ in the world of global politics, marking major reorganisation in the international order. Although at global platforms like G20, China’s top leadership stressed on ideas like ‘community of human destiny’, global solidarity and cooperation against the epidemic, however, in domestic circles the handling of the epidemic was largely seen as a “competition” between the natural disadvantages of ‘Democracies’ and institutional advantages of ‘Socialism with Chinese characteristics’. “Whichever country’s policies and actions against the epidemic can better win the respect and trust of the international community
will determine the future of the world order”, mentioned an article in the Chinese language media18.

Highlighting the poor performance of the Western democracies in handling the epidemic and playing the nationalism card, Chinese media generated a remarkable turn in domestic public opinion. Where less than a month ago people were fuming over the Chinese government’s “mishandling” of the epidemic situation, now they consider themselves fortunate to be in China, the “safest” and “the most secure” place in the present day world. The dominant public opinion is that China's system does have shortcomings, but its strengths far outweigh its weakness. Therefore, rather than criticising, Chinese people should be “thankful”19 to the government, who ensured that the situation didn’t go out of control like in Italy or the US; and a comprehensive “whole-government-to-society model”20 strategy could be worked out leading to timely containment of the deadly virus. Such has been the national sentiment in China that its internet space reportedly broke out in triumphant celebrations and vulgar mockery as the epidemic wreaked havoc in the US and parts of Western Europe21. While some section of the Chinese strategic community justified the jubilance as a tit-for-tat against Washington’s two-month long propaganda war against China’s Covid19 response, others, however, suggested toning down of the arrogance level and keeping China’s success story a low key affair.

Yet another propaganda narrative of “China saves the world” was vigorously pushed by China’s state media. It proudly recounted how masks, test kits, ventilators, medicines - all the anti-epidemic materials for daily protection, diagnosis and treatment of patients, which are at present in acute shortage all over the world, are moving right from the production lines of Chinese factories to the rest of the world and how the developed nations like Germany, Italy, Switzerland are busy intercepting each other’ supplies coming from China22. It narrated with pleasure how Chinese biggies like BYD, Foxconn, Gree, Midea and other companies launched their mask production lines overnight and

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operated three shifts a day, increasing China’s mask production capacity by 480%. Some commentaries even compared China with the legendary "Noah’s Ark" in the turbulent waves of the global epidemic situation, which not just withstood the onslaught of the virus itself but also became the stabiliser of the global order.

**Economy**

![A staff at work in a factory producing face mask in Sichuan Province, Source: Global Times, https://www.globaltimes.cn/content/1181954.shtml](image)

Despite the otherwise buoyant national mood, one cannot but miss a growing sense of unease and scepticism in China about the ‘anti-globalisation’ trend further gaining currency as a fallout of the pandemic, with a real possibility of the world adjusting and reducing its supply-chain dependence on China. Furthering Chinese economic woes, data released by the National Bureau of Statistics indicated that in January and February 2020, China’s fixed asset investment fell by 24.5%, total retail sales of goods fell by 20.5%, industrial value added fell by 13%, and imports and exports fell by 9.6% year-on-year.

The epidemic is far from over in China. However, given the economic trends, China does not want to wait any longer for the complete elimination of the virus, and is keen to resume production on a ‘fast forward’ mode, so as to secure China’s position in the global supply chain.

The other important reason behind China’s resumption of work on war footing is the fact that China’s top leadership has decided that there will be no “retreat
or flexibility” in accomplishing the centenary goal of poverty alleviation by 2020, a solemn promise made by the Party to the people. However, the prevention and control measures put in place have been adversely affecting the livelihood and income of the poor populace, particularly in the countryside, mobility of the migrant workers, blocking the transportation and sale of agriculture and livestock, suspension of poverty alleviation projects and other assistance work.

Local administrations in China are therefore changing their strategy from micromanaging the epidemic situation to macro-management, from “zero infection” goal to “preventable and controllable” infection goal. Referring to various indices, they are determining a ‘zero growth date’ of the epidemic (疫情零增长日期) for each locality, so as to step up the resumption of regular economic activities.

Simultaneously, China is closely following the impact of the pandemic on the international financial market, international trade and investment, and the global industrial chain, and is planning ahead to prevent the potential systemic risks. China's key measures to deal with “the escalation of systemic risks in the world economy” are as follows:

The first priority is to prevent imported financial risks, promote the improvement of macroeconomic risk response mechanisms, and maintain the bottom line. China’s own economic activities have a strong external dependence on some important commodities. In view of the external market supply problems that may be caused by the global spread of the epidemic, China is looking at building a reserve of important commodities in order to deal with the possible impact of global market fluctuations on the industrial chain.

Secondly, given the grim export situation, China is attaching great importance to its huge domestic market space and giving priority to expanding domestic demand. Domestic demand includes not only consumption, but also investment. Tax and fee reductions, cash transfers, subsidies, loan discounts are some of the measures taken to revive the economy.

It is generally believed that the role of China’s internal consumption in driving the economic growth has not yet been fully tapped. Chinese policy makers are giving high priority to a comprehensive consumption policy aimed at “increasing people’s income, by focusing on social security system reform,

income distribution system reform, etc., thereby creating an environment where people can consume, dare to consume and are willing to consume, which will provide basic institutional support for consumption growth.

Various experimental models are also being explored across China to kick-start the consumption drive. For instance, there are reports of senior party cadres in various provinces, been tasked on a mandatory basis²⁴, to take the lead in socialising and splurging, thereby encouraging common people to come out of the lock-down mode. Some provinces are allowing street vendors to operate freely as against the norm in China which generally considers them a hindrance in maintaining the appearance of the cities. Schemes like Consumer coupons/vouchers²⁵, live festivals²⁶ (like e-tomb sweeping), “paid holidays”²⁷ have been introduced by various local governments. Few Chinese cities are encouraging people to return to their regular social life by introducing safety measures like “scattered viewing” in movie theatres, “safe number of tourist” restrictions at popular tourist/hang-out joints, code screening in place of metered fares in metros among others.

Thirdly, the idea is to accelerate the economic transformation and upgrading, by implementation of an innovation-driven development strategy. The epidemic has already triggered reallocation of resources and the transfer of production from traditional industries to intelligent, informatised, and online emerging industries. New consumption and contact-less consumption is the new buzzword in China. Commercial enterprises are being encouraged to use the Internet to vigorously develop consumer formats such as online theatres, malls, games, videos and live broadcasts, and provide consumers with high-quality home services.

In the policy space, the focus is now on accelerating the construction of new infrastructure (5G, intercity high-speed railways, big data centres, artificial intelligence, industrial Internet, Internet of Things and other fields), increasing R & D investment in related fields, improving the business environment and

promoting international cooperation in the “new infrastructure” area, so as to accelerate the competitiveness of China’s economy in the world.

Fourthly, China is focusing on the promotion and protection of foreign investment, seeking to reduce the negative list of foreign investment, promoting steady improvement of foreign trade, guiding enterprises to develop diversified export markets, optimising the role of the free trade zones, further promoting the Belt and Road Initiative, participating in the reform of global economic governance, particularly reform of WTO, and accelerating the negotiation of multilateral and bilateral free trade agreements.

These targeted policy measures, along with China’s bold decision\textsuperscript{28} to get key industries, including foreign-funded enterprises, to resume work and production even before the complete eradication of the epidemic, are not just meant to showcase the strength of its domestic supply and industrial chain to the world, but also to make China appear more attractive to the global industry, and ensure that the global industrial and supply chains do not get transferred out of China.

Meanwhile, as per data released by China’s General Administration of Customs, in the first two months of this year, ASEAN has replaced the European Union and the United States as China’s largest trading partner. Trade between China and ASEAN economies rose by 0.5 percent year-on-year to $85.32 billion in January and February.

It is generally understood in Chinese policy circles that the pandemic is going to further exacerbate the contraction trend in China-US trade ties. To offset the negative impact of such de-coupling between China and the Western world, particularly the US, China is focussing more on the economic prospects of the East-Southeast Asia region, with the China-ASEAN FTA, China-Japan-Korea FTA, and Regional Comprehensive Economic Partnership Agreement (RCEP) at the core. The epidemic is believed to have provided an important opportunity to warm up ties with the countries in the region and devise an overarching framework for East Asian Cooperation model encompassing public health and other non-traditional security challenges among others.

\textsuperscript{28}为稳定全球供应链贡献中国力量, Renminribao, March 18, 2020, http://views.ce.cn/view/ent/202003/18/t20200318_34506450.shtml