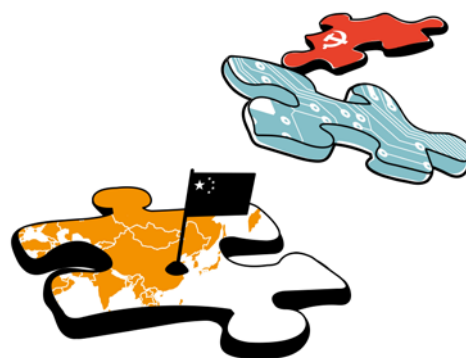


JANUARY 27, 2022

MERICS

China Essentials



CONTENTS

| | |
|---|---|
| TOP STORY: Beijing’s “simple, safe and splendid” Winter Olympics..... | 2 |
| METRIX | 3 |
| TOPICS..... | 3 |
| The Ukraine crisis will loom as Putin meets Xi at the Beijing Olympics..... | 3 |
| Foreign companies’ Olympian challenge - staying onside at home and in China | 4 |
| Olympic athletes’ app raises new doubts about Beijing’s approach to tech | 5 |
| VIS-À-VIS..... | 6 |
| Alicia Hennig on risks facing sponsors of the Winter olympics..... | 6 |
| REVIEW | 7 |
| In the camps. China’s high-tech penal colony by Darren Byler (Columbia Global Reports, 2021) | 7 |
| MERICS CHINA DIGEST | 8 |

TOP STORY

Beijing's "simple, safe and splendid" Winter Olympics

Battling to contain the spread of Covid-19, the Chinese government has taken rigid measures before the opening of the Beijing Winter Olympics on February 4. Athletes, officials and journalists attending the two-week event face strict measures regarding their movements and data – like being locked in a closed-loop of official venues, hotels and transportation. Chinese citizens have been asked to “sacrifice their annual family reunions” and “stay put” for the week-long Spring Festival holiday, starting January 31.

Stringent Covid-related protocols also highlight how different the Winter Olympics will be compared to Beijing's Summer Games in 2008. Over the last 14 years, China has shifted from international integration to a self-assertiveness that challenges the global order, from being the next big market for Western companies to fostering their new corporate rivals, from being a state with a collective leadership and various factions to one very firmly under Xi Jinping's centralized rule.

The line between sensible Covid restrictions and authoritarian control over the Olympics sometimes seems to blur. The Foreign Correspondents Club of China in November complained its members had been “stymied” in reporting about Olympic preparations, in part being asked to produce Covid tests “within an impossible timeframe”. In Beijing, residents are advised to work from home and stay clear of gatherings – and to avoid driving to minimize air pollution and traffic congestion during the games.

The Chinese party state is doing its utmost to ensure the Winter Olympics aren't marred by the pandemic – or unwelcome perceptions. After the US and some other countries said their government representatives would be boycotting the Olympics to protest against China's human-rights infringements, Beijing warned athletes they face “certain punishment” if they protested against or broke Chinese laws. Beijing reportedly has also hired US media agencies so social-media influencers can give the games a positive spin.

Last year's Tokyo's Summer Olympics saw angry protests against the Japanese government for holding the event during a pandemic. But Beijing will not tolerate anything of the sort – activists, lawyers and regime critics have been detained or silenced on social media. Xi wants the Beijing Winter Olympics to project a “positive image of sunshine, prosperity, strength and openness” (阳光、富强、开放的良好形象).

MERICS analysis: “Soft power pursuits aside, the Winter Olympics provides China with the prestige it craves. Winter sports traditionally carry connotations of status and distinction,” said Valarie Tan, MERICS Analyst. “Hosting the world's most important winter sports event therefore provides another opportunity for Beijing to assert itself as a prosperous and confident actor in the international order.”

Media coverage and sources:

- Bloomberg: [Omicron in China: New variant weakens Xi Jinping's Covid policies](#)
- Jung Woo Lee: [Olympic Winter Games in Non-Western Cities: State, Sport and Cultural Diplomacy in Sochi 2014, PyeongChang 2018 and Beijing 2022](#)
- New York Times: [China's games: How Xi Jinping is staging the Olympics on his terms](#)
- FCCC: [Foreign Correspondents Club of China Statement on Olympic Coverage](#)

METRIX

Almost 100%

The percentage of artificial snow expected to be used during the Beijing Winter Olympics. Numerous Winter Games have manufactured snow to supplement naturally occurring flakes – Sochi’s ski slopes in 2014 used 80 percent artificial snow. Pyeongchang in 2018, 90 percent. Beijing will be the first to rely entirely on the artificial variety. The region hosting the games currently has an average winter precipitation of just 7.9 millimeters – and climate change has made things worse. An estimated 49 million gallons of water – and more than 100 snow generators and 300 snow cannons – are needed to get enough snow on the ground. Critics have warned about the environmental dangers for a region whose water reserves are scarce. But Beijing has been promoting the Winter Games as a “green” snow-covered event, having pledged to power the Olympics with only wind, hydro and solar energy. (Sources: [Reuters](#), [Japan Times](#), [WP](#), [CBS](#))

TOPICS

The Ukraine crisis will loom as Putin meets Xi at the Beijing Olympics

The Beijing Winter Olympics have become controversial and divisive. China’s human-rights record has prompted several countries, including the US, the UK, Canada, Belgium and Lithuania, to diplomatically boycott the games. The EU is trying to forge a – so far elusive – common stance. Unlike Belgium or Lithuania, France, for instance, has spoken out against the “insignificant and symbolic” step of a boycott, and Poland’s President Andrzej Duda will attend the games in person.

Many countries outside the EU will be sending top-level representatives, most notable among them, Vladimir Putin. The Russian President will attend the opening of the Olympics and will become the first world leader to meet China’s President Xi Jinping in person in almost two years. This meeting will be watched for any signals regarding the likelihood that Russia will attack Ukraine – and China’s reaction if it did. The Ukraine crisis could yet overshadow these Olympics.

To banish this possibility, according to some media reports, Xi may have asked Putin not to invade Ukraine during the Olympics. Beijing has forcefully denied these claims, but Beijing would not be happy if a Russian attack were to overshadow the Olympics and add to global instability at a key juncture – 2022 is the year Xi plans to officially be confirmed as China’s leader for a third term.

It is an open question how China would react to a Russian invasion of Ukraine. Based on China’s reaction in the course of Russia’s annexation of Crimea in 2014, Beijing is likely to try to stay out of the fray once more, unwilling to damage its relationship with one of its closest partners or to encourage military interventionism – even if China has territorial ambitions of its own.

MERICS analysis: “Beijing will be paying close attention to the situation in Ukraine. The West’s response to a potential Russian attack could help Beijing gauge what to expect were it ever to attempt an attack on Taiwan,” said **Helena Legarda**, MERICS Lead Analyst. “These are two very different conflicts, but Beijing may find the Ukraine stand-off useful to assess Washington’s appetite to get involved in overseas conflicts – and the level of unity and coherence in the West.”

EU member states’ political representation at the Beijing 2022 Winter Olympics



| Member states that won’t send officials to the Olympics | Reasons |
|--|--|
| Belgium, Denmark, Lithuania | Formal diplomatic boycott to protest against China's human-rights abuses |
| Estonia, Germany, Luxembourg, Portugal | No formal diplomatic boycott, but not attending |
| Austria, Latvia, The Netherlands, Slovenia, Sweden | No formal diplomatic boycott, but not attending due to Covid-19 pandemic |
| Member states that will send officials to the Olympics | |
| Finland, France, Greece, Hungary, Ireland, Italy, Poland | |
| Undecided (as of 25 January, 2022) | |
| Bulgaria, Croatia, Cyprus, Czech Republic, Malta, Romania, Spain, Slovakia | |

Source: MERICS



Media coverage and sources:

- Reuters: [Poland's president to attend Beijing Olympics amidst U.S. boycott](#)
- Bloomberg: [Bloomberg claims Xi asked Putin not to attack during Olympics](#)
- France24: [France criticizes Olympic boycott as insignificant](#)
- TASS: [Putin looking forward to meeting Xi in person](#)

Foreign companies’ Olympian challenge - staying onside at home and in China

A food regulator in the southwest Chinese city of Chengdu mid-January announced a probe into a local Sam’s Club store, saying shoppers had complained about spoiled beef. This came a few weeks after the chain, owned by Walmart, was officially cautioned about “shortsightedness” amid social media claims it had withdrawn products from Xinjiang. The recent move was a reminder to foreign companies in business in or with China they are navigating more politicized waters around the Olympics in 2022 than in 2008.

Beijing in 2022 uses economic coercion to punish what it deems to be offenses by foreign companies – criticizing its treatment of the Muslim Uyghurs in Xinjiang among them – in ways unthinkable fourteen years ago. Since 2018, official moves or party-state backed boycotts have hit foreign companies as diverse as airlines calling Taiwan a country, the

NBA for a manager's tweeted support for protestors in Hong Kong, H&M, Nike, Walmart about putting an end to sourcing from Xinjiang (or allegations thereof).

China's uncompromising attitude towards corporate "provocation" means that foreign companies are torn between demands in their home markets and expectations in Beijing (see Vis-à-vis section). Those under the most immediate strain could well be the twelve non-Chinese "Worldwide Olympic Partners": Coca-Cola, Procter & Gamble, Panasonic and Samsung have been stalwarts for at least the last five games; Allianz is active for the first time – just as China is opening its market to foreign financial-services companies.

MERICS analysis: "Foreign companies find themselves between a rock and a hard place as the politics of doing business in China becomes continually more complex," said **Jacob Gunter**, MERICS Senior Analyst. "Sometimes, it's not even enough for foreign producers to themselves navigate these waters successfully – just look at studiously apolitical commodities exporters in Australia or Lithuania. They were dragged into the political fray because of geopolitical frictions between their home-market capitals and Beijing."

Media coverage and sources:

- US Congressional-Executive Commission on China: [Testimony by Bonnie S. Glaser](#)
- Sporting News: [The Daryl Morey controversy, explained: How a tweet created a costly rift between the NBA and China](#)
- New York Times: [Giving in to China, U.S. airlines drop Taiwan \(in name at least\)](#)
- BBC: [Nike, H&M face China fury over Xinjiang cotton 'concerns'](#)
- CNN: [China denounces Walmart for 'stupidity' after Sam's Club was accused of pulling Xinjiang products](#)

Olympic athletes' app raises new doubts about Beijing's approach to tech

A Chinese-made app for all contestants in the Winter Olympics has stoked international concern about Beijing's use of digital technology as an authoritarian tool. The thinktank Citizen Lab said the app "My2022" had been designed to collect "highly sensitive medical information" and potentially censor or flag almost 2500 sensitive keywords. The app violates global software policies and Chinese national law, the Canadian group added.

Beijing officials quickly replied that "security flaws" and weak security protocols had been fixed – and that use of the app was not mandatory. But even before the exchange, Dutch, British and other National Olympic Committees had advised athletes to leave personal devices at home on security grounds -- and Australia had pledged to provide one-time use "burner phones" for its athletes for fear of spying by Chinese authorities.

"My2022" was meant to fulfill various functions, from storing vaccination records and test results, to allowing text and video chats, and providing news updates – a big step up from the "Tokyo2020" app for the Summer Olympics, which was more entertainment gimmick for fans. But Citizen Lab's intervention has raised Western fears the app might be more about enabling China to control global perceptions and project technological power – and less about helping athletes navigate the Olympics and its bureaucracy.

MERICS analysis: "The controversy about China's homegrown tech stands in contrast to the last Olympic Games in Beijing. Facebook, Google and YouTube in 2008 were still vying for success in a market they have since left, voluntarily or less so. Concerns about My2022 suggests that trust in Chinese digital technology has reached a new low point in the West.

Arguments continue online about how voluntary use of the app was meant to be and how safe it is.“ **Kai von Carnap**, Analyst MERICS

Media coverage and sources:

- Citizen Lab: [Cross-country exposure analysis My2022 Olympics app](#)
- Jonathan Scott Twitter account: [Analysis of My2022 app](#)
- DW: [IOC reacts to cybersecurity concern over Beijing My2022 app](#)
- 6pr: [No personal devices: Aussie athletes given burner phones in Beijing](#)

VIS-À-VIS

Alicia Hennig on risks facing sponsors of the Winter olympics

With the Beijing Winter Olympics about to begin, MERICS China Essentials spoke with Alicia Hennig, Deputy Professor for General Business Administration at the Technical University Dresden. A specialist in business ethics, Alicia has organized a [lecture series](#) about the Olympics and propaganda.

Questions by Janet Anderson, freelance editor

How are the Beijing Winter Olympics being used as a propaganda tool?

The Chinese government will use the games to present China in the most favorable light, just as they tried to do during the 2008 Summer Olympics Games in Beijing. This could take different forms: reports with a singular focus on the positive aspects of the Olympics to deflect from major controversies, biased reporting and “sportswashing” (analogous to greenwashing but in the area of sports), or even targeted influence campaigns and disinformation strategies, especially outside China, i.e., in foreign media. Examples for the latter two are the Chinese government’s mask and vaccine diplomacy across the globe in 2021 or, more recently, the case of tennis star Peng Shuai. During the Games, the government will probably ramp up these efforts. The opening ceremony will be an essential part of this, as will be the reporting around the games. But the government may also set up more fake accounts on various social media platforms to try to influence public opinion.

In 2008, foreign journalists faced certain reporting restrictions, but this time they will find it almost impossible to gain access to the country because of Covid. I expect to see limited foreign reporting and more coverage by Chinese state media. So, the media presentation will be largely tilted in Beijing’s favor.

How should European businesses involved with the Olympics respond?

Olympic sponsors should be aware they will be used to support Beijing’s propaganda strategy around the games, including disinformation about topics like Xinjiang. Their brands and logos will be associated with that. These Western businesses are indirectly supporting Beijing. I do wonder how far these sponsorships promote their brands. Public awareness of propaganda and disinformation means the involvement of global companies could spark a backlash and become a reputational issue at home.

As to promoting foreign brands in China, Chinese consumers may not be drawn to them, as local brands are being promoted more. Helped by nationalistic sentiments, Chinese brands will likely do better than Western brands.

What risks will European companies active in China face after the Games?

Engaging with China nowadays exposes companies to a number of strategic risks. Many have not realized that these risks have increased under Xi Jinping – potential supply chain disruptions caused by China’s “zero Covid” strategy and ad hoc regulations giving preferential treatment to local players. And there are increasing reputational risks and uncertainties due to Beijing’s more aggressive foreign policy – as we saw recently in the case of Lithuania – and companies coming into contact with controversial internal issues like human-rights infringements in Xinjiang and Hong Kong. Companies need to recognize and react to the fact that doing business in China has become much riskier. I, for one, will be looking at the responsibility of foreign companies operating in Xinjiang.

REVIEW

***In the camps. China’s high-tech penal colony* by Darren Byler (Columbia Global Reports, 2021)**

The US and some seven countries have declared a diplomatic boycott of the Winter Olympics in Beijing in protest against China’s treatment of ethnic minorities and alleged human-rights abuses. China has condemned the move and insisted claims of abuse in Xinjiang are a “series of lies” – to which Darren Byler provides a compelling rebuttal.

In chilling detail, his book documents the stories of ethnic minorities who have been surveilled, detained and tortured in mass internment camps in the province. China has said these are for “vocational training” to stop Muslims adopting religious and political extremism. But Byler shows how Beijing has gone further through the pervasive use of surveillance technology. The system uses it to establish guilt or criminal intent by way of behavioral data (not actual proof), accelerate de-humanization in prison colonies, and coerce Uyghurs, Kazakhs and Hui Muslims into what Byler calls “colonial capitalist production”.

In “safe-city” projects, touted by Beijing and built throughout Xinjiang, cameras and scanners track the population and alert the police in case of “deviancy” – people are interned just for the “pre-crime” of downloading WhatsApp to their phones. Similar systems are operated by US and UK police in “high risk” areas, but Byler argues their use in Xinjiang is far more “fine-tuned and invasive”, with algorithms crunching through vast datasets gathered by a dense network of checkpoints and surveillance posts.

Well-researched and rich in detail, the book however stops short of discussing the legal implications of the Chinese government treating part of its population in this way – and how to hold China accountable for its actions. But his steady focus on the everyday victims provides a grim reminder for corporations and governments of the adverse effects of automated policing and surveillance technology – in China and elsewhere.

Reviewed by **Valarie Tan**, Analyst, MERICS

MERICS CHINA DIGEST

[EU sues China in WTO over Lithuania blockade \(Politico\)](#)

Brussels launched a World Trade Organization case against Beijing over "discriminatory trade practices" against Lithuania on Thursday, January 27. Beijing previously blocked most trade with Lithuania after Vilnius deepened ties with Taiwan.

[Covid contact tracing tells a tale of rich and poor in China \(Quartz\)](#)

Migrant worker Yue Zongxian became one of the best-known figures in China after Chinese authorities publicized his movements after the 44-year-old tested positive for Covid – a routine practice to alert the public to possible exposure to the virus. Yue's itinerary stirred sympathy for the work hours he endured, earning him the title of "the hardest-working Chinese citizen based on contact-tracing records." (22/01/25)

[No respite for China's stressed-out supply chains as Covid-zero and new year holidays take a toll \(CNBC\)](#)

Covid lockdowns, quarantines and restrictions are causing a backlog in some of China's major ports. Ahead of the Lunar New Year holiday, air freight rates have increased sharply and some shipping companies have suspended services, increasing pressure on supply chains once again. (22/01/24)

[Two years in, how does the STAR market measure up? \(CSIS\)](#)

The Shanghai Stock Exchange's Science and Technology Innovation Board, known as the STAR market was launched two years ago. Since then, China's version of NASDAQ has grown substantially, with now more than 350 listed companies. CSIS evaluated STAR market's performance so far. (22/01/24)

[Chinese national trying to improperly influence politicians, says MI5 \(The Guardian\)](#)

Britain's MI5 has issued a security message to Members of Parliament and peers that accused Anglo-Chinese lawyer Christine Lee of seeking to influence parliamentarians on behalf of the Chinese leadership. (22/01/13)

[The EU should build a serious sanctions regime against disinformation \(European Parliament\)](#)

The EU's special committee on foreign interference and disinformation has found that EU citizens and governments are overwhelmingly lacking in awareness of threats posed by disinformation, making interference an attractive tactic for foreign actors. The committee presented recommendations on how to strengthen capabilities against foreign and domestic threats. (22/01/25)

[China to allow gene-edited crops in push for food security \(Reuters via CNN\)](#)

China's Ministry of Agriculture and Rural Affairs has published trial rules for the approval of gene-edited plants, paving the way for faster improvements to crops. Gene editing is viewed by some scientists as less risky than genetically modifying them, as it does not involve transferring a foreign gene. The new guidelines come amid a series of measures aimed at securing food security. (22/01/26)

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