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MERICS China Essentials



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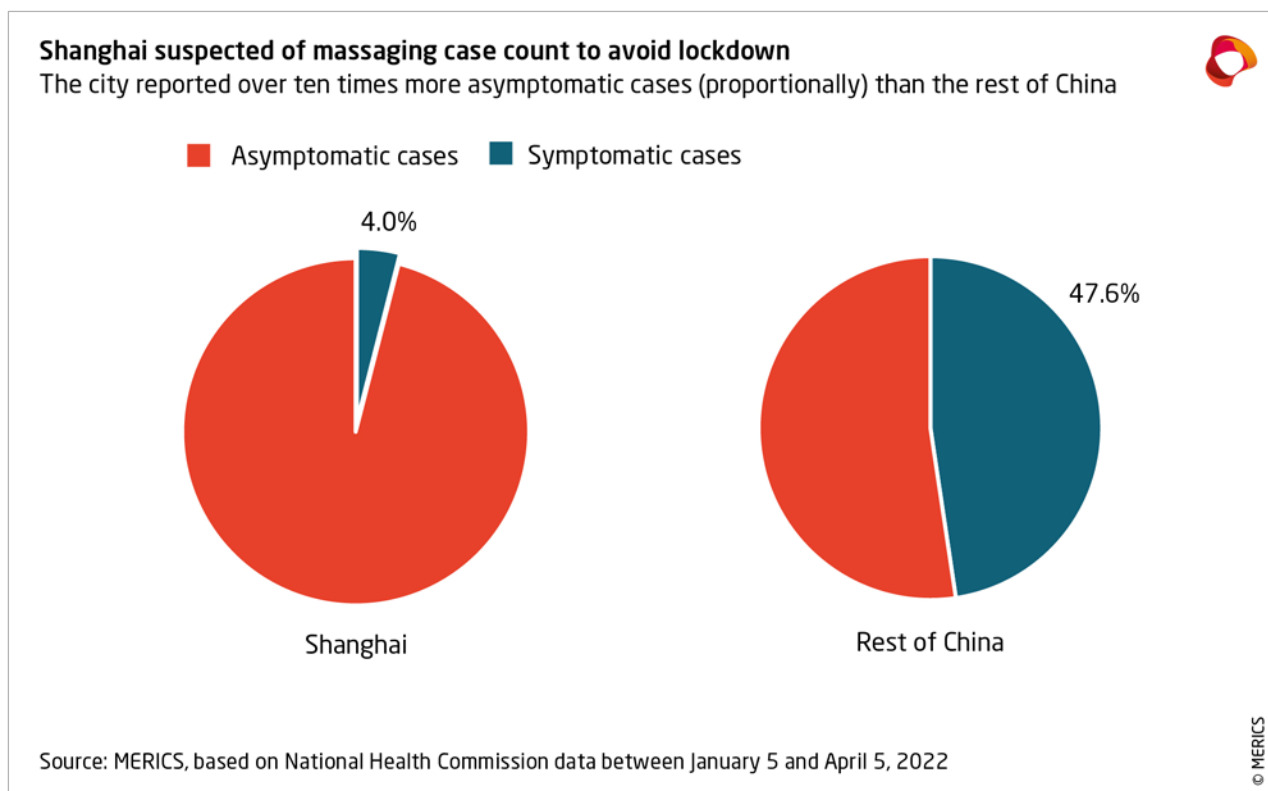
TOP STORY

Shanghai no longer the exception as city goes into full Covid-19 lockdown and claims of data massaging emerge

Shanghai’s city-wide Covid-19 lockdown was extended on April 4 until further notice after daily new cases in the city spiked at 13,354. The lockdown follows China’s “dynamic clearing” (动态清零) strategy, which aims to extinguish local outbreaks as quickly as possible. Yet, it marks the end of Shanghai’s exceptional status. Whereas other cities have had to enter lockdowns over minor spikes in cases, Shanghai has consistently managed with only neighborhood-level measures.

It appears that the city leadership has responded with too little too late and massaged its statistics for weeks, consistently classifying citizens with mild symptoms as “asymptomatic”, rather than face the embarrassment and consequences of high case numbers. In a last-ditch attempt to avoid a city-wide lockdown, the municipal government announced the “One City, Two Lockdowns”: a lockdown of the city’s eastern areas for four days, directly followed by a four-day lockdown of the western areas. Neither proved sufficient.

Exhibit 1



With all its 25 million citizens now in lockdown, and many unable to purchase food for days, there is severe criticism of Shanghai’s authorities. One Shanghai doctor, Zhu Weiping, said on social media that no one listened to professionals and claimed the city rigged citizens’ digital health codes. Videos on social media of food left to rot in warehouses and of children separated from parents are causing further public anger. Vice

Premier Sun Chunlan has been dispatched to the city – a sign of Beijing’s displeasure and reminder that it can step in at any time.

Shanghai’s woes highlight China’s wider unpreparedness for a gradual normalization of life. Hospitals have been overwhelmed since early March as authorities do not permit home quarantine for confirmed Covid cases. Many of the city’s healthcare facilities were already overstretched by mass testing.

MERICS analysis: “Shanghai had hoped to avoid a total lockdown but is now paying a much higher price. This puts the city and its leadership in a precarious position, and dampens China’s socio-economic outlook for the remainder of the year,” says MERICS Analyst **Vincent Brussee**. “In response, China’s central government has doubled down on its dynamic clearing strategy, but faces a mammoth task. While Europe gradually shifts to normality, for many in China there is still no light at the end of the tunnel. This may very well shake up China’s politics and society in the run up to the 20th Party Congress.”

Media coverage and sources:

- Sixth Tone: [Portraits of four lockdowns, in graphs](#)
- Bloomberg: [Fears persist for Shanghai doctor who blasted ‘political virus’](#)
- WhatsonWeibo: [Shanghai lockdown on social media: “Panic surrounding epidemic more dangerous than epidemic itself”](#)

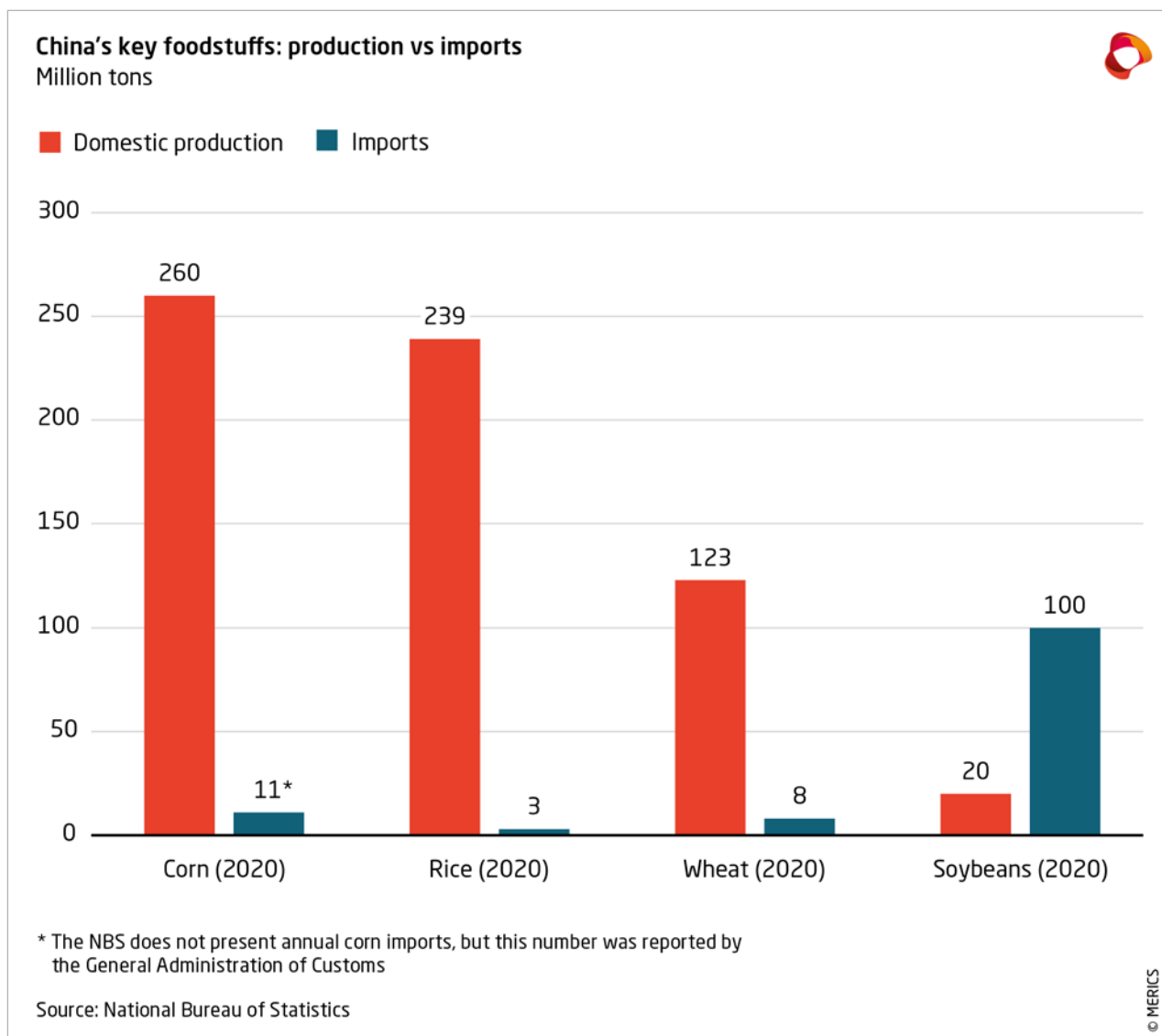
TOPICS

Food and energy security concerns heightened with invasion of Ukraine and sanctions on Russia

The facts: China’s Ministry of Agriculture and Rural Affairs and the Ministry of Finance announced plans on March 25 to “go all out to ensure a bumper harvest of summer grain [and] do everything possible to expand soybean crops...”. Meanwhile, on April 1, the head of the National Energy Administration emphasized the need to boost domestic energy production and expand China’s “circle of friends” for energy imports. These announcements fit into the broader trend of prioritizing food and energy security (the main topics of President Xi’s speeches at the Two Sessions in March) in the context of the invasion of Ukraine, an important food producer, by Russia, a critical energy supplier.

What to watch: China isn’t in any significant risk of food or energy shortages. It only imports a small percentage of the grain it consumes, aside from soybeans, and has massive grain stockpiles to balance out supply. While it imports much of its oil and natural gas from various countries, China also has abundant, untapped coal reserves to address any energy shortages. However, the risks to supplies from Russia and Ukraine, as well as the costs of these global commodities, run against other policy goals: imported grains are important for feeding livestock and for producing edible oils and soy protein to boost people’s nutrition and livelihoods, and imported oil and natural gas are needed to reduce China’s carbon emissions.

Exhibit 2



MERICS analysis: “China has more than enough stockpiled resources to maintain supply and stabilize prices, but it is imperative to make this a top issue in Beijing so as to be seen to be taking it seriously and to assuage public concerns,” says MERICS Senior Analyst, **Jacob Gunter**. “We can expect Beijing to accelerate self-reliance in food and energy production, but also to diversify imports away from ‘hostile’ countries, like the United States, Australia and Canada, or ‘unstable’ ones like Ukraine, and towards friendlier, lower conflict regions.”

Media coverage and sources:

- Ministry of Agriculture and Rural Affairs: [Clarification of the key tasks of grain production in 2022 and a package of supportive policies](#)
- National Energy Administration: [Zhang Jianhua: Accelerate the construction of a modern energy system](#)
- China Daily: [Boosting food security amid crises](#)

China pushes back against perception of growing international isolation

The facts: On March 30-31, China hosted a series of meetings related to the situation in Afghanistan. Along with other diplomatic signaling, this is just the latest in a list of international outreach activities by Foreign Minister Wang Yi aimed at demonstrating that China is not alone in its position on the war in Ukraine and its opposition to the western-dominated global order.

The meetings included a trilateral China-Afghanistan-Pakistan foreign ministers meeting, a meeting of the China-US-Russia consultation mechanism on Afghanistan, and a meeting of the foreign ministers of Afghanistan's neighboring countries, including the Taliban's acting foreign minister and Russian Foreign Minister Lavrov. The latter's attendance turned what under normal circumstances would have been a story about Beijing's continued involvement in Afghanistan and its attempts to play a mediator role, into a statement about China's continued support for Moscow as the war in Ukraine rages on.

Only a few days previously, Wang visited Pakistan to attend the foreign ministers' meeting of the Organization of Islamic Cooperation for the first time, and also went on surprise visits to Afghanistan, India and Nepal.

What to watch: Russia's invasion of Ukraine was an item on Wang's agenda at almost every one of these meetings. From the readouts, it becomes clear that Beijing had two important goals: to make clear that China does not stand alone in its stance on the war in Ukraine, and to try to secure support for Beijing's view of the global order.

Despite Western claims that Russia is increasingly isolated on the international stage and that China may end up in a similar position if it continues to stand by Russia, Beijing is pushing back with evidence of its continued engagement with countries in the region. By inviting Lavrov to China, Beijing also gave Moscow an opportunity to do the same.

The BRICS summit, which China will host later this year, will create yet another high-profile opportunity for the Chinese leadership to push its narrative that most of the world is in agreement with its position on the war in Ukraine.

MERICS analysis: "Although 141 countries voted together at the UN to condemn Russia's aggression (while China abstained), there is still a clear gap between how many countries in the Indo-Pacific and beyond view the situation and the perspectives in liberal democracies," says MERICS Lead Analyst **Helena Legarda**. "Beijing is bound to try to take advantage of this to push its own view of the global order. Likewise, it will try to weaken any Western attempts at building a coalition that might be used, in the eyes of the Chinese leadership, to contain China's rise."

Media coverage and sources:

- Chinese MFA (CN): [Wang's meeting with Lavrov](#)
- Asia Times (EN): [Commentary on Wang Yi's South Asia tour](#)
- Xinhua (EN): [Wang Yi's roundup of South Asia tour](#)

As sanctions continue to hit Russia, all eyes are on Chinese tech firms' compliance

The facts: A Singaporean company has been caught in the crossfire recently for allegedly circumventing US export controls against Russia, giving a preview of what could happen to Chinese firms found doing the same. The restrictions imposed by the United States, the EU and other countries are designed to cripple Russia's access to critical technology on which its military and strategic industries rely.

These controls prohibit Chinese firms from supplying Russia with any items produced with US technology or software. Washington had previously deployed this same extraterritorial expansion of its export controls regime to restrict Huawei's access to advanced chips, amplifying Beijing's anxiety about China's reliance on foreign technology.

What to watch: Chinese telecoms giant Huawei is "carefully evaluating" sanctions on Moscow, even though filling the gap in telecom gear and smartphone markets is becoming more appealing as foreign vendors exit Russia. China is Russia's largest supplier of consumer electronics and semiconductors (excluding high-end chips, which China cannot produce). Beijing is officially opposed to the sanctions but has said it is not deliberately circumventing them, as a foreign ministry official reiterated at the EU-China Summit on April 1.

MERICS analysis: "Since Russia is being hit by the same instrument that Washington had used on Huawei, and violating US sanctions on Iran is what got the company into trouble in the first place, Chinese tech firms will tread carefully before bypassing controls, as doing so would trigger secondary sanctions. The question is whether Beijing might help or even pressure them to circumvent enforcement. However, given China's dependencies on foreign technology and markets, that could come at a high price – a point that Chinese leaders are well aware of." **Rebecca Arcesati**, MERICS Analyst

Media coverage and sources:

- Financial Times (EN): [Huawei faces dilemma over Russia links that risk further US sanctions](#)
- South China Morning Post: [Chinese tech firms see warning shot from US sanctions on Singaporean firm, but enforcement could be challenging](#)
- Reuters: [China says not deliberately circumventing sanctions on Russia](#)

REVIEW

China's Environmental Foreign Relations, by Heidi Wang-Kaeding (Routledge, 2021)

This dissertation makes valuable contributions to three strands of discussion: the debate over China as a monolith, the discussion of what drives China's environmental protection ambitions, and the puzzle of how China challenges the existing global order. The author gives a rather pessimistic outlook on China's ambition to be the "savior of the world and replace the conventional leaders in global environmental governance".

The book argues that China's foreign environmental relations are hampered by the domestic bargaining battle between various interest groups and the regime. This influences both the form of China's bilateral cooperation and its attempt to establish alternative international norms. By calling China a "constructivist utilitarian power", Wang-Kaeding seeks to reflect, on the one hand, China's increasing normative ambitions and, on the other, the domestic conflicts of interest that influence the extent to which China can support these.

Using a rich mix of quantitative and qualitative methods, she conceptualizes China's environmental foreign relations by dividing it into three dimensions and conducting case studies in each: **(1)** international treaty implementation in domestic China (Montreal Protocol and the Convention of Biological Diversity), **(2)** bilateral exchange of experience between a Chinese environmental NGO and a foreign country (Laos), and **(3)** China being the provider of an alternative norm ("Ecological Civilization"). In each of these dimensions, she shows how a web of interest groups (associations, institutions, public, enterprise) influences the outcomes of each interaction or process.

Although useful and logical, there are limitations to the book's findings. The case studies are only individual examples. More examples would be needed to substantiate the argument, given the complexity of China's foreign environmental relations and the high number of diverse processes.

In this context, there is a sense, in some chapters, that the author got "lost in the debate" – as she stated elsewhere herself. This points to the fact that further investigation is needed to increase our understanding of China's foreign environmental relations, and this dissertation is an excellent starting point.

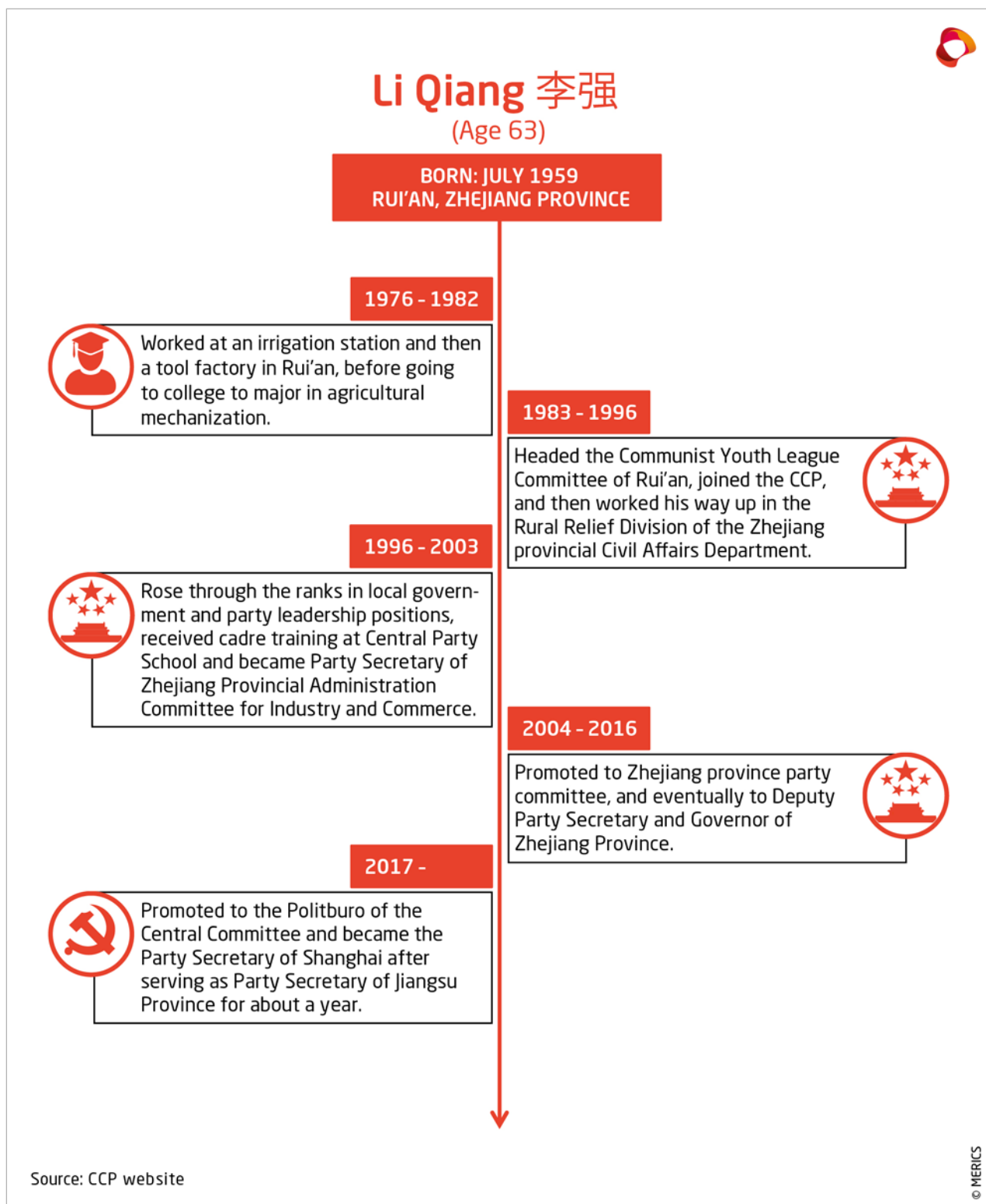
Reviewed by **Barbara Pongratz**, MERICS Associate Analyst

PROFILE

Li Qiang - A strong contender for promotion until Covid diminished his standing

The political future of Shanghai's Party Secretary, Li Qiang now hangs in the balance. The city under his charge, China's financial powerhouse has been struggling to control the latest wave of Covid outbreaks. As 25 million residents went into full lockdown this week, tens of thousands of extra medical and military personnel have been deployed from other provinces to help cope with the surge in cases.

Exhibit 3



Li, a Zhejiang native, [served](#) as Xi Jinping's chief of staff from 2004 to 2007, when Xi served as party chief of the province. He was also by Xi's side at the latter's [first state visit](#) to the United States in 2015. After starting as a worker, first in drainage and irrigation then at a tools factory, Li joined the Chinese Communist Party in 1983 and worked his way up in the Civil Affairs Department of the Zhejiang government before taking on party leadership

roles in the province. The Shanghai Party Secretary post, which Li was promoted to in 2017, has always been regarded as a stepping stone to ascend to the highest leadership positions in the party. All but one of Shanghai's party secretaries in the last 25 years, were promoted to the Politburo Standing Committee, the highest locus of power in China.

A member of Xi Jinping's close circle, Li has been tipped for promotion to prominent state positions, possibly replacing Li Keqiang as Premier. All that is now less certain in light of what has happened in Shanghai.

Media coverage and sources:

- Nikkei: [Shanghai lockdown impacts Xi's plans to promote allies](#)
- CCP website: [Biography of Li Qiang](#)

MERICS CHINA DIGEST

[Africa, Latin America and the active non-alignment option \(The China Africa Project\)](#)

Why did seventeen African countries abstain from condemning Russia in the vote in the UN General Assembly, and parts of Latin America proclaim neutrality? The author gives his view of what he calls their "active non-alignment" stance. (22/04/05)

[Security agreement with China "initialled" by both countries, Solomon Islands says \(The Guardian\)](#)

Solomon Islands says it is "friends to all and enemies to none" as it pursues a security agreement with China in spite of concerns raised by Australia, New Zealand and the United States. (22/03/31)

[Verdict deferred in Australian journalist Cheng Lei's espionage trial \(China Digital Times\)](#)

The hearing of Australian journalist Cheng Lei, who has been in detention in Beijing since August 2020 on national security charges, ends without a verdict after three hours. The Australian ambassador says he has no confidence in the validity of a process that is held in secret. (22/04/01)

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