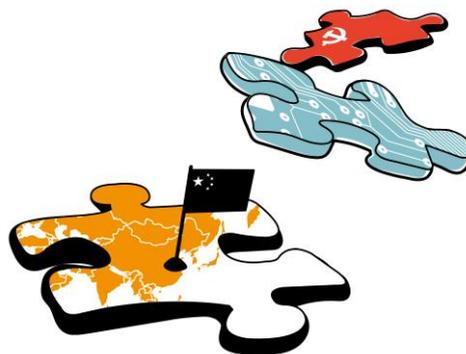


OCTOBER 28, 2021

# MERICS

## China Essentials



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## TOP STORY

### China details emissions reduction strategy just days before COP26

China's State Council on October 24 released a long-awaited framework for the country to reach its CO<sub>2</sub>-emissions peak by 2030 and "net zero" emissions by 2060. Released just days ahead of the UN Climate Summit COP26 in Glasgow which starts on October 31, the document is meant to provide the foundation for China's climate policy for decades to come. It codifies the pledges Beijing made in the last year in one top-level document and defines the path for ancillary policies. After China earlier this year failed to update its UN climate targets, its Nationally Determined Contributions (NDC), the new document's main objectives are likely to serve as the country's new NDCs.

The document is an important signal that China has finally settled on a domestic climate-policy plan – even though Xi is not attending COP26 in person, and is also skipping the preceding October 30-31 G20 Summit in Rome. These absences can be seen as part of a trend among China's leaders to turn inwards after Covid-19 pressures and in the run-up to next year's all-important Communist Party Congress. Xi is also preparing for the top-level sixth plenum of the CCP Central Committee in early November, at which he is expected to table a "historical resolution" to cement his legacy as leader of a new era in China's development.

As the largest emitter of CO<sub>2</sub>, responsible for over 20 percent of global emissions in 2020, China – like most nations – will have to accelerate decarbonization to maintain the Paris Agreement's goal of limiting global warming to 1.5 °C. Missing from its emission reduction strategy are detailed timelines, especially beyond 2025, when China's current Five-Year Plan will end. But as a policy baseline it was always likely to be strategic and unspecific, which means follow-up laws now must quickly give the framework teeth. The first policy, the "China 2030 Carbon Peak Action Plan," was issued only days after the strategy document and specified the sectoral roll-out of emissions reductions.

**MERICS analysis:** China's framework for decarbonization should not be underestimated and will require deep transformations in energy systems and every industry. But to limit global warming 1.5 °C, more needs to be done in China.

**More on the topic:** Read a recent interview on China's climate policies with MERICS Senior Analyst **Nis Grünberg** published by [Debate.Energy](#).

#### Media coverage and sources:

- Reuters: [Will Xi show at COP26?](#)
- Lowy Institute: [China's climate politics and COP26](#)
- Caixin: [China issues roadmap for carbon neutrality by 2060](#)



**China presents long-awaited policy on carbon emission reductions**

Main objectives

	2025: CO <sub>2</sub> emissions still rising	2030: CO <sub>2</sub> emissions have peaked	2060: China will be carbon neutral
Energy consumption per unit of GDP	-13.5% (compared to 2020)	"Will significantly decline"	No target set
CO <sub>2</sub> emissions per unit of GDP	-18% (compared to 2020)	-65% (compared to 2005)	No target set
Share of non-fossil energy consumption	20%	25%	Over 80%
Capacity of wind power and solar polar	No target set	1200 gigawatts	No target set
Forest coverage rate	24.1%	25%	No target set
Forest stock volume	18 billion cubic meters	19 billion cubic meters	No target set

Selected development priorities:

- Develop a complete hydrogen energy chain (production, storage, transmission of hydrogen)
- Reduce coal use from period of 15<sup>th</sup> Five-Year Plan (2026-2030)
- Boost sales of new energy vehicles to 40% of total sales by 2030

Source: State Council

**METRIX**

**USD 103 billion**

The value of export licenses issued by the US over six months for shipments to Chinese telecoms giant Huawei and chipmaker SMIC, even though both remain on a trade blacklist initially drawn up by the Trump administration. Most of the 301 approvals given by the Commerce Department between November 2020 and April 2021 reportedly did not cover sensitive items. But their number and volume suggest "decoupling" the US and Chinese economies will be a slow process. (Source: [Reuters](#))

## TOPICS

### China marks 50 years at the UN with criticism of US

**The facts:** China's President Xi marked 50 years of the PRC's membership at the UN with a speech extolling its contributions and achievements. He also took the opportunity to indirectly criticize the United States when he said, "China has always pursued an independent foreign policy of peace, upheld justice and resolutely opposed hegemonism and power politics."

A key tug-of-war issue between China and the United States is Taiwan's status. Taiwan lost its seat at the UN in 1971, when Resolution 2758 gave the "China seat" to the government in Beijing. Any mention of Taiwan's potential participation or observation at the UN or its affiliated bodies is perceived by Beijing as a provocation. This tension between China and the US has led the Chinese government to claim that the "rules-based international order" does not follow the spirit of international law but rather promotes "unilateralism" and "power politics."

**What to watch:** Taipei will continue its efforts to garner support as it proceeds with its ambition to participate meaningfully at global forums, such as the WHO and other UN agencies. The EU and some member states are ramping up their engagement with Taipei, as Taiwan's foreign minister on Wednesday visited the Czech senate by invitation and will be making a "non-political" visit to Brussels. These moves have infuriated Beijing, describing the Czech senate invitation as a "malicious provocative act."

**MERICS analysis:** Beijing wants the UN to be more "inclusive." What this means is it wants the UN to recognize China's political system and approaches to international law not only as valid options, but as equal to liberal democracies. In its quest to become a global power by 2049, Beijing's ultimate goal is to reduce the power and influence of the United States (and the West at large) by reforming the global governance system in its image.

#### Media coverage and sources:

- Bloomberg: [Xi takes veiled swipe at U.S. as China marks 50 years at UN](#)
- CGTN: [Beijing says the rules-based international order violates international law](#)
- Asia Nikkei: [The UN denies Taiwan and its 23 million citizens membership or even observer status](#)
- Chinese MFA: [Official text of Xi Jinping's speech marking 50 years at the UN](#)
- Politico: [Taiwanese minister's covert trip to Brussels adds to EU-China tensions](#)

### Property tax pilots announced amidst real estate crackdown and common prosperity drive

**The facts:** The National People's Congress (NPC) Standing Committee announced on October 23 that pilot programs would soon introduce property taxes in various regions. This comes after Xi Jinping published an essay in mid-October on

“common prosperity” in which he called for just such a levy. The pilot programs are scheduled to last five years, after which the NPC will review how they fared before considering property tax options at the national level. This scaled down scope and longer timeline suggests a cautious approach, as there will be considerable opposition from vested interests.

**What to watch:** One of the few details in the announcement is that rural homesteads will be exempted from any property taxes, which aligns with goals for rural revitalization and “common prosperity.” It will be interesting to see if other exemptions will follow – whether primary residences also get exempted, for instance, or how rates differ across cities of various development levels.

**MERICS analysis:** “The property tax pilots are in part a response to the ongoing real estate crisis as a means to disincentivize speculation in the market,” said **Jacob Gunter**, Senior Analyst at MERICS. “However, Xi has explicitly tied this to ‘common prosperity’. A key tool to facilitate this vision is to stabilize revenue sources at the local government level and move localities away from their reliance on land sales to raise public funds for local development and social welfare.”

**Media coverage and sources:**

- SupChina: [In flex of political muscle, Xi pushes through controversial property tax](#)
- Caixin Global: [China’s pilot property tax reforms benefit markets despite short-term pain, analysts say](#)
- Gov.cn (CN): [NPC announcement on property tax pilot programs](#)
- Qiushi (CN): [“Xi Jinping essay on Common Prosperity”](#)

## VIS-À-VIS

### **Mathieu Duchâtel: “France still has to persuade Washington that its autonomous action in the Indo-Pacific brings added value to the US strategy”**

MERICS China Essentials spoke with Mathieu Duchâtel, Director of the Asia Program at the Institut Montaigne in Paris since 2019. He gave his views on France’s interest in the Indo-Pacific, its role in formulating the EU’s strategy for the region and the implications of the recent AUKUS security pact that so affronted Paris.

#### **France has a special role in European debates about the Indo-Pacific because it has territories there. Why has Paris’ interest in the region grown steadily?**

The focus has been on French overseas territories and its Exclusive Economic Zones – in which all countries enjoy sovereign rights to explore and use marine resources – in the Indian Ocean and the Pacific Ocean. This huge maritime space is not without disputes (such as with Madagascar and Vanuatu) and threats to French economic interests. France’s Asia policy used to be very Sino-centric and adopting an Indo-Pacific strategy was new a departure. Paris has focused on a number of key strategic partners, especially

India, Australia and Japan. This is where it differs from Germany, which prefers to stress “ASEAN centrality.” What was a defense-approach to security and sovereign interest has broadened as other countries, especially the US, started to push their own Indo-Pacific strategies. Today, France has multilateralism, climate change, ocean governance on its agenda and casts itself as a “third way” between the US and China to in the region.

### **How did France’s approach influence the EU’s recent Indo-Pacific strategy?**

France, the Netherlands and Germany, the countries with the biggest interest in the region, were able to work together and push for the EU’s Indo-Pacific strategy. It was not a given that all EU member states would be on board and there was a lot of resistance on the way, including from the Commission. So, the document that we have is the lowest common denominator and I think it reflects more the German positioning than the initial French one on maritime security and the defense of a maritime order based on international law. In fact, the common denominator approach hides the fact that there are big differences among member states about the importance of the Indo-Pacific.

### **How has Paris digested Australia’s cancellation of a EUR 55 billion French submarine sale and its key role the AUKUS security deal with the US and the UK?**

This is a blow to France’s Indo-Pacific strategy because the submarine contract was important not only for the French defense industry, but also gave a structure to French security policy engagement in the region. The deal had been described as a 50-year marriage between France and Australia in terms of their defense industries and military cooperation. So one pillar of the French engagement in the Indo-Pacific was suddenly wiped out by the AUKUS agreement. I have no doubt that France’s interest in the region and its ambition to increase the French presence there will stay. But I think the traditional focus on key partners will have to be adjusted, that is the crucial point.

### **Are you implying that this has led to the rise of anti-US sentiment in France?**

There are voices in France calling for Paris to again to withdraw from NATO’s command structures. There are voices arguing that the French focus should be narrower and less ambitious in the Indo-Pacific and more narrowly honed on its sovereignty interests in the region. I do not think they will win the argument as it is now in the DNA of French foreign policy to diversify partnerships in the Indo-Pacific. This means AUKUS will increase the importance of India, Japan and perhaps also Indonesia to French foreign policy. When it comes to Franco-US relations, despite everything Paris has demanded from the US, I think France still has to persuade Washington that its autonomous action in the Indo-Pacific brings added value to the US strategy. If the AUKUS crisis leads to anything positive, maybe it is that the two sides address this issue – with some urgency.

**More on the topic:** Listen to our podcast series on the Indo-Pacific:

- Gunnar Wiegand [on the EU's Indo-Pacific Strategy, AUKUS, and Taiwan](#)
- Helena Legarda [on the EU security in the Indo-Pacific](#)
- Mathieu Duchâtel [on the role of France in the EU's Indo-Pacific Strategy](#)

## REVIEW

### **TikTok Boom. China's Dynamite App and the Superpower Race for Social Media, by Chris Stokel-Walker (Canbury Press, 2021)**

After launching in its present form just three years ago, TikTok is clocking one billion active users worldwide every month. The short-form video-sharing social media platform owned by Chinese company ByteDance in absolute numbers still lags behind Facebook, which has more than 3.5 billion users across all its apps. But in terms of growth, the Chinese company seems to be way ahead of its US rival: Facebook took 13 years to reach two billion users, a milestone TikTok is on track to clear in half the time.

With 69 percent of users aged between 13 and 24 and most based in the United States, Europe, Brazil and Southeast Asia, TikTok's global popularity has landed it in the crosshairs of geopolitics. India blocked the app last year following a border conflict with China and the United States almost banned it around that time after the Trump administration alleged that the app could be used by Beijing to spy on its users all over the world.

Detailing the app's unparalleled rise, Chris Stokel-Walker argues TikTok reflects China's advances in tech capabilities that now challenge the dominance of Silicon Valley. A combination of user-friendly features, powerful algorithms and clever marketing led to the app's success. But it was never able to rise above suspicions fed by a combination of TikTok's reach and the company's Chinese ownership. What implications might this have for users' data? What if Beijing was able to access it and spy on people from afar?

Stokel-Walker addresses these concerns after interviewing TikTok engineers, developers and executives. But he admits it is impossible to prove that the app is a tool used by Beijing to subvert liberal democracies. The author does shed light on procedural and administrative issues at TikTok that require attention. One startling revelation is about user data being shared in a spreadsheet through ByteDance's internal messaging system. For that alone, the book will be of interest to anyone who wants to learn more about the appeal and consequences of the world's most downloaded app of 2020.

*Reviewed by Valarie Tan, Analyst MERICS*

## MERICS CHINA DIGEST

### **MERICS' Top 3**

- CNN: [China to test thousands of Wuhan blood samples in COVID-19 probe](#)
- CNBC: [Microsoft to shut down LinkedIn in China](#)
- Nikkei Asia: [China to create rare-earths giant by joining three state companies](#)

### **Politics, society and media:**

- The Guardian: [How China controls thought and speech beyond its borders](#)
- SCMP: [China pledges USD 232 million for new fund to protect biodiversity](#)

- Global Times: [‘The Battle at Lake Changjin’ a successful cultural export](#)

#### **Economy, finance and technology:**

- China Banking News: [Wealth management connect unveils first list of Chinese and Foreign Bank participants](#)
- Reuters: [China’s debt-redden Evergrande resumes work on property projects](#)

#### **International relations:**

- Reuters: [Biden says US would come to Taiwan’s defense](#)
- HRW: [Global condemnation of Chinese government abuses in Xinjiang](#)
- Politico: [Biden’s top security adviser sees strong transatlantic alliance](#)

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