



China Reform Monitor No. 1460

April 14, 2021 **Joshua Eisenman**

Related Categories: Democracy and Governance; Human Rights and Humanitarian Issues; International Economics and Trade; Science and Technology; China; Taiwan

CHINESE VESSELS STAKE OUT ANOTHER REEF IN THE SOUTH CHINA SEA

About 220 Chinese maritime militia vessels are anchored off Union Reef (a.k.a., Julian Felipe Reef), an atoll in the Exclusive Economic Zone (EEZ) of the Philippines. The country's Foreign Affairs Secretary, Teodoro Locsin, has filed a diplomatic protest with China over the presence, and its Defense Secretary, Delfin Lorenzana, has issued a public statement on the matter. "We view with grave concern the presence of 220 Chinese militia boats in the West Philippine Sea. This is a clear provocative action of militarizing the area," Lorenzana said. "We call on the Chinese to stop this incursion and immediately recall these boats violating our maritime rights and encroaching into our sovereign territory." The militia's arrival comes after China's passage of a new Coast Guard Law, which authorizes its maritime militia to "take all necessary measures, including the use of weapons, when national sovereignty, sovereign rights, and jurisdiction are being illegally infringed upon by foreign organizations or individuals at sea." (Maritime Executive, March 21, 2021)

WASHINGTON, TAIPEI INK COAST GUARD DEAL

The United States and Taiwan will establish a coastguard working group to improve communication and share information about China's growing "grey zone" threats. The MoU – signed by Ingrid Larson, head of the American Institute in Taiwan (AIT), the de facto U.S. embassy in Taipei, and Hsiao Bi-khim, Taiwan's de facto ambassador in Washington – is a response to China's new law empowering its coastguard to fire on foreign ships in disputed waters. Taiwan's Premier, Su Tseng-chang, said China's law had "stoked tension and created pressure on neighboring countries." The MoU is "a political signal aimed at warning China against using its coastguard to fire on foreign ships," said Ho Chih-wei of the Democratic Progressive Party. An AIT statement said: "The U.S. supports Taiwan's meaningful participation and contributions to issues of global concern, including in maritime security." The statement issued by Hsiao's office said: "Taiwan is ready and willing to do more in the maritime domain [and] contribute to a free and open Indo-Pacific." (South China Morning Post, March 26, 2021)

GROWING CALLS TO BOYCOTT THE 2022 BEIJING OLYMPICS

The U.S. and its allies are considering boycotting the 2022 Beijing Winter Olympics in response to China's systemic mistreatment of ethnic minorities in Tibet and Xinjiang, its crackdown on Hong Kong, and its mounting hostility toward Taiwan. Last month, the U.S., UK, and Canada issued a joint statement accusing China of an "extensive program of repression" against the Uyghur people, including detention camps, forced labor and forced sterilizations. There are three possible scenarios now on the table for Washington and its allies. A diplomatic boycott might include downgrading or not sending a government representative to the Olympics and/or skipping high-profile events to embarrass Beijing. An economic boycott would prevent a country's spectators, broadcasters, and sponsors from attending. Finally, an athletic ban would mean that country's athletes would not compete. Beijing's retaliation against those countries or firms involved in boycotts is likely to include sanctions against advocates and boycotts of Western athletic events and brands. (CNBC, April 6, 2021)

CHINA BUILDS ITS OWN DIGITAL CURRENCY

China's new digital yuan is moving ahead "in order to protect our currency sovereignty and legal currency status, we have to plan ahead," Mu Changchun of the People's Bank of China has said. Unlike electronic transactions, the digital yuan moves funds instantaneously from A to B, thus cutting out the banks and financial apps. But the digital currency will also provide new tools to monitor both China's economy and its people. Hundreds of millions of facial-recognition cameras now oversee China's population and levy fines for petty crimes such as jaywalking. A digital currency would make it possible to both mete out and collect such fines instantaneously. China's digital yuan will also be untethered from the global financial system, and thus may weaken American sanctions – a goal considered central to China's efforts to internationalize the yuan. By offsetting global use of the dollar, Mu said, the digital yuan will help protect China's "monetary sovereignty." (Wall Street Journal, April 5, 2021)

BIDEN WARNS CHINA IS "RACING AHEAD" ON INFRASTRUCTURE

President Joe Biden has warned that China is outpacing the U.S. on infrastructure and excoriated Republicans who oppose his \$2 trillion plan to investment in U.S. transportation, broadband, manufacturing, clean energy, and technology. "Do you think China is waiting around to invest in its digital infrastructure or research and development? I promise you, they are not waiting. But they are counting on American democracy to be too slow, too limited, and too divided to keep up the pace," Biden said. "This generation can be marked by the competition between democracies and autocracies, because the world is changing so rapidly. The autocrats are betting on democracy not being able to generate the kind of unity needed to make decisions to get in that race. We can't afford to prove them right. We have to show the world, but much more importantly, we have to show ourselves that democracy works." (*Business Insider*, April 7, 2021)