



CHINA REFORM MONITOR

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January 24, 2022 **Joshua Eisenman**

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PRC POPULATION GROWTH RATE CONTINUES TO PLUMMET

Despite Beijing's efforts to increase China's population growth rate, it has now fallen to just 0.34 per thousand – the lowest level since the PRC was founded in 1949. According to the National Bureau of Statistics, in 2021 10.62 million babies were born, or 7.52 per thousand people, and 10.14 million died, a mortality rate of 7.18 per thousand. "The demographic challenge is well known but the speed of population ageing is clearly faster than expected," said Zhiwei Zhang of Pinpoint Asset Management. "The policies announced last year are mostly rhetoric, or at most like Band-Aids. Without addressing the deeply rooted causes discouraging young Chinese from getting married and having children, from gender inequality to high living cost, what we are seeing now is likely just the beginning of a prolonged process of population decline in China," notes the University of California Irvine's Wang Feng. (The Guardian, January 17, 2022)

XI JINPING CALLS FOR MORE REGULATION ON DIGITAL ECONOMY

Xi Jinping has called for more regulations on China's digital economy to prevent "unhealthy" development. In areas such as integrated circuits, displays, and communications equipment, China should "cultivate a series of enterprises with international competitiveness and leading green firms with control over industrial chains, to create world-class digital industry clusters," Xi wrote in the leading CPC journal Qiushi. He also called for regulations to plug loopholes and prevent the "disorderly expansion of capital" in the economy: "China's digital economy has also shown some unhealthy and irregular seeds and trends that not only affect the healthy development of the digital economy, but also violate laws and regulations and pose a threat to national economic and financial security." (Reuters, January 15, 2022)

[EDITOR'S NOTE: Xi's essay follows the release of the State Council development plan for the digital economy, which calls for an expanded focus on 6G technologies and big data, and identifies challenges such as lack of innovation and weak governance.]

CHINA LAUNCHES YET ANOTHER CENTER ON XI JINPING THOUGHT

The National Development and Reform Commission (NDRC), China's top economic planning agency, has opened a new research center dedicated to "study, disseminate, implement and expound on Xi Jinping's economic thought." The NDRC is headed by a Xi loyalist, He Lifeng, who chaired the opening ceremony of the center, which is the seventeenth institute dedicated to studying Xi's philosophy. The education and foreign affairs ministries have set up similar centers, as have Tsinghua, and the Central Party School. "Xi's thoughts have many sub-concepts. The NDRC may study what he said about economic development, and the China Law Society can focus on the rule of law, while the National Defense University may take a crack at military and defense," said Xie Maosong of Tsinghua University. (South China Morning Post, January 19, 2022)

BY 2025, CHINA WILL EXPAND HIGH-SPEED RAILWAY BY MORE THAN 30%

According to the State Council's new five-year transport plan, China will extend its high-speed rail network by 32 percent – or 12,000km to 50,000km – by 2025. The report identified "shortcomings in intercity and urban railways in key city clusters and metropolitan areas." The expansion is part of a push to increase the national rail network from 146,000km in 2020, to 165,000km in 2025, to 200,000km by 2035. Last week, the NDRC approved two new high-speed rail lines with a combined length of 826.8km, worth \$37.5 billion. The new five-year plan also said Beijing plans to expand its Beidou satellite navigation system at home and abroad, while tightening control of transport data. (South China Morning Post, January 20, 2022)

TALIBAN REQUESTS CHINA'S OFFICIAL RECOGNITION

The Taliban wants China's official recognition and help gaining access to \$9 billion in frozen reserves held overseas. The Taliban's acting Interior Minister, Sirajuddin Haqqani, met with Chinese ambassador Wang Yu and urged Beijing to "cooperate with Afghanistan in recognizing it." Both officials blamed the U.S. for blocking the Taliban's access to the money. "The U.S. should not seek revenge against Afghans through economic sanctions or use the issues of inclusive government, human rights and freedom of expression as a tool or pretext to pressure the Taliban," Wang told Haqqani, who is on the FBI's most wanted list. China has yet to recognize the Taliban due to its links with terrorism. (Bloomberg, January 17, 2022)