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Related Categories: Democracy and Governance; International Economics and Trade; Public Diplomacy and Information Operations; China; Europe; Hong Kong

HONG KONG ELIMINATES MOST ELECTED SEATS
Hong Kong Chief Executive John Lee has announced that the proportion of directly elected seats at the municipal level will be reduced from about 90 percent to about 20 percent. "I do not agree that pure counting (of) election votes mean democracy," Lee said, adding that the lion's share of seats will be filled by government appointees, rural committee chairpersons and others from pro-Beijing local committees. The planned electoral changes are part of Beijing's increasing control over Hong Kong. Two years ago, Hong Kong changed its electoral laws drastically, reducing the public's ability to vote and increasing the number of pro-Beijing lawmakers. (Associated Press, May 2, 2023)

SCHOLZ'S PUSH FOR CHINA PORT DEAL TRIGGERS PUSHBACK
German Chancellor Olaf Scholz is facing pressure from within his political coalition over the planned investment from Chinese state-owned shipping giant COSCO in a Hamburg port terminal. COSCO wants to buy a 24.9 percent minority stake in the Hamburg Tollerort terminal, a deal Scholz pushed through last Fall over the objections of his Green and Free Democratic Party coalition partners. But the deal was thrown into doubt this month after German security authorities declared the facility to be "critical infrastructure." That classification lowers the threshold for an investment review to 10 percent, and could force COSCO to scale down its stake in the terminal to 9.9 percent. But while Scholz continues to support the deal, the Greens' deputy whip, Andreas Audretsch, demanded "a reassessment of the facts," arguing that COSCO's "entry into the port of Hamburg is part of a targeted investment strategy with which China wants to bring infrastructure throughout Europe under its influence." (*Politico*, April 27, 2023)

CHINA CRACKS DOWN ON FOREIGN FIRMS, CUTS THEIR ACCESS TO INFO
China is cutting the access of foreign research firms and other nonfinancial entities to databases of corporate-registration information, patents, procurement documents, academic journals and official statistical yearbooks. The goal is to control how the world views China and limit foreign influence. The restrictions come as Beijing expands its pressure campaign on Western consultants, auditors and other service providers that multinational companies use to assess risks in China. The U.S. Chamber of Commerce warned that Beijing's growing scrutiny "dramatically increases the uncertainties and risks of doing business" in China. Among the firms being targeted are U.S. consulting firm Bain & Co., the U.S. due-diligence firm Mintz Group, and Deloitte, which was fined $31 million and suspended until June for lapses in its audit of a state-owned asset-management firm. (*Wall Street Journal*, April 30, 2023)

FACING A LACK OF RECRUITS, CHINA REVISES CONSCRIPTION LAW
In response to the declining number of enlistees, the State Council and the Central Military Commission have approved new regulations on conscription. The revised military service law will allow the government to adjust the conditions and methods of conscription based on the types of personnel required. Under the new provisions, retired soldiers can rejoin their old units to perform previous duties. Another change makes it easier for the military to draft people in case of an emergency. The revised law will also allow universities to draft science and engineering students trained in technologies such as artificial intelligence, robotics, space satellites, cyber and drones. The Military Service Law was last revised in 2021 to raise the age limit on new recruits from 22 to 24 for college graduates and to 26 for postgraduates. (*NikkeiAsia*, May 1, 2023)

U.S. SEEKS TO "DE-RISK" ITS RELATIONSHIP WITH CHINA: SULLIVAN
The U.S. is seeking to "de-risk" not decouple with China, National Security Adviser Jake Sullivan has said in remarks echoing those made last month by European Commission President Ursula Von der Leyen. "We converged with key European leaders in saying we are for de-risking, not for decoupling. De-risking fundamentally means having resilient, effective supply chains and ensuring we cannot be subjected to the coercion of any other country," Sullivan said. "We are not cutting off trade," he added, noting that there was a record level of bilateral trade last year. Sullivan reiterated the administration's policy of managed competition with China. "We are not looking for confrontation or conflict. We're looking to manage competition responsibly and seeking to work together with China where we can," Sullivan said, but emphasized that managing competition requires both sides to keep communication lines open. (*South China Morning Post*, April 28, 2023)