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BEIJING SEEKS TO REDEFINE UNEMPLOYMENT WOES
In the wake of a slower-than-expected economic recovery following the COVID-19 pandemic, China is facing two key challenges: young professionals walking away from employment, and college graduates struggling to find it. China's "996" work culture, wherein employees regularly work from 9:00am to 9:00pm six days a week, is beginning to scare off employees in their late twenties and early thirties. Many are withdrawing from work altogether to become "professional children" and move back in with their parents. Escaping the 996 is one thing, but as many of them are discovering, reentering the job market is proving difficult.

Theoretically, many Chinese employers favor young hires above mid-career hires. But college graduates are also struggling to find work. By Beijing's own estimates, youth unemployment stands at 21.3%. The anemic job market has driven some students to purposefully fail classes to stave off a difficult job search. Thus far, the Communist Party of China (CPC) has publicly dismissed these problems as "slow employment," and Xi Jinping has called on China's youth to struggle through hardship and "eat bitterness." (BBC, July 17, 2023)

XI CALLS TO STRENGTHEN CHINA'S CONTROL OVER INFORMATION...
At a recent cybersecurity meeting in Beijing, Xi Jinping said that the CPC should have more control over the internet and build a "solid" security barrier to maintain its grip on information. According to state-run news agencies, Xi told attending officials that stricter internet regulations adhere to the Communist Party's principle of "making the internet work for the people." Relatedly, Beijing approved new "counter-espionage" legislation earlier this year, giving it broad flexibility to classify any information relevant to the Party as a matter of national security. Concurrently, the CPC has stepped up enforcement actions against foreign companies operating in China, including U.S. firms like Bain & Co. and Micron. (Reuters, July 15, 2023)

...AND U.S. COMPANIES RESPOND WARILY
In late May, when China updated its anti-espionage law to regulate the outbound transfer of national security-related data, Washington warned the measure could threaten American and foreign companies. In recent months, this warning has become a reality. In response to the updated law, U.S. banking giant Morgan Stanley recently relocated more than 200 technology developers from mainland China to Hong Kong and Singapore. The remaining developers have started building new data infrastructure to comply with Beijing's anti-espionage law. This undertaking could end up costing hundreds of millions of dollars, and would be incompatible with legacy systems.

Over the past four years, international finance firms with a presence in China have increasingly sought to segment their China data from global operations in response to Beijing's legal requirements. Morgan Stanley's recent move suggests that the burden of compliance is growing increasingly complicated. (Bloomberg, July 19, 2023)

QIN GANG IS GONE
Speculation intensified in mid-July amid the ongoing absence of Beijing's then-foreign minister, Qin Gang. Qin was last seen on June 25th in meetings with diplomats from Russia, Vietnam, and Sri Lanka. Qin subsequently missed meetings with European Union officials and U.S. Secretary of Treasury Janet Yellen. As a trusted aide to Xi Jinping, Qin's disappearance came as a surprise to outside observers. In late July, Qin was formally removed from his post and replaced by Wang Yi, an experienced diplomat and current director of the CPC's Foreign Affairs Commission Office. The Ministry of Foreign Affairs proceeded to remove mentions of Qin from its website. (Wall Street Journal, July 19, 2023; New York Times, July 25, 2023)
In the race to upgrade national telecommunications infrastructure from 4G to 5G, China is outpacing the United States. In March 2023, China's Ministry of Industry and Information Technology (MIIT) announced the goal of manufacturing 2.9 million 5G base stations by year's end. In June, China had already built 2.937 million base stations, and had installed 600,000 of them. By contrast, the United States added 100,000 5G base stations from 2019 to 2021. Due to the make-up of 5G telecommunication systems, the number of base stations determines the effectiveness, speed, and reliability of next-generation technology and the "internet of things." (South China Morning Post, July 20, 2023)