



China Policy Monitor No. 1564

September 4, 2023 **Joshua Eisenman**

Related Categories: International Economics and Trade; Public Diplomacy and Information Operations; Science and Technology; China; Taiwan

BEIJING DISPATCHES FINANCE EXPERTS TO TACKLE PROVINCIAL DEBTS

China's State Council, led by Premier Li Qiang, is sending teams of officials from the central bank, finance ministry, and securities watchdog to the ten financially weakest provinces to help cut their debts. As part of the country's infrastructure binge, provinces accumulated enormous liabilities worth about RMB 94 trillion (\$13 trillion), including opaque off-balance sheet liabilities raised through non-public channels. Beijing wants provinces to sell assets to repay their debts, but local officials argue that many assets are illiquid and want more help from the central government. The working groups are also pressing banks to cut interest rates and extend repayment terms on existing loans. "Much slower future economic growth will undermine fiscal revenue. Without growth, how can you generate more resources to repay the debt?" says Ivan Chung of Moody's Investors Services. (Financial Times, August 11, 2023)

MARKET FAILURE IN CHINA'S UNIVERSITIES

According to an official audit conducted by the Audit Office of Guangxi, the province's universities are not turning academic research into marketable applications and are hoarding millions in funding. Between 2020 and 2022, nine universities in the province brought only about one percent of their inventions to market. One university had no successful industrial applications out of its 862 research projects funded with 131 million yuan (\$18.2 million). The audit found that at four universities, 66.82 million yuan (\$9.3 million) had gone unused, and at two universities 22 research projects were overfunded by as much as 70 percent, resulting in 9.14 million yuan (\$1.3 million) in idle funds. "This reflects a nationwide issue," notes Liu Ruiming of Renmin University. Universities' evaluation systems are based on academic papers rather than producing the practical applications that are critical to China's technological aspirations, Liu said. (South China Morning Post, August 9, 2023)

PLA SCIENTISTS MAKE LASER BREAKTHROUGH

Military scientists at the National University of Defence Technology in Changsha, Hunan have announced a breakthrough in laser weapon technology. The scientists claim to have developed a cooling system that eliminates the harmful heat generated by high-energy lasers, allowing them to operate "infinitely" without any reduction in performance. "This is a huge breakthrough in improving the performance of high-energy laser systems," said laser weapon scientist and team leader Yuan Shengfu. China is building laser weapons that can destroy satellites in order to disrupt enemy communications, navigation, and surveillance capabilities. (South China Morning Post, August 11, 2023)

CHINA SEEN LARGELY NEGATIVELY IN 24-COUNTRY SURVEY

Views of China are largely negative in 24 countries, with 67% of adults expressing unfavorable views of the country and 28% holding a positive opinion. Three quarters of respondents in the latest poll by the Pew Research Center think China does not consider other countries' interests in its foreign policy, and 57% say China interferes in the affairs of other nations a great deal or fair amount. China is seen more favorably in middle-income countries than in high-income ones; of the eight middle-income countries surveyed, only India had mostly unfavorable views of China. In Kenya, Mexico and Nigeria, most respondents saw China favorably and have positive perceptions of its entertainment, universities, and standard of living. Across all 24 countries surveyed, 69% saw China's technological achievements as the best or above average relative to other wealthy nations, and 54% saw China's military as among the best in the world. (Pew Research, July 27, 2023)

TAIWAN VICE PRESIDENT DEFIANT DURING U.S. STOPOVER

Lai Ching-te, Taiwan's vice president and the front-runner in January's presidential election, has completed a 24-hour stopover in New York. Lai was greeted by supporters waving flags and singing songs, and delivered remarks at a luncheon attended by more than 500 people at a ballroom in Manhattan. "At this crucial moment, I hope that here and now, we can once again reaffirm our commitment no matter how significant the threat of authoritarianism to Taiwan may be—we will never fear and retreat," Lai said. He also thanked Washington for "not succumbing to pressure" and helping arrange his stopover. Lai was on a weeklong trip to Paraguay to attend the inauguration ceremony of President Santiago Peña Palacios, before stopping in San Francisco on his way back to Taipei. "Lai Ching-te is an out-and-out 'Taiwan independence' separatist," said China's consulate in New York in a statement. (Wall Street Journal, August 14, 2023)