The Xiplomacy of What’s Next

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Executive Summary

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* Xi Jinping’s China is letting the whole world know that despite all the difficulties at home and globally, net economic growth has been restored and exports revived. The nation’s scientific-technological base has been mobilized to deliver local substitutes for denied technologies - thus negating the US attempts at suppressing Chinese technological and economic leadership. The PLA is being readied through modernization and build-up to defend China’s vital interests and to confront all US military challenges including war. Taken together, the message of Xi Jinping’s Beijing is that China’s progress to national rejuvenation, the realization of the China Dream, and becoming the global Hegemon comes 2049, is unstoppable.

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Analysis

The last week of July 2020 saw a milestone refinement of the Chinese comprehension of the challenges ahead, mainly the rapidly escalating confrontation with the US, and the formulation of the policies with which China will persevere, triumph and complete her historic ascent comes 2049. China also adjusted the modalities for attaining the mid-course benchmarks scheduled for 2021, 2025 and 2035 in lieu of both the socio-economic impact of the COVID-19 crisis and the defense ramifications of the escalating confrontation with the US. Beijing presented a resolute yet pragmatic program for realizing the China Dream.

During the week, Xi Jinping delivered a series of major addresses, not all of them public, in which he asserted what’s next for China under the current circumstances. He articulated how the historic rejuvenation and ascent of China will be attained despite the US relentless efforts at containing and stifling China. Xi Jinping’s were policy statements that, while short on concrete specifics - clearly expressed the strong resolve of the Forbidden City to confront the myriad of challenges facing China and ultimately win. Xi Jinping expressed full confidence in China’s ability to realize the historic ascent despite the challenges ahead.

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On 28 July, Xi Jinping addressed, via video link, the annual meeting of the Asian Infrastructure Investment Bank (AIIB) in Beijing. He stressed China’s “commitment to multilateralism and global ambition” as the crux of China’s global macro-economic policies.

Xi Jinping committed China to expanding international cooperation despite the current challenges at home. “Mutual support and cooperation in solidarity are the only way for mankind to overcome crises,” he said. “China always supports and adheres to multilateralism, and pursues development with the rest of the world in the spirit of openness and mutually-beneficial cooperation.” China will persevere on this path despite the “rising tide of unilateralism and anti-globalization” - that is, US policies. He explained that a primary lesson from the COVID-19 crisis is that “mankind rises and falls together in a community with a shared future.” Therefore, China will markedly increase its global involvement with priority given to adjacent areas. China “will give renewed impetus to economic and social development in Asia and beyond,” Xi Jinping promised. “China will continue to ... contribute more to the global response to risks and challenges, and the pursuit of shared development.”

Also, on 28 July, Xi Jinping presided over a closed symposium with non-CPC experts in order to solicit their advice on the Chinese economy and ideas for solutions for the current challenges. In the meeting, Xi Jinping delivered one of the most straight-forward and explicit articulations of the current situation.

Xi Jinping emphasized the imperative of “correct understanding of the current economic situation” on the basis of “in-depth research” of the overall state of affairs. He called for “greater efforts to comprehensively deepen reform, and actively tackle various difficulties in development and risks, challenges and enormous pressure in various sectors. Such efforts are meant to build a broad consensus, pool powerful strength to advance reform and development, and overcome various risks and challenges.” He did not belittle the gravity of the challenges ahead, particularly those emanating from the confrontation with the US. He then emphasized confidence in China’s ability to overcome these challenges and ultimately triumph. “We have strong determination, firm will and solid national strength to deal with these challenges. We have sufficient confidence, ability and wisdom to overcome all kinds of risks and tests. No country or individual can stop the historical pace of the great rejuvenation of the Chinese nation,” Xi Jinping concluded.
On 29 July, both Xi Jinping and Li Keqiang addressed a virtual meeting of key academic leaders in which Xi Jinping issued “an instruction on the country’s graduate education.” The crux of Beijing’s message is the urgent imperative to improve and expand graduate education in science and technology in order to better prepare China to become self-sufficient in all hi-tech issues - both current and futuristic.

Xi Jinping called for “greater efforts to cultivate a large number of high-level talent” because they are “urgently needed, as socialism with Chinese characteristics has entered a new era, and a new course of building a modern socialist country is unfolding on the basis of securing a decisive victory in building a moderately prosperous society in all respects and winning the battle against poverty.” Xi Jinping stressed “the important role of graduate education in boosting innovation, catering for economic and social development, as well as modernizing the system and capacity for governance in China.” Li Keqiang elaborated that “graduate education bears the task of boosting innovation and creation and serves as a cornerstone of China’s development and social progress.” He instructed the academic leaders to “cultivate talent adaptable to multiple fields” in accordance with “the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.”

Concurrently, Huawei emerges as a leader in the implementation of Xi Jinping’s instruction. Between 29 and 31 July, reported the *Global Times*, Ren Zhengfei “visited several top Chinese universities ... highlighting the importance of developing homegrown talent as the global tech race continues to heat up. The visit also signals the most important task for the Chinese high-tech industry amid an escalating crackdown by the US, as developing home grown talent is seen as a key factor in solving Huawei’s dilemma.” Ren Zhengfei discussed with experts and directors at these universities “industry-research cooperation, the development of high-tech talent, fundamental research and technological development.”

On 30 July, Xi Jinping chaired a meeting of the 25-member Politburo in order to study “the current economic situation” and make “arrangements for the economic work for the second half of the year.” Zhou Xin of the *South China Morning Post* observed that “Xi Jinping braces for turbulence ahead as China’s relations with US continue to deteriorate”. Nevertheless, China’s “first centenary goal” of creating “comprehensively well-off society” is “in reach,” the Politburo determined. The Politburo adopted a new strategy called “double circulation” that will rely on the Chinese domestic market as economic foundations for surging globally.

In his address to the Politburo, Xi Jinping declared “initial victory in achieving the Communist Party’s 2020 development goals” that permits the “laying out [of] a long-term plan to manage a rapidly changing international environment highlighted by Beijing’s deteriorating relationship with the United States.” Xi Jinping stressed that “China’s track record of bringing the Corona Virus outbreak under control and its quick economic recovery had proven the effectiveness of the country’s governing system. ... The Party’s leadership is strong and powerful, the Chinese economy is resilient ... and the socialist system with Chinese characteristics has strong vitality.”

The resolutions of the Politburo meeting reflected both Beijing’s reading of the face-off with the US and the Chinese plans for economic development. Although the “international environment is becoming increasingly complex,” China does not anticipate “an all-out conflict” with the US. “Peace and development are still the themes of the times,” the Politburo noted, despite the growing tension. “Going forward, China will still be in a period of strategic opportunity for development, facing new opportunities and challenges.” Therefore, China should make every effort “to stay committed to deeper reform and wider opening-up, and to continuously increase the impetus and vitality for development.” The Politburo observed that “the current economic situation remains complicated and challenging with unstable and uncertain factors. Since many problems we face are
long- and medium-term, resolving such problems is like fighting a protracted war.” Therefore, China should “follow the general principle of pursuing progress while ensuring stability over the second half of this year,” while “promoting high-quality economic development, maintaining social stability, and striving to fulfill the targets and tasks for economic and social development of this year.” The Politburo anticipated the “full implementation of macro policies,” while “pursuing a more proactive and effective fiscal policy that delivers solid outcomes, and a more flexible and appropriate monetary policy that targets sound results.”

Subsequently, Liu Xin and Ma Jingjing analyzed the Politburo’s resolutions in the Global Times. The Politburo defined the foundations for a “new plan on economic, social development amid global uncertainties,” they wrote. “China is currently facing a more complicated international environment and a slumping global economy.” This global posture will “set the tone for future development, given the increasingly complicated external challenges and uncertainties.” Mei Xinyu of the Chinese Academy of International Trade and Economic Cooperation explained that “one focus for the next five-year plan would also be to improve China’s economic resilience to external impact.”

Professor Cong Yi of the Tianjin University of Finance and Economics told Liu Xin and Ma Jingjing that the Politburo decided “to focus on three aspects - striving for economic growth driven by stabilized domestic consumption, bolstering areas of weakness, and deepening comprehensive reforms.” Both domestic and international circumstances compel China to adjust the macro-economic policies. “The two-year trade war the US initiated against China has made China realize that it couldn’t rely on imports of key equipment and core technologies any more. Hence, the country will surely ramp up its efforts to make key breakthroughs in bottleneck technologies such as semiconductors and high-end manufacturing.” Cong added that “this is also crucial for the country to achieve the goal of becoming a global leader in innovation by 2035.”

Regarding China’s domestic economy, Cong Yi noted, China’s “targets have been achieved,” and “China’s economy has become the first among major economies to step out of contraction in the second quarter.” To sustain and accelerate the trend, “the Chinese central government has positioned ‘new infrastructure’ construction as a key policy of its post-global pandemic economic recovery, which lays the foundation for future development,” Cong Yi elaborated. “The new infrastructure focuses on 5G networks, industrial internet and artificial intelligence.” Ultimately, China’s achievements to-date are unique on a global scale. “In terms of consistent policy layout and strategic planning, even administrations in developed countries like the US and the EU cannot compare with the CPC,” Cong Yi concluded. “No matter what new economic roads China takes, there is one theme that will never change - striving for continuous development so as to improve people’s livelihood.”

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The Politburo meeting and internal closed meetings with PLA senior officers on 31 July were used by Xi Jinping to articulate the next phase in defense and military affairs.

These sessions come in the middle of a year the PLA considers to be most challenging and unique, Yang Sheng and Liu Xuanzun wrote in the Global Times on 31 July. “This year, apart from non-traditional military missions like fighting the epidemic situation and the floods, the PLA had faced military challenges, including border tensions with India, provocative military activities by the US over the island of Taiwan, and aggressive US military movements in the South China Sea. The PLA has responded resolutely and correspondingly, with many high-altitude military exercises featuring thousands of troops and advanced weapons in West China’s border regions, frequent warplane sorties near Taiwan, and intense naval and aerial exercises in the South China Sea,” Yang
Sheng and Liu Xuanzun observed. “In this special year in which the international situation has drastically changed, the PLA has done a good job in safeguarding national sovereignty and territorial integrity, while also not escalating the situation and dragging the country into war.”

The PLA has so far had an impressive 2020 despite the challenges of the COVID-19 and the escalation of the confrontation with the US. The PLA conducted a wide variety of realistic exercises at sea, on land, and in deep space.

Most important is the marked improvement in the command and control capabilities and authorities at the theater-level. PLA senior commanders and the commanders of major units under them can now bring into action a wider variety of long-range weapons and maneuvering tactical elements. These PLA commanders have better input from SSF satellites and a wide array of drones. They enjoy greater command authority and flexibility, as well as effective and speedy communications capacities, to react to developments in the theater as well as exploit success into the depth of the “enemy” territory or maritime space. In responding to the COVID-19 crisis, the PLA demonstrated impressive logistical flexibility. The PLA organized in a few days - diverting a large number of transport aircraft all over China in order to move large numbers of medical personnel and medical supplies to Hubei. The countrywide airlift lasted for months and was very efficient.

The marked improvement of the PLA’s leading theater forces was demonstrated in exercises in the Tibetan Plateau. The first major exercise took place in January 2020. Then, with tension with India rising, the PLA embarked on a series of exercises starting mid-June. The comparison between these exercises shows a marked increase in the sophistication, complexity, audacity and depth of maneuvering - that is, a more assertive PLA is increasingly inclined to going faster on the counter-offensive deep into “enemy” territory. In June, the PLA increased the diversity of combined arms units and weaponry - from numerous maneuvering forces to a wider array of longer-range tube and rocket artillery. The PLA used extensively helicopters for fire support and insertion of special forces deep into “enemy” territory. The overall integration and utilization of air power improved greatly between January and June 2020.

Another key theater where improvements can be measured is the South China Sea. The PLA conducted numerous exercises in early 2020, in April (that involved a carrier task force), and starting late-July. The scenarios exercised are very challenging, and got more complex with time. The PLA forces maneuver against major “enemy” naval and air task forces that are attacking the Chinese coast. The exercises take place either on the edges of the A2/AD bubble or in order to fill gaps in the bubble resulting from successful “enemy” breaching. From one exercise to the other, the PLA has demonstrated tighter maneuvering and better coordination of a wider array of weapon systems - Navy submarines and surface combatants; fighters, strike aircraft and bombers of the Air Force and the Navy, and a wide assortment of drones, cruise and ballistic missiles (the latter of the Rocket Force). The PLA demonstrated significant improvements in the timely coordination of diverse forces and elements, the ability to operate over wider ocean spaces, and the capacity to effectively react to unforeseen developments and challenges.

The first half of 2020 also saw the introduction of major new weapon systems. In mid-May, the PLA Navy launched the new JL-3 ballistic missile from a modified Type 094 submarine in the context of a strategic forces exercise. Ultimately, the JL-3 will be deployed on the Type 096 submarines. The Air Force is absorbing large numbers of new transport, training and combat aircraft. Of note are the J-20B and FC-31 stealth aircraft, and new sub-types of the H-6 bombers capable of launching new cruise missiles. The introduction of the H-20 stealth strategic bombers is anticipated soon. The PLA also fields new electronic warfare and intelligence aircraft, as
well as a wide variety of drones. The Navy is also integrating new types of combat vessels. Most important is the beginning of the installation of a new “turbo generator” on surface combatants in order to power the new generation of “high energy weapons”. In late-July, the Bei Dou Navigation Satellite System (China’s response to the US GPS) was fully activated.

Thus, the Forbidden City has every right to be satisfied with the progress of the PLA, and the rather generalized and political statements of Xi Jinping during the last week of July 2020 are warranted given the ongoing activities and build-up of the PLA.

On 30 July, during the Politburo session, Xi Jinping chaired a group study session with PLA senior officers “on strengthening the modernization of the national defense and armed forces”. The first challenge, Xi Jinping stressed, is “advancing the modernization of the national defense and armed forces.” A strong viable PLA is imperative in order to “uphold and develop socialism with Chinese characteristics and achieve national rejuvenation,” while “ensuring both development and security, and ensuring that efforts to make the country prosperous and efforts to make the military strong go hand in hand. The modernization of the national defense and armed forces must be in step with the country’s modernization process, and the military capabilities must fit national strategic needs,” Xi Jinping stated.

All the unfolding crises must not, and indeed do not, distract from the main challenge of modernizing China’s defenses. “In this year, China will achieve the targets and missions of strengthening the national defense and armed forces for 2020, and embark on a new journey to basically complete the modernization of the national defense and armed forces, and to transform the Chinese military into world-class forces,” Xi Jinping said. He pointed out that these challenges have been met even though “the world today is undergoing profound and fast-evolving changes unseen in a century, and that the COVID-19 pandemic is exerting a far-reaching influence on the international landscape.” Moreover, “China’s security situation faces growing uncertainties and destabilizing factors.”

Therefore, the PLA must demonstrate “a stronger sense of mission and urgency and more efforts to achieve leapfrog development in the modernization of the Chinese military.” The PLA must focus on “implementing the military strategic guideline for the new era,” and on “building the military, drawing a scientific road map, and cultivating a new type of high-caliber and professional military talent.” Meanwhile, the Politburo should guide China’s “joint civil-military efforts in advancing the modernization of national defense and [the] armed forces,” and “strengthen their awareness of national defense and carry forward the development of national defense and the armed forces.”

On 31 July, Xi Jinping told PLA senior officers that he envisions “world-class Chinese army in new era.” The PLA High Command vowed to rise to the challenge. “With two million servicemen, today’s PLA pledges to build up new types of combat forces that have the ability to conduct special operations, all-dimensional offense and defense, amphibious operations, far seas protection and strategic projection.” Senior officers stated that Xi Jinping has “reshaped the PLA and is leading it to become a world-class military force.” In conclusion, Xi Jinping ordered the PLA High Command not to forget what the ultimate mission of the PLA is, and to focus on improving these capabilities. “A military is built to fight. Our military must regard combat capability as the criterion to meet in all its work and focus on how to win when it is called on,” Xi Jinping concluded.

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The Forbidden City is cognizant of the grim global posture and is frustrated by China’s inability to effect major changes and improvements in the relations with the US. A new Cold War with, and decoupling from, the US are considered in the Forbidden City to be virtually inevitable. As far as the Forbidden City is concerned, the Trump White House is now irrational. The often-repeated slogan “China lied, Americans died” infuriates both official Beijing and the Chinese public. Moreover, at the very same time that China is being treated by the US as the scourge of humanity - Washington is also criticizing Beijing for not buying more US national debt, or more cotton when the Chinese already have huge stockpiles they cannot use, and even though Chinese agricultural purchases keep growing as promised by Beijing.

Yet, the Forbidden City remains determined to avoid an escalation if humanly possible. There is also hope in Beijing that the legacy of almost 50 years of Sino-US relations and cooperation cannot be erased and reversed in a matter of months. Therefore, Beijing launched a last-minute charm offensive focusing on Washington and London. Wang Yi asked several foreign ministers from both Europe and East Asia to pass a message to Mike Pompeo: China is urging mutual reduction of tension and is calling for renewed efforts to resume unimpeded trade, as well as other commercial and economic relations. The Sino-US confrontation must be defused and reversed before it is too late, Wang Yi keeps warning. Beijing is yet to even get an acknowledgment from Washington.

At the same time, Beijing is demonstrating resolve to address all military challenges in the major PLA exercises in the South China Sea. The PLA is ready to meet all possible challenges - from ongoing US Navy FONOP provocations, to confronting major US Navy carrier task forces, to the possibility of having to invade Taiwan. The common denominator of all the simulated scenarios is that China is reacting to US and allied provocations and to offensive undertakings close to the territory of China, and is operating in defense of China’s vital interests. China has no intent to attack the US.

Xi Jinping’s China is letting the whole world know that despite all the difficulties at home and globally - Chinese economic adaptation, with emphasis on domestic growth as the basis of global expansion, have not only restored Chinese net economic growth but also revived exports. The Chinese sound scientific-technological foundations have been mobilized to deliver local substitutes for denied technologies - thus negating the US attempts at suppressing Chinese technological and economic leadership. The PLA is being readied through modernization and build-up to defend China’s vital interests and to confront all US military challenges including war. Taken together, the clear message of Xi Jinping’s Beijing is that China’s progress to national rejuvenation, the realization of the China Dream, and becoming the global Hegemon comes 2049, is unstoppable.

Remarks: Opinions expressed in this contribution are those of the author.
About the Author of this Issue

Yossef Bodansky has been the Director of Research at the International Strategic Studies Association [ISSA], as well as a Senior Editor for the Defense & Foreign Affairs group of publications, since 1983. He was the Director of the Congressional Task Force on Terrorism and Unconventional Warfare at the U.S. House of Representatives between 1988 and 2004, and stayed on as a special adviser to Congress till January 2009. In the mid-1980s, he acted as a senior consultant for the U.S. Department of Defense and the Department of State.


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