

## Online Series

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# Analysis of China's Two Sessions and Their Implications on the Korean Peninsula

**Shin, Jong-Ho**

(Research Fellow, Peace Research Division)

In 2020, China's Two Sessions unveiled a massive economic stimulus package to address issues of people's livelihood and to support businesses, such as creating jobs and lifting people out of poverty in bracing for the post-COVID 19 era. It also emphasized the need to maintain a stable economic policy direction. What has garnered the most attention in the Two Sessions, however, is a controversy over the so-called 'national security law for Hong Kong' and the U.S.-China conflicts. China argued for the inevitability of the enactment of related laws, citing that issues in Hong Kong are a Chinese internal matter and that an external threat had been posed to China's national security. However, the U.S. judged that the passage of the decision of the 'national security law for Hong Kong' severely undermines the 'one country, two systems' policy and declared to take strong counter actions. The battle lines drawn between the U.S. and China over trade conflicts of last year and who was responsible for the COVID-19 crisis at the beginning of this year have now been expanded to conflicts over the passage of the 'national security law for Hong Kong' during the period of Two Sessions. The two sides have attempted to have other countries 'stand in line' in an effort to have them join their sphere of influence (camp) in the process. As such, strategic competition between the two major powers (G2) is highly likely to be prolonged. To that end, the Republic of Korea (ROK) should, first, not be swayed by each conflict while at the same time setting out its own national priorities and apply diplomatic principles based on such priorities. Second, the ROK should make 'Korea's unique' institutions and values known to the international community. Third, South Korea should move from a model country for prevention (K-prevention) to a model country for peace (K-peace).

China's Two Sessions (The National People's Congress, and the Chinese People's Political Consultative Conference), which had been delayed for two months due to the COVID-19 pandemic, was held in the Great Hall of the People from May 21 to 28. In particular, the National People's Congress (NPC), which is equivalent to South Korea's National Assembly, set this year's policy direction and evaluated China's economic and social policy of last year through the announcement of 'government tasks-reporting' made by Premier Li Keqiang, State Council of the People's Republic of China (PRC). China did not present this year's economic growth rate target citing the COVID-19 crisis and economic uncertainty. Instead, it unveiled a massive economic stimulus package to address issues of people's livelihood and to support businesses, such as creating jobs and lifting people out of poverty in bracing for the post-COVID 19 era. It also emphasized the need to maintain a stable economic policy direction. What has garnered the most attention in the Two Sessions, however, is issues of Hong Kong.

A stark contrast in stance was identified over related discussions and voting on the so-called 'national security law for Hong Kong' between China and the international community (Hong Kong, the U.S., etc.). Both the U.S. and China, who had engaged in a blame game over who was responsible for the coronavirus crisis, have also expanded the battle line of conflicts to issues of Hong Kong.

### **Controversy over 'National Security Law for Hong Kong'**

During the meeting of its annual session on May 28, the NPC, China's supreme constitutional institution, passed the so-called 'national security law for Hong Kong' ('The NPC Decision on Establishing and Improving the Legal System and Enforcement Mechanisms for the Hong Kong Special Administrative Region to Safeguard National Security'). However, technically speaking, the passage of this 'decision' indicates that the mere grounds for the central government to be able to enact the law had been established and the official draft of the law was not passed.

Nevertheless, why have issues in Hong Kong become the center of contention at the Two Sessions? The most fundamental reason is that frustrations and tensions

that have been brewing for a long time between the Chinese government–Hong Kong authorities and Hong Kong citizens over the Chinese unification policy of ‘one country, two systems’ were expressed during the Two Sessions.

The Chinese government and the Hong Kong authorities promised after ‘the handover of Hong Kong’ on July, 1997 that they would continue to implement ‘one country, two systems’ policy. However, citizens in Hong Kong gave more attention to ‘two institutions,’ rather than on ‘One China,’ in other words “how many freedoms and rights can be guaranteed in Hong Kong that has different institutions and lifestyle from those of China?”

For that reason, many Hong Kong citizens have viewed various attempts for ‘integration’ by the Chinese government and Hong Kong authorities after ‘the handover of Hong Kong’ as a reinforcement of unilateral ‘control’ and have opposed it by engaging in massive protests. In 2003, Hong Kong citizens organized and participated in massive protests opposing the Hong Kong authorities’ passage of ‘a proposed security law.’

In particular, on April, 2019, conflicts that had broken out between Chinese government–Hong Kong authorities and Hong Kong citizens over the enactment of ‘The Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation Bill 2019’ (the so-called ‘Anti-Extradition Bill’) have become a direct catalyst to discuss issues of Hong Kong at this year’s Two Sessions. At that time, the Chinese government and the Hong Kong authorities made claims that threats had been posed to national security, examples of which included Hong Kong citizens rejecting the policy of ‘one country, two systems’ during the protests and external forces intervening in internal affairs. The Chinese central government has prepared related enactment procedures thereafter.

‘Decisions’ related to ‘a national security law for Hong Kong’ that were passed at the Two Sessions provide the rationale for China’s NPC to proceed with the enactment on behalf of the Hong Kong authorities. In particular, China argued for the inevitability of the enactment of such related laws, citing that issues in Hong Kong are a Chinese internal matter, that the defense of national security is within the realm of the Chinese central government’s unique authority, and that a threat had been posed

to China's national security and 'one country, two systems' policy during Hong Kong's protests last June.

However, if related laws were to be fully enacted and implemented in the future, massive protests by Hong Kong citizens could once again break out. If this created a synergy effect with Hong Kong's legislative elections slated for August, it will once again worsen the situation in Hong Kong.

When issues of Hong Kong sparked a controversy this time, the U.S. and other western countries expressed concerns that Hong Kong citizens' core values, which is a guarantee of basic rights and an advanced level of sovereignty, could be jeopardized. Taiwan also criticized China, stating that if the Chinese government did not recognize an advanced level of sovereignty, which is an essential element of the 'one country, two systems' policy, it would be tantamount to abandoning the trust of the international community. In particular, the Trump administration judged that the passage of the decision of the 'national security law for Hong Kong' severely undermines the 'one country, two systems' policy. It also gave the order to revoke Hong Kong's "preferential treatment." If such an action of pressuring China is combined with the U.S. presidential election in November, the U.S.-China conflicts surrounding issues in Hong Kong will be even more aggravated.

### **Possibility for the Expansion of Battle Lines Drawn Between the U.S. and China and the 'New Cold War'**

The most contentious issue at the Two Sessions, except for Hong Kong issues, was U.S.-China conflicts. The battle lines drawn between the U.S. and China at the beginning of this year over who was responsible for the COVID-19 crisis had been expanded to conflicts over the passage of the 'national security law for Hong Kong' during the period of Two Sessions.

If so, would the U.S. and China enter a stage of a 'New Cold War,' as some have argued, precipitated by the COVID-19 crisis and worsening U.S.-China conflicts surrounding the Hong Kong issues that had occurred before and after this year's Two Sessions? Although it is hard to make a prediction on this question, the likelihood

at least for the short-term of the two sides spiraling down into a worst case scenario seems highly unlikely. Most importantly, it is because the U.S. and China both are confronted with their own challenges both at home and abroad.

First, the priority of the Trump administration is to recover from the shocks that reverberated across political, diplomatic, economic, and social arenas triggered by the COVID-19 crisis as the presidential election is forthcoming this November. Therefore, President Trump is likely to primarily pursue ‘U.S. interests’ using the so-called ‘China cards’ involving issues of trade with China, Hong Kong, Xinjiang, South China sea—a usual practice deployed by Trump since taking office. The U.S. will make various attempts to have its allies join the battle lines against China. Major examples of such indicators include the following U.S. actions: it demanded that its allies participate in the U.S.-led Economic Prosperity Network (EPN) to reduce the dependency on the Chinese global supply chain; and it made its intention clear that it will invite South Korea, Australia, Russia, and India to a G7 meeting.

In contrast, the Chinese government will decisively react to the U.S.’s intervention and pressure since China recognizes issues of Hong Kong and Taiwan to be internal matters that will never be negotiable and that are in the core interests of China. China already declared its position and announced it in the name of the State Council amidst a full-blown trade conflict with the U.S. in 2019 that “China will make an effort to strike a deal, but its principle (core interests) will never be negotiable.”

However, maintaining stable relations with the U.S. in the future is still important given that the Chinese government emphasized the continued implementation of a radical stimulus package and stable economic policy direction in bracing for the post-COVID 19 era as revealed in the Two Sessions. State Councilor and Foreign Minister Wang Yi expressed an unwavering stance, stating at a meeting with foreign correspondents on May 24 that “China will not give in to U.S. pressure, and attempts of some political factions in the U.S. to label the U.S.-China relations as being under a ‘New Cold War’ are equal to going against history.” At the same time, he emphasized that “both the U.S. and China should find a way to mutually respect different social institutions and cultural backgrounds and to peacefully coexist together.”

After all, the Chinese authorities will focus on continuing stable economic

policy direction and fighting the corona pandemic for the time being. To that end, the Chinese government will not give up its core interests while averting full-blown conflicts and confrontation with the U.S. As Foreign Minister Wang Yi revealed in a meeting with the foreign correspondents, China will pursue ‘Health Silk Road’ and ‘Digital Silk Road’ in collaboration with adjacent countries of the One Belt One Road (OBOR) to accommodate the demands for international cooperation in public health and sanitation in the post COVID-19 era. China will call for the participation of neighboring countries including South Korea.

### **Prospect of the International Circumstances after Two Sessions and Their Implications**

The Chinese leadership’s view on the international circumstances is manifested in statements made by Foreign Minister Wang Yi at a meeting with foreign correspondents (May 24) and Premier of State Council Li Keqiang at a press conference (May 28).

First, the Chinese leadership recognized that new issues and challenges are emerging in the recent international order and U.S.–China relations but stressed that China has no intention to engage in a direct and full confrontation with the U.S. It also emphasized that the possibility of a decoupling between the U.S. and China is non-advantageous to both sides and that it will continue to commit to the liberal international trade order.

Second, China is willing to proactively pursue regional economic cooperation. Premier Li Keqiang spoke of China’s willingness to actively proceed with the South Korea–China–Japan FTA. He stressed that China has openly engaged in ‘the Comprehensive and Progressive Agreement for Trans–Pacific Partnership (CPTPP)’ involving remaining member countries after the Trump administration declared to withdraw from the Trans–Pacific Strategic Economic Partnership (TPP).

Third, even though issues of the Korean Peninsula were not included as parts of the main agenda, Foreign Minister Wang Yi stressed at a press meeting that communication and dialogue between the U.S. and North Korea is an important

precondition for resolving issues on the Korean Peninsula and that both countries should make efforts to resume dialogue via active actions. In particular, it blamed the U.S. as a major cause for the impasse in the U.S.-North Korea dialogue, pointing out a lack of substantial actions made by the U.S. while North Korea has recently taken certain measures to alleviate tension on the Korean Peninsula and for denuclearization. In addition, he emphasized the need for a ‘phased, simultaneous roadmap’ through a ‘dual track approach of denuclearization and a peace regime.’

As stated above, China, after the Two Sessions, will focus on addressing domestic issues, but at the same time will take action to defend its national interests in external affairs. In other words, China hopes to stably maintain circumstances to resolve domestic matters in the post COVID-19 era rather than wishing for a rapid change of the international order, including U.S.-China relations. However, at the same time, China is expected to implement trade negotiations with the U.S., enhance public relations diplomacy to recover its image that was damaged by the coronavirus pandemic, and express its decisive stance on their principles issues, including the issues of Hong Kong and Taiwan.

Moreover, China will attempt to secure a channel for promoting its external economy in preparation for a deep decoupling with the U.S. while improving its image, indicating that China will become a safeguard of liberal trade institutions in response to the Trump administrations’ protectionist trade policy. In the process, China is highly likely to make efforts to win over major regional players to China’s side by providing them with measures to strengthen economic cooperation.

The question is how the U.S. will react to China’s stance and intention. The U.S. is not likely to immediately turn into a full-blown confrontation or conflict mode with China. However, issues of trade negotiation with China and issues of Hong Kong, Taiwan, and Xinjiang are appealing enough cards for Trump to deploy leading up to the November presidential election. A possibility cannot be ruled out that U.S.-China strategic conflicts could transpire into a “New Cold War” situation, as some have argued, caused by circumstantial changes at home and abroad facing China and the U.S.

However, U.S.-China strategic competition is nothing new. It began with the

establishment of U.S.-China normal diplomatic relations in 1979 and was further aggravated throughout the 2008 global financial crisis. It reached a full-blown stage in 2017 after Trump took office, and the battle line of the strategic competition has now expanded into almost every domain in 2020. As such, strategic competition between the two major powers (G2) is highly likely to be structuralized and prolonged, and the level of intensity will become severe over time. The two sides will attempt to have other countries ‘stand in line’ in an effort to have them join their sphere of influence (camp) in the process.

To that end, the Republic of Korea (ROK) should, first, not be swayed by each conflict while at the same time setting out its own national priorities and apply diplomatic principles based on such priorities. Second, the ROK should make ‘Korea’s unique’ institutions and values known to the international community based on an accurate recognition and evaluation of our national identity, thereby seeking a ‘New Korean Peninsula.’ Third, South Korea should move from a model country for prevention (K-prevention) to a model country for peace (K-peace) in the post COVID-19 era. To that end, South Korea should flexibly apply factors that have made the success of ‘K-prevention’ possible (people-oriented, solidarity and cooperation, openness, transparency, and specialty, etc.) to ‘K-peace’ (human security, trust, embrace, multilateral cooperation, trade liberalism, etc.). If necessary, the ROK needs to pursue South Korea-China or South Korea-North Korea-China public health cooperation and tourism cooperation, which can be associated both with China’s One Belt, One Road and South Korea’s New Economic Map Initiative for the Korean Peninsula, by taking the opportunity awarded by Xi Jinping’s scheduled visit to Korea this year. ©KINU 2020

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