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## POLITICO China Watcher

*What's next in U.S.-China relations.*

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## China launches new bid for internet dominance

By **PHELIM KINE** | 07/21/2022 08:30 AM EDT

Hi, China Watchers. This week we kick the tires on China's new "cyber sovereignty" initiative, puzzle over the collapse of congressional "tough on China" legislation and scrutinize the State Department's new "wrongful detention" warning for China-bound travelers. We'll also unpack the lessons from President **XI JINPING**'s recent Xinjiang trip and profile a book that warns that "tense cohabitation" is the best we can expect from U.S.-China relations for the foreseeable future.

**But this just in:** Presidents **JOE BIDEN** and Xi will speak within the next 10 days. I want you, loyal China Watcher subscribers, to tell me what you think the top three items of discussion should be during that important call. And why. I'll share some survey results in next week's newsletter.

Let's get to it. — Phelim

Beijing ramped up efforts to radically change global internet rules and standards last week by morphing the annual China-hosted World Internet Conference into a permanent organization dedicated to what Xi described as "global internet development and governance."

Xi wants an internet that aligns with the ruling Chinese Communist Party's concept of "cyber sovereignty" that prioritizes absolute government control of online activity — complete with censorship and surveillance — at the expense of privacy and freedom of expression.

The new organization reflects China's long-term challenge to the ability of the U.S. and its partners to defend a vision of internet governance defined by transparent rules and standards hinged to human rights versus a CCP view of the internet as a tool of state power.

"For decades, the Chinese government has taken issue with the predominant model of internet governance that has emphasized a multi-stakeholder approach where governments have a voice, but there's a strong role for industry, for academics, for researchers and for civil society," said **JUSTIN SHERMAN**, a fellow at the Atlantic Council's Cyber Statecraft Initiative. "The Chinese government would rather have a multilateral approach where governments have complete and utter control of internet governance ... [through] an international organization that starts more formally pushing state control over the internet globally."

**Trust us, we're legit.** That new organization — an outgrowth of an annual gathering launched in 2014 that has featured high profile participants, including Tesla CEO **ELON MUSK** — is more awkward than ominous. The Chinese government boasted that "representatives of members from 18 countries and regions" were at the grouping's launch. Chinese state media indicated that they included some of the world's most notorious dictatorships, including Afghanistan, North Korea, Cambodia and Syria. And though the government claimed that the new organization had already attracted 100 members, including "world-renowned internet leaders, authoritative industry bodies, internet Hall of Fame inductees and others," it provided no details.

That reflects a branding challenge that has stunted other Chinese attempts to mint multilateral organizations to compete with existing U.S.-dominated groupings.

**Dictators "R" Us.** "China has a history of creating dictators' clubs and calling them international organizations, most notably the Shanghai Cooperation Organization" said **DAN BAER**, U.S. ambassador to the Organization for Security and Cooperation in Europe from 2013 to 2017 and a senior fellow at the Carnegie Endowment for International Peace. "But these dictators' clubs don't seem to have had any kind of global appeal and they are largely recognized ... [as] efforts to build some small group of validators for a Chinese approach, which is at odds with universal standards."

**Just you wait.** Observers of Beijing's history of influence on rules and standards at international organizations say WICO is no laughing matter. China's steady expansion of its presence in key United Nations agencies, including the U.N. Economic and Social Council, which guides U.N. economic policymaking, reflects Beijing's purposeful efforts to play a greater role in shaping the rules of the international system.

The Chinese government has exploited its leadership role of the International Telecommunications Union, the U.N. agency for information and communications technology, to enact telecom standards that align with China's censorship and surveillance regime. ITU Secretary-General **ZHAO HOULIN** has led efforts to manipulate internet and 5G mobile technology and governance by championing Chinese technology company Huawei's blueprint for an internet architecture.

"For years, they've been fighting to take control of the ITU, increasingly successfully, and they've more or less won the battles for standard setting for 5G and 6G, but they have yet to win the overt battle for formalized control of the network," said **PAUL ROSENZWEIG**, former deputy assistant secretary for policy in the Department of Homeland Security, and founder of Red Branch Consulting.

That conflict looms. And observers warn that governments should be vigilant rather than skeptical about the role that WICO may play in that struggle.

"One of the first responses the international community should have to the fledgling WIC organization is to watch its formation closely, encourage transparency about its key agendas, and hold companies, organizations, and individuals responsible as they decide there is no downside to signing on," **DAVID BANDURSKI**, director of the China Media Project said in an essay last week.

**Tit for tat.** WICO appears to be Beijing's response to the U.S.-led Declaration for the Freedom of the Internet, launched in April, that pledged its 61 country signatories to an internet "that is truly open and fosters competition, privacy, and respect for human rights." Chinese Foreign Ministry spokesperson **ZHAO LIJIAN** denounced the initiative for "provoking confrontation in cyberspace."

That wasn't the first bilateral dust-up over dueling internet governance standards. Chinese Foreign Minister **WANG YI** unveiled the "Global Initiative on Data Security" in 2020 in an explicit bid to parry then-Secretary of State **MIKE POMPEO**'s "Clean Network" initiative that barred Chinese telecom equipment firms ZTE and Huawei due to their government ties.

Those competing visions of internet governance are creating rival U.S. and China-aligned camps competing for global dominance.

"We are now facing an internet organization arms race," said **FARZANEH BADIEI**, founder of Digital Medusa, a New York-based consulting firm that focuses on digital governance. "In the past, the U.S. strengthened its presence in multilateral venues ... [and] through those processes, stopped ideas that could split the internet. That seems to be a hard task if it continues the mantra that they should work on internet issues with only 'like-minded' people."

**Tech titans rule.** WICO will look to endorsements from major U.S. tech firms to try to overcome misgivings about a Beijing-piloted internet governance initiative.

"Is [WICO] significant? The answer is 'yes' as part of China's long-term play strategically, but tactically it's too early to tell whether this effort will be a positive or a negative," Rosenzweig said. "Some of its success will be determined by whether or not any Western corporations buy into it, as part of their attempt to maintain a foot in the Chinese market – think Amazon, Microsoft, Intel, Apple."

## TRANSLATING WASHINGTON

— **BIDEN DOUBTFUL ABOUT PELOSI 'S TAIWAN TRIP:** President **JOE BIDEN** has doubts about the wisdom of Speaker **NANCY PELOSI's** (D-Calif.) upcoming trip to Taiwan. "The military thinks it's not a good idea right now," Biden said when asked Wednesday whether Pelosi should travel to the self-governing island, according to pool reports. "But I don't know what the status of it is." Pelosi is to visit Taiwan next month, according to two sources with knowledge of the discussions, POLITICO's **LARA SELIGMAN** reported Tuesday. The trip was rescheduled after Pelosi canceled an earlier visit planned for April and coincides with heightened tensions between Washington and Beijing over the self-governing island. A Pelosi visit would risk "strong and resolute measures" by Beijing, Chinese Foreign Ministry spokesperson **ZHAO LIJIAN** warned Tuesday.

"We have not received any information about a planned August visit to Taiwan by House Speaker Nancy Pelosi as recently reported in foreign media," said a statement issued Tuesday by the Taipei Economic and Cultural Representative Office in the U.S. Meanwhile, the Defense Security Cooperation Agency notified Congress on Friday of a \$108 million military equipment sale to Taiwan designed to boost its "credible defensive capability."

— **SOUTHCOM: CHINESE MILITARY MENACES PANAMA CANAL:** Gen. **LAURA RICHARDSON**, chief of U.S. Southern Command, warned Wednesday that Chinese entities at the Panama Canal could eventually be transferred over to the authority of the People's Liberation Army, POLITICO's **ALEX WARD** reported. "I was just in Panama about a month ago and flying along the Panama Canal and looking at all the state-owned enterprises from the PRC on each side of the Panama Canal," she said at the Aspen Security Forum on Wednesday. "They look like civilian companies or state-owned enterprises that could be used for dual use and could be quickly changed over to a military capability." Those comments mark an expansion of concerns Richardson voiced at a Senate Armed Services Committee hearing in March about the potential threat of "PRC-based companies ... engaged in or bidding for several projects related to the Panama Canal, a global strategic chokepoint."

— **CONGRESS DITCHES TOUGH ON CHINA LEGISLATION:** The Senate is poised to abandon months of work on legislation overhauling U.S. policy toward Beijing when, as soon as this week, it approves a drastically slimmed-down bill to boost domestic semiconductor manufacturing, POLITICO's **ANDREW DESIDERIO** reported Wednesday. It will do so without a firm guarantee that those tough-on-China provisions left on the cutting-room floor will ever become law.

The resulting legislation aims to address the nationwide microchip shortage by spurring domestic production, but the failure of the initial vision for the bill has left Democrats and Republicans frustrated at their inability to come together on an enduring strategy to address what they see as the biggest long-term threat to U.S. national security.

— **STATE: CHINA POSES ‘WRONGFUL DETENTION’ RISK:** China is one of six countries — including Iran, North Korea, Venezuela, Burma and Russia — that the State Department has declared as high risk for wrongful detention of U.S. citizens who travel there, a senior administration official said Monday. "This new 'D' indicator ... will highlight the elevated risk that Americans face in particular countries," a senior administration official said Monday.

That warning came alongside an Executive Order President **JOE BIDEN** issued Tuesday that empowers U.S. agencies to impose "costs and consequences," including financial sanctions, on state and non-state actors implicated in the wrongful detention of U.S. citizens, POLITICO's **MYAH WARD** reported. The nonprofit prisoner release advocacy organization Dui Hua Foundation estimates that there are up to 200 Americans arbitrarily detained in China and as many as 30 who are subject to unlawful exit bans. "The label of

arbitrary detention suits the US better than anyone else,” Chinese embassy spokesperson **LIU PENGYU** said in a statement.

#### HOT FROM THE CHINA WATCHERSPHERE

**— CHINA TELLS U.N.- KILL XINJIANG REPORT:** The Chinese mission in Geneva is pressuring the United Nations High Commissioner for Human Rights, **MICHELLE BACHELET**, to bury a long-delayed report on human rights in Xinjiang, Reuters reported Tuesday. The mission circulated a letter warning that the report would “undermine the credibility” of Bachelet’s office. Bachelet has faced criticism from human rights activists for failing to release the report earlier and pledged in June to publish it before she steps down in August. “Chinese Foreign Ministry spokesperson **WANG WENBIN** on Wednesday complained of unspecified “smears and attacks against China” but declined to comment on the Reuters’ report’s accuracy. “We need this report to ground a clear-eyed, informed conversation about violations against Uyghurs — and we need a High Commissioner who will stand by it and be an advocate for those affected,” **SARAH BROOKS**, program director at the Geneva-based International Service for Human Rights, told China Watcher.

**— TAIWAN SLAMS EU DIPLOMAT’S ‘REUNIFICATION’ RHETORIC: JORGE TOLEDO ALBINANA**, the new EU ambassador to China, infuriated Taiwan’s government by stating Sunday that the EU supports the self-governing island’s “peaceful reunification” with China. “Reunification” echoed China’s territorial claim to Taiwan even though the Chinese Communist Party has never ruled the island. “The sovereignty of our country cannot be disparaged, violated or annexed,” **JOANNE OU**, Taiwan’s Foreign Ministry spokesperson, said Tuesday. European Parliament Vice President **NICOLA BEER** helped smooth Taiwan-EU relations that same day by stating there is “no room for Chinese aggression in democratic Taiwan,” during a three-day visit to the island.

**— XI INVITES EU LEADERS TO BEIJING:** President Xi has invited French President **EMMANUEL MACRON**, Italian Prime Minister **MARIO DRAGHI**, German Chancellor **OLAF SHOLZ** and Spanish Prime Minister **PEDRO SANCHEZ** for an in-person meeting in Beijing in November, the South China Morning Post reported Monday. The meeting — which the EU leaders have yet to confirm — would occur after the long-anticipated 20th Party Congress expected in October at which Xi is widely expected to appoint himself to an unprecedented third term as China’s leader. The Foreign Ministry’s Zhao on Tuesday dismissed the report as “fake news.” Stay tuned.

#### TRANSLATING CHINA

**— XI'S TROUBLING 'NEW VISION FOR XINJIANG':** President Xi ended 893 days of pandemic self-confinement to the Chinese mainland with a June 30 trip to Hong Kong to mark the 25th anniversary of the territory's return to China from British rule. Xi then made another one of his enigmatic disappearances — sparking rumors he was in quarantine from a possible Covid exposure in Hong Kong — before re-emerging in the city of Urumqi in Xinjiang on July 12. Chinese state media celebrated that visit to a region that has become synonymous with allegations of genocide and crimes against humanity targeting Muslim Uyghurs with a slick North Korean-like propaganda video that featured the Chinese leader being mobbed by adoring locals.

Xi's back-to-back trips to Hong Kong and Xinjiang reflected his efforts to reinforce an image of wise, willful governance dedicated to a concept of "national rejuvenation" that brooks no opposition from regions hostile to CCP rule. Fortifying that perception is critical in the run-up to the all-important 20th Party Congress later this year at which Xi is expected to take an unprecedented third term as China's leader.

"It shows that these two regions are strategically and politically very important to Xi and to Xi's attempts to solidify his leadership," said **NURY TURKEL**, a Uyghur-American lawyer and a member of the U.S. Commission on International Religious Freedom, told China Watcher.

Xi announced a "new vision for Xinjiang" while in Urumqi that indicated that his Xinjiang policies aimed "deep in the soul" of its Uyghur population would intensify. That vision includes an Islam that is "Chinese in orientation ... to adapt the religion to Chinese socialist society," Xi said.

That's bad news for Uyghur Muslims, **JAMES MILLWARD**, professor of inter-societal history at Georgetown University's Walsh School of Foreign Service, warned in a Twitter thread on Saturday. "So get ready for more of that 'multi-level, omni-directional, three dimensional propaganda' which PRC does so well: sure to involve smiling natives in costume and those cute foreign Youtube influencers eating noodles on their CCP-paid holidays. And says the quiet part out loud."

## HEADLINES

**Nikkei-Asia: China's debt bomb looks ready to explode**

**Nature: How China-US collaborations still happen, despite politics**

**Washington Post: China has a hand in Sri Lanka's economic calamity**

## HEADS UP

**— BIDEN-XI CALL COUNTDOWN BEGINS:** Biden told pool reporters Wednesday that he expects to speak with Xi "within the next 10 days," without providing any details on a possible agenda for that discussion. Stay tuned.

### ONE BOOK, THREE QUESTIONS

**The Book:** America's Great Power Opportunity: Revitalizing U.S. Foreign Policy to Meet the Challenges of Strategic Competition

**The Author:** ALI WYNE is a senior analyst with Eurasia Group's Global Macro-Geopolitics practice, focusing on U.S.-China relations and great-power competition.

#### **What is the most important takeaway from your book?**

The U.S. should pursue a foreign policy that advances its national interests no matter what steps China and Russia take. While both are likely to prove enduring competitors, they are increasingly emerging as self-constraining ones as well; China's pandemic-era diplomacy has reinvigorated the Quad and compelled Brussels to reassess its relationship with Beijing, while Russia has committed an extraordinary act of strategic self-sabotage by invading Ukraine. Washington should contest Beijing and Moscow selectively, not universally, and focus on renewing its unique competitive advantages.

#### **What was the most surprising thing you learned while researching and writing this book?**

Despite its ubiquity in mainstream discourse, the construct of "great-power competition" remains underspecified; while observers largely agree on what it *describes* in contemporary geopolitics — China and Russia are increasingly able and willing to contest U.S. influence — they do not necessarily agree on what it *prescribes* for U.S. foreign policy.

As America's "global war on terrorism" demonstrates, abstract frameworks can generate expansive interpretations over time. It is now common to hear that Washington is in a systemic struggle with Beijing and Moscow to determine nothing less than the contours of world order; whatever its analytical merits, so sweeping an assessment risks producing a reactive foreign policy that avoids tradeoffs and projects anxiety

#### **What does your book tell us about the trajectory and future of U.S.-China relations?**

China is a formidable, multidimensional challenger that will likely possess the world's largest economy before the middle of the century. Even so, it is unlikely to achieve regional dominance, let alone global hegemony, for it is increasingly estranged from the advanced industrial democracies that still wield the preponderance of global power. Neither Washington nor Beijing can achieve a decisive victory over the other; they must instead accept a tense cohabitation, avoiding military confrontation and preserving a baseline of cooperation on transnational challenges.

**Got a book to recommend? Tell me about it at [pkine@politico.com](mailto:pkine@politico.com).**

Thanks to: Ben Pauker, Matt Kaminski, digital producer Andrew Howard, Nicolle Liu, Lara Seligman, Alexander Ward, Andrew Desiderio, Myah Ward and editor John Yearwood.

Do you have tips? Chinese-language stories we might have missed? Would you like to contribute to China Watcher or comment on this week's items? Email us at [chinawatcher@politico.com](mailto:chinawatcher@politico.com).

*Correction: Last week's China Watcher misstated Chinese Vice Foreign Minister **XIE FENG'S** title and the home state of **NELSON WELLS, JR.***

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