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SOCIETY AND THE MEDIA



On 14 May, thousands of parents in Nanjing gathered in front of the education authority building to protest about changes in the university admission test – the new quota system has met with heavy criticism.

Source: ImagineChina

More than a thousand lawyers request punishing offensive court policemen

On June 3rd, three court policemen assaulted Wu Liangshu, a lawyer in Nanning who was suspected of using his phone to record a dispute he was having with a court official. A photo showing the lawyer standing in front of the courthouse with ripped trousers and swollen face went viral on Chinese Social Media. So far more than a thousand lawyers across China have signed an [open statement](#) condemning the outrageous conduct of the court policemen and demanding swift punishment.

The lawyers also branded such perpetration as evidence of the lack of appropriate mechanisms to control abuses of power. Most Chinese netizens expressed sympathy for Mr. Wu. His story may well aggravate public distrust of Chinese policemen and act as a catalyst for devising measures to limit the powers of policemen.

Earlier last month, there was a report about policemen killing a young **scholar** in Beijing while they were carrying out unclarified tasks.

CN: <http://china.caixin.com/2016-06-03/100951279.html>

EN: <http://www.scmp.com/news/china/policies-politics/article/1966874/1000-chinese-lawyers-condemn-police-attack-after>

Twitter leak highlights concerns over data abuse

Growing numbers of Chinese are worried about how well their personal data is being protected. On 12 May, a person using the anonymous Twitter handle @shenfenzheng (in English “@personalID”) posted the ID card numbers and addresses of prominent Chinese citizens. Among the victims of the alleged leak were Ali Baba’s CEO Jack Ma and Fan Binxing, chairman of the Cyber Security Association of China (国网络空间安全协会). Fan is considered to be the architect of China’s system of Internet censorship, also known as the Great Firewall. It could not be verified whether the leaked data was authentic.

The anonymous user indicated that the action was intended to call attention to the poor protection of personal data in China. Dealing in this type of data **is forbidden in China**. However, it is “as easy to acquire as white cabbage”, according to the Twitter posting, which has since been deleted.

Even though awareness of data protection is still lower in China than in most other industrial nations, **sensitivity to the topic is growing**. One man **sued** the internet company Baidu for his “right to be forgotten”, but the case was dismissed in early May. Even so, there is a mounting debate in the official media about how to incorporate data protection **into existing legislation more effectively** and how to pursue infringements of the law more rigorously in the future.

EN: <https://www.techinasia.com/state-id-numbers-chinas-rich-powerful-including-jack-ma-fang-binxing-leaked-apparent-privacy-protest>

CN: http://www.huxiu.com/article/148802/1.html?f=index_hot_article

Discord in Hong Kong’s Tiananmen Commemoration Movement

Every year since 1990, on the anniversary of the violent suppression of the protests at Tiananmen Square on 4 June 1989, a Hong Kong civil-rights group known as the “Alliance in Support of Patriotic Democratic Movements in China” has called for a public commemoration of the event. Nonetheless, only about 1,500 participants – just half as many as last year – took part in the protest marches in Hong Kong last Sunday, events leading up to the 27th anniversary of the incident.

The low turnout was due in large part to an internal dispute within the Alliance: influential student unions at various Hong Kong universities decided to stage their own memorial events this year for the very first time. The student activists wanted to **organise their own gathering** on 4 June itself as well, the main topic focusing less on the Chinese past and more on the future of Hong Kong.

This decision was a slap in the face to proponents of the pan-democratic movement in Hong Kong, which is still dedicated to the goal of **building a democratic China**. Since the Occupy Central movement

developed in 2014, a new sense of local patriotism has emerged, especially among the current generation of students, with the objective of independently shaping the future of Hong Kong while keeping developments in mainland China at a distance. These disputes among Hong Kong's pro-democratic activists must seem a welcome development to the government in Beijing, with its inherently hostile attitude towards their objectives.

EN: <https://www.hongkongfp.com/2016/05/24/student-unions-to-hold-separate-tiananmen-massacre-commemorations-after-split-with-vigil-organisers/>

CN: <http://www.nanzao.com/tc/hk-macau-tw/15500059748a259/xiang-gang-liu-si-you-xing-ren-shu-jian-ban-you-xue-sheng-bei-ge-dan-yi-you-xue-sheng-zhi-chi>

THE EUROPEAN DEBATE ON CHINA

Europe's new-found unity on China

At the summit meeting of the G7 heads of government in Japan, European delegates were noticeably united as they delivered harsh criticism of China in their **closing statement**. Disconcerted by cheap imports from China, especially steel, the economic powers represented at the summit demanded a speedy end to "market-distorting measures". In addition, they said they "emphasize[d] the fundamental importance of peaceful management and settlement of disputes", meaning maritime conflicts between nations. This statement was intended to express support for the arbitration case initiated by the **Philippines** over its territorial disputes with China in the South China Sea. The PRC refuses to acknowledge the lawfulness of the proceedings, though, and has continued to build up its military presence in the region instead.

The Europeans' united stance on China at the G7 summit is remarkable, as individual EU member states often give priority to economic and trade relations with Beijing. As recently as March the EU failed to adopt a united stand on the human-rights situation in China.

But now, EU member states and EU institutions feel challenged by China's aggressive behaviour in the South China Sea as a threat to the **international order**. At the same time, the economic relations have run into problems as well, as Europe sees key industrial interests at risk through China's cheap steel exports.

The belief that a unified position vis-à-vis China is imperative in key political areas is gradually gaining acceptance within the EU. In March, for the first time ever, the joint diplomatic service of the EU succeeded in presenting a **statement on the South China Sea** that was unanimously supported by all 28 member states. In spite of on-going inner-European differences over whether the EU should recognise China as a market economy this year, there is growing consensus that the problem of **cheap Chinese steel imports** should be part of a solution to this complex issue.

Strong signals from EU institutions at the G7 summit are also drawing attention. Jean-Claude Juncker, President of the European Commission, addressed the heavy job losses in Europe as a result of unfair competition in the steel sector. He then announced **stricter trade protection measures against China**. In

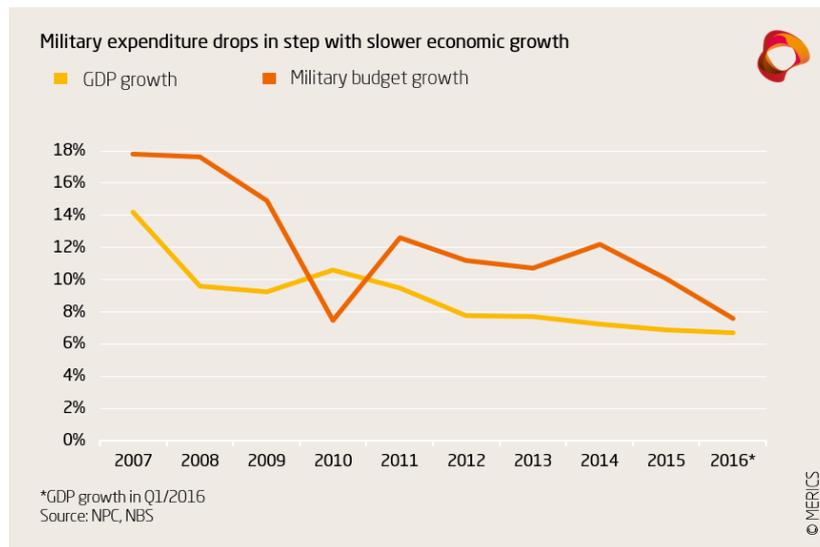
turn, Donald Tusk, President of the European Council, warned that security challenges from the South China Sea to eastern Ukraine could hurt “free and fair trade”. Tusk urged EU member states to be alert and ready to defend their values if necessary.

It remains to be seen whether Europe’s newly found unity vis-à-vis China will last. The EU’s reaction to the upcoming arbitration ruling in the South China Sea will be a test for this – as will the European Commission’s [recommendation on China’s market economy status](#).

EN: <http://www.reuters.com/article/us-g7-summit-idUSKCN0YH016>
CN http://news.xinhuanet.com/world/2016-05/27/c_1118946306.htm
EN <http://www.reuters.com/article/us-g7-summit-steel-idUSKCN0YI0IB>

POLITICS

Xi prepares PLA for slower rise in military budget



A military budget with double-digit growth rates will soon be a thing of the past in China. In an article published in the official PLA journal on 24 May, President Xi Jinping indicated this was unfeasible in view of the slower growth of the economy. Xi encouraged troops to take this new development as an opportunity to re-examine the purpose of military expenditure, adding that too much money was still being pumped into unnecessary infrastructure projects such as building military airports.

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Key aspects of military reform are currently receiving comprehensive coverage in official Chinese media channels. The predominant perception is that China’s national security is being threatened both at home and abroad, so the People’s Liberation Army should increase its readiness for combat dramatically. China’s leaders feel that the key to accomplishing this goal lies in closer co-operation between the individual military forces and in high-tech warfare capabilities.

In March the leadership announced that the military budget for 2016 would be increased by 7.6 per cent. This is a slower growth rate than in previous years, in keeping with the sluggish development of the economy on the whole. However, absolute military expenditure in the last 15 years has remained relatively constant at [approximately 1.9 per cent](#) of China’s gross domestic product.

CN: http://news.ifeng.com/a/20160512/48759993_0.shtml

EN: <http://www.scmp.com/news/china/diplomacy-defence/article/1953424/pla-budget-growth-slow-due-downturn-according-xi>

Arab countries back China in South China Sea

China's Foreign Secretary Wang Yi landed a diplomatic coup during a recent visit to the Middle East. In return for greater economic and political involvement in the region, the People's Republic will receive diplomatic support in its territorial conflict in the South China Sea. The participants at the Seventh China – Arab States Co-operation Forum (CASCF) in Doha issued a joint statement calling for a diplomatic solution to the territorial dispute.

Beijing has therefore won additional allies only a few weeks before an arbitration ruling is expected in the dispute between the Philippines and the PRC. The Chinese government rejects the proceedings as being unlawful. A number of countries including Afghanistan, Gabon and Cambodia have already pledged to support China in this international dispute. The declarations were preceded by sweeping promises of financial and economic commitments from Beijing.

The Arab countries now follow suit as a result of Beijing's growing economic and political influence in the region. According to the forum's action plan for 2016 to 2018, countries in the region can expect extensive Chinese investments and loans. China also wishes to become more active as a conflict mediator in the future.

CN: http://news.ifeng.com/a/20160512/48759993_0.shtml

EN: <http://www.shanghaidaily.com/nation/Many-Arab-nations-back-Chinas-stance-on-South-China-Sea/shdaily.shtml>

THE ECONOMY

Growing Problems with Chinese takeover plans

Chinese companies' desire to expand globally appears to know no limits. During the last two weeks in Germany alone, the robot manufacturer **Kuka**, the machine manufacturer **Aixtron** and the graphite electrode manufacturer **SGL Carbon** – three industry leaders in their particular fields – have all become targets of Chinese takeover bids. At the same time, instances of unsuccessful Chinese takeover plans are on the rise, which can have a negative impact in the medium term on foreign companies' willingness to accept Chinese offers.

Take Zoomlion, for example: China's largest construction machine maker withdrew its takeover bid for U.S. crane manufacturer Terex last Friday. According to information from Terex, Zoomlion was unable to provide enough proof it could really finance the buy. Zoomlion, however, claimed that the takeover had failed because the companies could not agree on a price. In addition to this, the Chinese State Administration of Foreign Exchange **publicly denied** having used currency regulations to prevent the planned transaction going through.

In March, the insurance group Anbang withdrew its bid for the US hotel chain Starwood Hotels without giving any specific reasons. Chinese media reported that China's insurance supervisory bodies **did not want to approve** the deal and are now **investigating** the funding of Anbang's activities abroad. There are also problems with the planned takeover of the Swiss agrochemical group Syngenta by the state-owned enterprise ChemChina in what would be China's largest foreign investment to date – the Chinese CITIC Bank, for example, reports having difficulty finding other banks to participate in a consortium loan to finance the takeover.

EN: <http://www.wsj.com/articles/chinas-zoomlion-abandons-pursuit-of-u-s-crane-maker-terex-1464348082>
CN: <http://money.163.com/16/0524/07/BNQIVTNI00252G50.html>

Apple invests one billion dollars in Chinese ride-hailing service Didi

IT giant Apple is gaining access to Chinese data on mobility and consumer behaviour: The US computer firm invested one billion USD in Didi Chuxing, China's leading service for hailing taxis online. With this move, Apple joins major Chinese internet companies such as Alibaba and Tencent, which place high hopes in Didi, a competitor of Uber.

Didi is China's most popular ride-hailing service online. Eleven million people in 400 cities arrange their daily travel by using this service. Over 14 million drivers are registered with the company.

Apple's investment has to be seen in the context of its interest in developing self-driving vehicles. . Didi's data resources would provide the company with insights into consumer behaviour in China's public transport sector – a valuable resource for customising future products for the Chinese market. The global IT leader dismissed signs of economic weakness or impending crisis in China. In a recent interview, Apple's CEO, Tim Cook, said he was extremely optimistic about the Chinese economy.

CN: http://tech.ifeng.com/a/20160513/41607733_0.shtml
EN: <http://www.reuters.com/article/us-apple-china-idUSKCN0Y404W>

GOVERNMENT AND THE INTERNET

China's digital healthcare system between innovation and state control

by Elena Klorer

Digital healthcare **is booming** in China. The main engines propelling this development are Chinese internet companies such as Tencent and Alibaba. In 2010, for example, Tencent founded the popular online portal **guahao.com** ("draw a number.com" in English). Doctors' appointments can be made online and there is an information database on general practitioners, specialists and hospitals. The treatment of patients is also changing because of this technology: **Ningbo Cloud Hospital**, which was launched in 2015, provides online video diagnoses, for instance. Patients can obtain high-quality medical advice this way without having to see a doctor. They can also avoid long waiting hours at practices and clinics.

There is a huge demand for telemedicine of this kind. This is especially true for the rural population in remote areas of China where good medical care is often hard to find.

The Chinese state is a strong promoter of the development of digital medical care. Plans to combine IT and healthcare have existed since 2009. **2015 marked the launch of numerous pilot projects in Ningxia, Yunnan, Tibet, Guizhou and Inner Mongolia** to test the use of telemedicine for remote diagnoses via the internet. The development of digital health services is also one of the central items of the **current reform of the healthcare system** and is referred to in the 13th five-year plan.

Private technology firms are essential to implement the plans, but their interests do not always align with the state's objectives. Companies such as Tencent and Alibaba view digital health services primarily as a lucrative business field. They are developing the market quickly and independently with their innovative services. The government supports this development, but it also fears losing control over the fragile market.

These concerns are not unfounded, as the scandal surrounding the death of a Chinese student with cancer shows: he resorted to a questionable form of therapy he learnt about on the **Chinese search portal Baidu**. The government has ordered an investigation of the case. This is not the only example: early in 2016, Chinese authorities **put a stop to** Alibaba subsidiary AliHealth's system of testing the authenticity of medicines. Yet internet companies still make every effort to find new business opportunities in the health sector. AliHealth recently announced that it plans to launch a revamped testing platform in June.

The government and technology companies have entered a competition over innovation and control. Currently, it is unclear who the winner will be. What is certain, however, is that China can greatly benefit from digital healthcare, as long as companies do not abuse consumers' trust and as long as they succeed in guaranteeing high-quality health services in the future.

EN: <http://www.telegraph.co.uk/sponsored/china-watch/technology/12190285/smart-healthcare-China.html>
CN: <http://finance.sina.com.cn/roll/2016-05-03/doc-ifxrtztc3151001.shtml>

THE LATEST FROM MERICS

Latest blog posts

- **China's rocky road to a high-income country** by Rolf J. Langhammer
- **Growth alone can't conquer poverty in China** by Matthias Stepan and Sebastian Heilmann
- **German style environmental policy implementation won't work in China** by Ting Guan
- **China drops anchor in Mediterranean ports** by Christina Lin
- **Family planning in China: more children, not more rights** by Elena Klorer
- **Midea's bid for Kuka: Is Germany's Industry 4.0 for sale?** by Jost Wübbecke
- **Why the EU should use the OSCE to engage China on security issues** by Jan Gaspers and Mikko Huotari

- [Shrinking dollar reserves signal China's growing global integration](#) by Rolf J. Langhammer

Latest Podcasts MERICS Experts

- **With Han Dongfang:** [“Press freedom - China cannot impose draconian controls forever”](#)
- **With Thomas Eder:** [“South China Sea tensions: not for Europe to ignore”](#)
- **With Shawn Shieh:** [“The door for international NGOs remains open”](#)
- **With Daniel Leese:** [“The Legacy of the Cultural Revolution”](#)

MERICS in the media

- [Meeting Halfway](#), Jan Gaspers and Mikko Huotari in Berlin Policy Journal (17 May 2016)

Forthcoming events in Berlin

- Thursday 9 June 2016: [China Lounge](#) with Mike Fuchs, Center for American Progress on [“U.S. elections and American China Policy”](#)
- Thursday 23 June 2016: [China Dispute](#) „The Xi Jinping Challenge: Will Top-Down Leadership Achieve Political Stability in China?”

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