



China: The Next Phase in the New Thirty Years War

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Executive Summary

- * Around the turn of 2020, slightly over a year after it was originally declared, the New Thirty Years War (2018-2049) is being escalated anew by the Forbidden City.
- * The current escalation is the outcome of a profound development in the Chinese world view - particularly the perception of HOW China should manage and conduct its historic ascent to becoming the global Hegemon comes 2049. China must seize the initiative and go it alone while expecting active US resistance and growing confrontation. The new policy constitutes a sharp divergence from the Chinese traditional reticence to make waves and offend interlocutors.
- * The Forbidden City can no longer tolerate the White House's efforts to dominate the bilateral relations and hence resolved to adapt these relations in China's own priorities and interests. The Phase One trade deal will have no tangible impact on the deterioration of Sino-US relations. Beijing is expecting a Cold War and worse to evolve starting 2020.
- * Xi Jinping was accorded new powers and unprecedented posture to lead China to an historic triumph in the New Thirty Years War irrespective of the US-imposed escalation.

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Analysis

Around the turn of 2020, slightly over a year after it was originally declared, the New Thirty Years War (2018-2049) is being escalated anew by the Forbidden City.

The current escalation is the outcome of a profound development in the Chinese world view - particularly the perception of HOW China should manage and conduct its historic ascent to becoming the global Hegemon comes 2049.

This development is the direct outcome of Washington's conduct of US-China relations since the G20 Summit in Buenos Aires back in December 2018. The Forbidden City could no longer tolerate the White House's efforts to dominate the bilateral relations and hence resolved to adapt these relations in China's own priorities and interests. Beijing is expecting a Cold War and worse to evolve starting 2020.

The development of the China-US trade relations

The dominant issue between China and the United States is not the trade/tariff negotiations. In Winter 2019/20, these negotiations are dominated by the efforts to reach the Phase One interim deal. Although President Donald Trump announced on 31 December 2019 that he would sign the Phase One at the White House on 15 January 2020 - Chinese senior officials continue to warn that there are still major hurdles to be overcome. On 6 January, Beijing informed Washington that Liu He and the Chinese trade delegation were expected to arrive in the US on 13 January and return to Beijing on the 16th/17th. Whether they'll sign the Phase One on the 15th as promised by Trump will depend on the conclusion of the last-minute discussions in Washington. "There is still uncertainty regarding when China and the US will sign the phase one trade agreement as final details remain to be worked out and other complicating factors have arisen, such as the escalating conflict between the US and Iran," observed Wang Cong in the *Global Times*. Indeed, on 10 January, Trump clarified that the Phase One deal might be signed either on the 15th or "it could be signed after."

Chinese senior officials have long stressed that, in principle, Beijing is most interested in a speedy conclusion and signing of the deal. However, Beijing will not compromise on Chinese long-term interests in order to expedite the Phase One deal. A January 6 Editorial in the *Global Times* warned that "failure of the Phase One deal could plunge the most consequential relationship into another conflict and the world economy into further disarray." Another *Global Times* Editorial warned that "long-term mechanism" remained the focus of the trade talks. "It is clear that the world's two largest economies are far from the end of their trade talks, and a global trade pattern has yet to be determined." Chinese senior officials noted Trump's eagerness to sign the deal with a relatively low-level Chinese official and not wait for a summit meeting with Xi Jinping.

Concurrently, China has started to take major steps to distance Beijing from Washington. For example, Xi Jinping was scheduled to participate in the Davos gathering and was expected to deliver a major speech on multilateralism and Eurasian economic cooperation. However, once Trump



announced his participation and once US negotiators started pressuring the Chinese to have a major friendly meeting between Trump and Xi Jinping (where the Chinese would publicly commit to improving trade relations) and then a signing ceremony (even if the Phase One agreement was not fully formulated) - the Chinese cancelled Xi Jinping's participation in Davos. Beijing is petrified about US "surprises" and "sandbagging". On 11 January 2020, Zhou Xin wrote in the *South China Morning Post* that "Xi Jinping rejected proposals for a bilateral meeting with Donald Trump after the APEC summit in Chile was cancelled in November" in order to avoid a signing ceremony. Instead, the last "frantic three months in US-China relations will culminate in Liu He's trip to Washington" as Chinese "analysts point to more choppy waters ahead."

The crux of the Phase One trade deal has long been agreed upon. Both sides agreed on a vastly expanded Chinese purchase of US agricultural goods - for a total of between 40 and 50 billion Dollars. The pace of purchasing is scheduled to peak in September-October 2020 - that is, optimized to help Trump's 2020 presidential campaign. Both sides agreed, in principle, on the reduction of tariffs - but there are disagreements over who will reduce/slash what. Beijing is convinced that these differences can be bridged with a little bit of good will on both sides. For Beijing, the real issues preventing the conclusion of the Phase One deal, and for that matter also a comprehensive long-term deal, are the US insistence on (1) preventing the Chinese from reaching scientific-technological self-sufficiency, particularly the Made-in-China 2025 program; (2) being able to intervene in sovereign internal Chinese issues such as domestic fiscal-economic policies and currency regulations; and (3) being able to escalate the war on Huawei and other Chinese entities with impunity. The Forbidden City cannot, and will not, compromise on these issues.

The most important outstanding issue between China and the US

For the Forbidden City, however, the most important outstanding issue between China and the US is where the long-term bilateral relations are heading. Trump's Washington seems oblivious to Beijing's focus and concerns. Chinese senior officials describe the year-long relations and negotiations with the Trump White House as a most distressing experience. The US negotiators keep obfuscating, as well as keep changing and/or reneging on, agreed upon terms and core issues. The US negotiators also keep changing positions on key issues, as well as keep reneging unilaterally on agreed upon texts and phraseology. Washington insists on conducting the negotiations in the English language and translating the texts to Chinese - translations the Chinese find inaccurate, misleading and tilted. The Chinese negotiators are most distressed, however, by the US total disdain toward Chinese heritage, traditions, history and national aspirations. The US negotiators expect Beijing to disregard and give up on what the Chinese consider to be sacred issues in favor of expediency and commercial instant gratification largely for the US. The Chinese senior officials stress that this state of affairs cannot, and will not, be permitted to last.

Moreover, it is this US refusal to address the issues that are quintessential for China that not only prevents any progress - but expedited the eruption of the current crisis. The US negotiators had been



informed from the very beginning of the discussions about a possible interim deal that for Beijing the crux of any such deal is the elimination of US interference in Chinese internal affairs (from Renminbi/Yuan valuation to Made-in-China 2025 to Huawei), and that in return China will be most generous in terms of purchasing US goods and removing tariffs. Washington agreed to these principles but has been both ignoring and undermining the Chinese demands from the very beginning. By late 2019, the Chinese senior officials warned, the Forbidden City has lost faith and patience.

The aggregate outcome of the trials and tribulations of 2019 is that both Xi Jinping and his inner-circle, and the institutional Forbidden City, are now convinced that the position of the legalist-nationalist camp - the “hard liners” or the “hawks” - is correct. Namely, Beijing has resolved that there is nobody to talk to in Trump’s Washington when it comes to quintessential issues of historic significance. For Beijing, the entire relationship with the US is but instruments aimed to expedite both the redemption of China from the Century of Humiliation (1839-1949) and the ensuing historic ascent of China to becoming the global Hegemon comes 2049. The essence of what the Chinese media calls “Xiplomacy” is “maintain [the] Long March spirit, rejuvenate [the] Nation” - that is, overcome all hardships to become Hegemon.

Hence, the Forbidden City resolved, China must seize the initiative and go it alone while expecting active US resistance and growing confrontation - from the quest of economic stifling, to strategic containment, to a new Cold War and even to the possibility of a shooting war. For the Forbidden City, the likelihood of the New Thirty Years War escalating to an actual war has markedly increased in late 2019. Furthermore, the only way Beijing could prevent this military escalation is through the aggregate impact of a myriad of assertive, even audacious, political-economic initiatives that will deprive the US of key alliances and assets, and will ultimately put the US on the defensive.

This is a profound departure from the long traditions of Chinese timidity - namely, the penchant for reaching compromises and not making waves. This erstwhile political-economic approach has been practiced and advocated mainly by the Western-educated new elites who are focused on economic growth and social development - the so-called “moderates”. Simply put, Trump’s Washington has succeeded to alienate the leadership sector most inclined to come forward and compromise with the US on both economic and political issues.

The evolving Chinese policy constitutes a sharp divergence from the Chinese traditional reticence to make waves and offend interlocutors. Beijing has long been apprehensive about sudden moves and changes of direction. Beijing followed Deng Xiaoping’s instructions to “hide your strengths, keep a low profile”. In the past, this attitude was manifested in the repeated statements and assertions by Chinese senior officials, as well as members of the academia and the media, about the inherent supremacy of the US and that China has no intent to challenge the unique stature of the US. Such statements are now being made rarely and with the caveat that this gap cannot contain or block the historic ascent of China.



Key speeches and major events in the CPC

Xi Jinping and the Forbidden City are cognizant of just how profound the transformation of the conduct and implementation of Diplomacy is going to be. Therefore, in the last few months of 2019, Beijing used key speeches and major events of the CPC in order to introduce the principles of the transformation in an authoritative manner. Most important were Xi Jinping's speeches at the 70th Anniversary of the PRC on 1 October, and on the New Year eve on 31 December 2019. Both speeches sandwiched two formal events. First came the Fourth Plenary Session of the 19th CPC Central Committee that took place in late October. The CPC formulated and legalized the tenets of the transformation in this meeting - a most important element for the Legalist world view of Xi Jinping and the Forbidden City. Then came a Politburo meeting in late December 2019 that markedly boosted the power and influence of Xi Jinping as a unique leader in China's modern history.

In his 1 October speech, Xi Jinping emphasized the historic transformation of China and the commitment to the historic ascent of China. He did so in more assertive language than usual. "No force can ever undermine China's status, or stop the Chinese people and nation from marching forward," Xi Jinping asserted. "Seventy years ago, on this day, Comrade Mao Zedong solemnly declared here to the world that the PRC was founded and the Chinese people had stood up. This great event completely reversed China's miserable fate born from poverty and weakness and being bullied and humiliated over more than 100 years since the advent of modern times." The establishment of the PRC was only the beginning of a still unfolding historic transformation, Xi Jinping explained, for "the Chinese nation has since then embarked on the path of realizing national rejuvenation." Given the all-out effort at furthering rejuvenation in the recent years, Xi Jinping concluded, "China will surely have an even brighter future."

The Fourth Plenary Session of the 19th CPC Central Committee took place in the last week of October. After four days of deliberations, the CPC issued a lengthy, detailed and concrete plan for the ascent of China to the next phase of good governance and prosperity through the further strengthening and legitimizing of the Party's leadership. The title of the document is "A decision on some major issues concerning how to uphold and improve the system of socialism with Chinese characteristics and advance the modernization of China's system and capacity for governance". The CPC vowed to "achieve notable improvements in the Party's ability to govern" by 2021 (the CPC's centenary), and then to continue "modernizing [the CPC's] system and capacity for governance" that the CPC will "basically achieve" by 2035 and will "fully realize" by 2049 (the PRC's centenary).

In view of the current world situation, the CPC stressed anew the imperative of "the absolute leadership of the CPC over the military". The CPC also emphasized the imperative to "uphold law-based governance". Both issues are high priorities of Xi Jinping. The CPC document introduced numerous terms of significance that are now being used frequently. The overall Party ruling and governance are referred to as "the Reign of China" - a term derived from Imperial-era terminology. The document made several references to progress and achievements "in the new era" of China, and



repeatedly noted that the CPC's new program will take China into "a new realm" of glory. The CPC document concluded by emphasizing the historic significance of the current era. "These [CPC] systems are able to push for the continuous progress of the country with nearly 1.4 billion people and ensure the realization of the two centenary goals toward the rejuvenation of the Chinese nation, which has a civilization of more than 5,000 years."

The power of Xi Jinping was boosted in the last week of December 2019 in a two-day meeting of the 25-member strong Politburo. Jun Mai explained in the *South China Morning Post* on 1 January 2020 that although Xi Jinping was not accorded "any specific new power" at the meeting, there are strong indications of his markedly elevated posture. Significantly, Xi Jinping was referred to as "the People's Leader". This is a unique accolade that has so far been used solely in reference to Mao Zedong. "It seems that [the new title] aims to put to rest any negative discussion about his leadership," Zhang Lifan, a Beijing-based political commentator, told Jun Mai. "This is a title once used by Mao and no one else ... so Xi is now being put on a par with Mao."

On 9 January 2020, Katsuji Nakazawa analyzed in Japan's *Nikkei* the overall significance of this Politburo meeting in the evolution of the Chinese leadership. "In details carried in the Chinese language report by Xinhua News Agency, but not in the English article, the Politburo summarized the current times as a 'once in a hundred years' period of great change. To face the complex risks at home and abroad, the report said Chinese President and Party General Secretary Xi Jinping is 'standing on a high place looking out, taking in the overall situation, has made a series of important scientific judgments and put forward a series of major strategies,' and has shown a 'superb skill in the art of political leadership.' ... The underlying logic is that to cope with a once-in-a-century crisis, an outstanding leader who appears only once a century is needed," Katsuji Nakazawa concluded.

Indeed, Chinese senior officials now assert that Xi Jinping's leadership is "powering the ship of national renewal to reach the destination." Xi Jinping's unique leadership has already had profound impact on the whole of China, they explain. "The Chinese nation has realized a tremendous transformation: it has stood up, grown rich and is becoming stronger."

Echoing the Politburo's reading of the overall situation, Xi Jinping stressed the uniqueness of the current times in his 31 December New Year speech. "The year 2020 will be a year of milestone significance," he declared. The accomplishments of 2020 will enable China "to achieve [in 2021] the first centenary goal of building a moderately prosperous society in all respects." Xi Jinping noted that China is currently undergoing "both peaceful and eventful times in history." In confronting these turbulent times, he said, "we are not afraid of winds and rains/storms, or any kind of dangers and difficulties/barriers." Xi Jinping returned to the frequent theme of revisiting the roots of the Chinese Revolution as inspiration for enduring and overcoming the current challenges and difficulties. "Our original aspiration and mission are our inexhaustible source of motivation during our Long March of the new era," he declared. At the same time, China has already emerged on the world scene as a "responsible power" committed to "better global governance and growth" beholden to China's own



interests. This posture, Xi Jinping explained, already facilitates China's "return to prominence" in the world.

Meanwhile, there are also growing hostility toward, as well as mistrust of, the US and the US-led West. As part of the Year of Europe initiative, China is ready to give Europe and/or the EU the benefit of the doubt to move from under the US umbrella and the widespread acceptance of US leadership. At the same time, however, there is a growing preoccupation with the Century of Humiliation as caused primarily by European colonialism (although Japan's role is also emphasized), and pronounced resolve to reverse and erase all vestiges of the Century of Humiliation. In this context, Europe is given the opportunity to atone for the sins of the past and contribute to the Chinese-led drive to irrevocably eradicate this legacy. Many contemporary challenges facing China are presented as vestiges of the Century of Humiliation and not just current challenges. Significantly, Taiwan is now presented not only as an incomplete task of the Civil War made possible by US intervention, but also as a vestige of the Century of Humiliation (specifically, the 1894-5 war with Japan).

In embarking on this endeavor - now referred to by Chinese commentators as "the awakening of the China Dream" - Xi Jinping and the Chinese leadership enjoy unprecedented genuine grassroots support. And the grassroots support keeps growing despite the hardships affecting everyday life (as manifested in higher pork prices - the aggregate outcome of almost stopping imports from the US and Canada and the impact of the African Swine Fever on the Chinese pork growers). There is a mammoth and rapid growth of the "patriotic consumption" movement that focuses on purchasing Chinese-made products of importance (including Huawei phones, cars, apparel, cosmetics and even beer) and de-facto boycotting brand-name products mainly from the US, but also South Korea, Japan and other nemeses.

There is also an increase in patriotic vacations and internal tourism that are aided by newly available fast trains and subsidies for hotels. Large groups of tourists visit such places as the cradle of the revolution in Yanan that is associated with the Long March of the 1930's (that is being presented as the forerunner of withstanding the current hardships), Longyan where the Gutian Meeting that established the PLA as an instrument of the Communist Party took place in 1929 (with the Party now advocating the "new spirit Gutian" as guidelines for further politicization of the PLA), and Hainan Island on the shores of the South China Sea (where there are ceremonies of commitment to the current Chinese claims to the Nine-Dash Line).

Taken together, these patterns denote intensified patriotic fervor, commitment to expediting the ascent of China, and willingness to endure personal and/or family hardships for this sacred cause. Hence, the Forbidden City emphasizes the genuine grassroots empowerment of Xi Jinping, as well as the Party's and the PLA's elites, to pursue the ascent of China at any cost.



China's intent to lead

Senior officials in the Forbidden City are open about China's intent to lead - initially in Asia and the Eastern Hemisphere, and then beyond. Beijing committed to accelerating and expediting the implementation of the "glue" and "driving force" vision as formulated during 2019 more proactively. The officials cite Xi Jinping explaining, in late December, that "today's world is undergoing profound changes unseen in a century. The more complicated the situation is, the more we need to maintain strategic resolve and adopt a forward-looking vision that takes the overall situation into consideration."

According to the Forbidden City, China has already emerged as the "glue" that holds the world together. Being the global economic engine, China increasingly connects the North and the South. A majority of states in both North and South already gravitate toward China. The reasons differ and are driven by current developments. The aggregate resultant dynamic amounts to the revival of the historic way of doing things - the tributary system. China is thus returning to the heritage-driven principles of regional and global ascent - that of a Middle Kingdom serving as the unique instrument for bringing the universe together. Simply put, explain Chinese senior officials and experts, China is emerging as the global glue that holds the world, or at least the Eastern Hemisphere, together despite the rise of global instability and US hostility. This mega-trend will markedly intensify and expand in the coming decades. Consequently, China will have accumulated global power and widespread recognition as the global Hegemon.

Under such global circumstances, Beijing felt confident enough to raise for the first time the possibility of China being a leader on the international scene - first in Asia and ultimately the world. On 12 December 2019, Li Qingqing predicted in the *Global Times* that "China will lead a new Asian order - 'Asian century'." With the center of global economy shifting from the West to East Asia, "China and other Asian countries should seize the historic opportunity, focus on their own development and try to let Asian countries have a larger say in the world. When Asian countries stop following the West, the real 'Asian century' will begin. China is the most important and the fastest-rising country in Asia. As the world's second largest economy, China will play an important role in building a new Asian order and maintaining peace and stability in the future."

Subsequently, Chinese officials were quick to note that several international experts endorse this vision. Most influential is a syndicated column by Professor Kishore Mahbubani (formerly Singapore's UN Ambassador and the author of the 2018 book *Has the West Lost It?*) reprinted by Chinese media, including the *South China Morning Post* and the *China Daily*, in late December. Mahbubani wrote that the winter of 2019/20 is witnessing profound global transformations. "The biggest global change has been the start of the 'Asian century'. Today, Asia is home to three of the world's top four economic powers (in purchasing power parity terms): China, India and Japan. The region's combined gross domestic product exceeds that of the United States and of the European Union." China emerges as the undisputed leader of the "Asian century" on account of its huge economy and international



reach. “The US is no longer even the most globalized power; that title now goes to China,” Mahbubani concluded and Beijing endorsed warmly.

The Forbidden City reiterated Mahbubani’s key observations. On 31 December 2019, the *People’s Daily* published an article by Guo Jiping (a pen name used for authoritative statements on major international issues) that urged “grasping the historic opportunity for common development of China and the world.” The world is transforming and entering a new era of global dynamics. “At present, the world is undergoing profound changes unseen in a century, as economic globalization becomes an unstoppable trend while unilateralism and protectionism pose as the counter-currents.” China is emerging as the leader of this transformation because “the world is confident about the Chinese economy.” However, the article stresses, China is most qualified to assume this leadership role on account of its historic heritage that provides precedents to be emulated by all. “China is a 5000-year-old oriental civilization, as well as a socialist country that has achieved glorious achievements through the past 70 years of hard work.” Furthermore, China’s aspirations and ascent serve the self-interests of most of the world and therefore China’s leadership is to be embraced. “The Chinese dream is closely connected with the world dream, and the period of strategic opportunities for China’s development is also a period of strategic opportunities for China and global partners to develop together.”

Beijing argued that Xi Jinping’s statement about the uniqueness of 2020 denoted the growing role and influence of China in world affairs as China embarks “on its new journey” in the new year. “China [will] fearlessly make new progress in [the] new era,” explained He Yin in a 3 January 2020 article in the *People’s Daily*. “Entering 2020, China’s resolution and effort will pay off and amaze the world. What’s been achieved in the past will always find a way to shine in the future.” He Yin stressed the global ramifications of this drive. “As the world is undergoing the greatest changes in a century, China ... offers new energy for the building of an open world economy, serving as a cornerstone to protect multilateralism and the democratization of international relations.”

In a 30 December 2019 article in the *Global Times*, Yang Sheng explained that China’s new role goes beyond economic issues. “China [is] to stabilize [an] uncertain world,” he wrote. “In 2020, more unpredictable incidents will happen or are likely to happen, including the upcoming Brexit, proxy war in Libya, uncertain Korean Peninsula situation and the intensive US presidential election.” These developments will adversely affect the entire world. However, China will be in a unique position to help the entire world because of its evolving global posture. “China is facing challenges and difficulties just like other major powers in the world, but China is also going to realize more historic goals next year, ensuring its economic development as well as instilling stability into the region and the world,” Yang Sheng wrote.

The next day, 1 January 2020, the *Global Times* Editorial identified 2020 as the lead year of a decade in which “China and the 2020s won’t fail each other”. The coming year is the threshold separating the old and the new. “The year 2020 is an important link between the past and future for China. The



Chinese people will be more confident if we handle affairs properly in 2020. China's rapid development has not run out of luck, but is the fruit of its strong political system. China and the 2020s - the new decade - won't fail each other." China's influence will continue to grow despite the growing global instability. "As we enter the third decade of the 21st century, where will the world and China go? The uncertainties of the future are certain, but the world will face more uncertainties than China." The Editorial acknowledges that "for China, 2020 and the 2020s mean both opportunities and challenges. Western public opinion has been focusing on China and the US conflicts despite relaxed trade tensions and China's growing economy and financial risks." In lieu of the escalating trade war with the US, "China will focus on the domestic market in 2020 as well as the entire 2020s. Outside pressure cannot stop the country advancing." But this reality cannot negate the overall ascent of China in the coming decade.

China's foreign and economy policy priorities in the 2020s

The emerging foreign and economic policy priorities for the 2020s clearly reflect the decision to adapt the pursuit of China's long-term policies to prevailing conditions and a more pronounced Chinese character. Hence, the Forbidden City anticipates more robust implementation of existing policies in manners based on heritage priorities and practices. At first, Beijing will focus on regions near China that were within the tributary space throughout history - that is, the Korean Peninsula, Southeast Asia, Central Asia and Japan (the latter an historical objective that was never materialized). The next circle of influence includes the Pacific (including Australia and New Zealand), India, the Middle East, Europe and Africa. The pace of China's consolidating of influence will depend on expediency. China is ready to leave some objectives for a more distant future should steadfast opposition be encountered. In principle, China seeks the instituting of a contemporary version of the tributary system of relationships in the context of the overall vision of China as the glue and driving engine of the rejuvenated Eastern Hemisphere as defined during 2019.

The evolution and changes are already apparent in East Asia. For example, in the December 2019 Beijing summit with South Korea and Japan, both Japan's Shinzo Abe and South Korea's Moon Jae-In acknowledged that China is the only power capable of interceding with North Korea in order to restore the process of regional integration and absorption into the New Silk Road. After the summit, Japanese senior officials noted that all scenarios for future conflicts in East Asia have to be reassessed and take into consideration "an increasingly dominant China." In the above *Global Times* article, Yang Sheng echoed Beijing's position. "China's participation and mediation in the peace process of [the] Korean Peninsula is the key to safeguarding the peace of the region and also a reason why provocations between Pyongyang and Washington didn't escalate," he stated, adding that "China will keep playing this role in 2020." Simultaneously, China and Russia openly challenge the US position through the sanctions' initiative at the UN.

In the greater Middle East, and particularly the Persian Gulf, China finds itself increasingly embroiled in the pursuit of vital interests - mainly energy supplies that constitute half of China's hydro-carbon



imports - and against US efforts to banish China from the region and its hydro-carbons. There is therefore urgent imperative for China to calm the greater Middle East in order to secure oil and gas supplies. "As [the] US creates chaos, China must maintain stability," wrote Yu Ning in an 8 January 2020 *Global Times* article. "The Middle East will become even more unstable this year. China's ability to maintain stability and development momentum will be tested amid turbulence created by the US in the Middle East."

Yu Ning emphasized that the US anti-China face-off in the Middle East is part and parcel of the US global effort to contain China. "China must clearly bear this in mind - the US is adept at creating trouble in China's peripheral region or areas where China has great interests. Its aim is to thwart China's development by implicating China or even dragging China into military clash. The US-Iran conflict fits into this tactic because China has big and growing reliance on energy from Iran and other Mideast countries, which makes it vulnerable to regional strife and turbulence." Chinese reaction must correspond to the scope of the challenge. "China must see through the US' real intention of escalating tensions with Iran and messing up the Middle East. China has urged calm as geopolitical tensions escalate in the Middle East, which shows it's a responsible power."

Indeed, Beijing perceives the US escalation against Iran to be first and foremost part of the effort to contain China by depriving it from access to the Persian Gulf and its hydro-carbon resources. An 8 January 2020 article by Ann Lee in the *South China Morning Post* highlighted the extreme anxieties prevailing among officials in Beijing. "The real target of the US assassination of Iranian military leader Qassem Soleimani - China," Ann Lee asserted. "The US has been trying to provoke China into a military conflict since 2013 through the South China Sea, Taiwan, North Korea, Xinjiang and recently Hong Kong," she explains. The current US-driven crisis in the Persian Gulf is the next phase in this saga. Consequently, "China will not be able to avoid being dragged into a war over Soleimani's assassination" because the assassination "may actually be a strategic provocation against China." The US is right to fear China's presence in the Persian Gulf, Ann Lee stresses. "China is the only country that could soon displace the US as the largest economic power, which often means that political power will follow. Seen from this framework, Trump's move is a carefully calculated provocation of China, one that brings us closer to breaking the camel's back."

Therefore, warns the 10 January 2020 Editorial in the *People's Daily*, the situation will only deteriorate. "In the long run, the US still needs a chaotic Middle East where no regional country is allowed to play a dominant role." China will have to go to great length to confront and address these challenges.

To further the Chinese interests in the greater Middle East, China maintains close cooperation with Russia on security issues and both countries increasingly rely on Iran for on-site dynamics - from the reconstruction of both Syria and Iraq to the late December 2019 tripartite naval exercise (of Iran, Russia and China) in the Gulf of Oman and the Arabian Sea that aimed to demonstrate who are the real bosses in the region. At the same time, China is also reaching out to Saudi Arabia and the Gulf



Emirates as the commonly accepted objective great power and preferred mediator vis-a-vis Iran. Toward this end, the Chinese Navy conducted, in November-December 2019, a lengthy naval exercise with Saudi Arabia called 'Blue Sword 2019' in the Red Sea off Jeddah. China is also selling strategic weapon systems to Saudi Arabia and the Gulf States, including ballistic missiles and strike UAVs, in lucrative terms and for payment in oil and gas.

Ultimately, Iran is the key to China's regional interests on account of Persia's historic role in the Silk Road. This tenet dominates Beijing's position in the unfolding Iran-US crises in the Persian Gulf and the Middle East. China is 100% behind Iran - although not publicly. On 8 January 2020, Wendy Wu observed in the *South China Morning Post* that "Beijing will not change its commitment to bolstering its partnership with Tehran, despite the spike in geopolitical tensions" - that is, the escalating confrontation with the US. This was clarified to official Tehran in no uncertain terms. "No matter how the global and regional situations have changed, China's determination to develop a comprehensive strategic partnership with Iran will not change," the Chinese Ambassador to Iran, Chang Hua, assured Iranian leaders.

China increased the commitment to, and cooperation with, Iran during 2019. Beijing and Tehran signed a myriad of 25-year-long security and defense agreements in recent months. Most of them remain secret. The general gist of these agreements is that in return for Chinese political patronage, weapons sales, military technologies and overall sustenance of the Iranian economy, Iran guarantees huge supplies of subsidized oil and gas (via Russia and Central Asia) and permission for preferable use of an on-land link between Gwadar (a Chinese port/base in western Pakistan) and the nearby Shah Bahar/Konarak seaports and the railway line from there all the way to St. Petersburg. Moreover, back in 2018 both Russia and China guaranteed Iran that they will not permit the overthrow of the Mullahs' regime - which has emboldened Iran.

As well, China and Russia are near completion of huge long-term deals with Syria on post-war reconstruction in return for favorable use of its territory to extend the new Silk Road railway and pipelines from Iran, via Iraq, to the shores of the Mediterranean. Arab senior officials are in complete agreement that the construction of the Iran-Iraq-Syria system of railways, oil and gas pipelines is going ahead despite the growing crisis in the region. Iran is the guarantor of security for the endeavor in cooperation with Iraq, Syria and Lebanon's HizbAllah. As part of its new regional activism, China already began delivering sophisticated weapons, including air defense systems, to Syria via Iran.

China also has huge long-term oil-for-construction deals with Iraq that were recently negotiated with Iranian help. Most important is the 20-year oil-for-infrastructure deal that was concluded in September 2019 during the visit to Beijing by Iraqi Prime Minister Adel Abdul Mahdi. These agreements are part of consolidating the growing Chinese influence in both Iran and Iraq. Beijing considers both countries as a singular bloc the development of which will have far-reaching impact on the Chinese economy. The key element of the Chinese grand design is to formulate and implement a centralized plan for the rehabilitation of the oil and gas production in both Iran and Iraq so that



steady supplies are guaranteed despite the massive construction. As well, China will get economic incentives from both countries to build several factories that will provide badly needed employment. Chinese companies will also oversee the construction of an integrated system of national infrastructure - mainly ports, roads, railroads and power lines. China will be paid for these undertakings with deeply discounted oil and gas - which means preferential access to huge quantities.

Iraqi senior officials acknowledge that they are cognizant that US is ready to go to great length to banish China from the Persian Gulf - thus confirming the Chinese apprehension about regional confrontation. The most recent escalation in the US-Sino struggle over Iraq is most dramatic. "After my return from China, Trump called me and asked me to cancel the agreement, so I still refused, and he threatened me with massive demonstrations that would topple me," Abdul Mahdi recently told confidants. And so it was. Although the ongoing riots in Iraq were originally launched by Shiite loyalists of Moqtada Sadr - they were soon taken over by uncontrollable armed elements, some of them Sunni, with huge quantities of cash they claim they received from Saudi Arabia (a notorious front for funding by the CIA). These rioters demand the toppling of the government and refuse any negotiations. Although Abdul Mahdi was forced to resign and is now serving as a caretaker Prime Minister - the riots continue with the rioters now demanding that he leaves office immediately and even before new elections take place.

China and the "Year of Europe"

Meanwhile, back in the second half of November 2019, the Forbidden City resolved that 2020 will be "the Year of Europe" and "the Year of the EU". The quintessence of Beijing's decision is moving the focus of China's political, economic, scientific-technological, commercial and fiscal activities from the US to the EU. Toward this end, China is offering the EU guarantees and assurances for compensations of any harm and/or losses incurred from current and future US sanctions. Beijing is anticipating a marked expansion of economic relations and overall improvement of strategic-political cooperation with the EU. The initiative will be personally supervised by Xi Jinping. Wu Hongbo, the Special Representative for European Affairs, is directly in charge of interaction with Brussels and the implementation of on-going tasks.

Beijing has high expectations for 2020 because Germany will hold the Presidency of the Council of the European Union during July-December 2020. German Chancellor Angela Merkel considers the German Presidency her last opportunity to determine the long-term path for Germany and Europe as a whole - thus defining her own role and legacy in history. She believes that China constitutes the sole viable key to the long-term saving and modernizing of both German and European economies. Hence, Berlin will do what it takes to deliver the new era of EU-China cooperation. Indeed, Merkel will host the crucial Sino-EU 27+1 Summit scheduled for September in Leipzig where Xi Jinping and all EU leaders are expected to sign several milestone agreements heralding a new era in close relations and cooperation.



The Huawei challenge hovers above this process. Chinese senior officials have repeatedly asserted that “5G is the touchstone for China-EU and EU-US ties.” Beijing insists that for the anticipated Chinese saving of the European economies to succeed - all outstanding issues, starting with Huawei, must be first resolved to Beijing’s satisfaction. To smooth the process, Beijing is ready to offer the EU additional and huge new incentives, including regarding 5G and specifically Huawei, as the preferable approach to Brussels. Little wonder that the EU is determined to make the 27+1 Summit a stellar success that will usher in the new era of the Chinese saving of Europe and will not let US pressure regarding Huawei or any other issue stand in the way. EU leaders can no longer conceal the singular importance of China to the future of Europe.

However, overall Sino-European relations are far from simple. The crux of the Chinese challenge to Europe is principled and harks back to the legacy of the Century of Humiliation when the European powers and Japan were the primary tormentors of China. China is now telling the Europeans they can no longer insult, humiliate and discriminate against Chinese companies just because they are Chinese. Beijing made the EU treatment of Huawei the first major precedent and would not relent. As the Europeans procrastinate regarding the all-inclusive resolution of the Huawei challenge, China is ready to increase pressure concerning economic cooperation. Beijing is expecting the EU to pay tributary in gratitude for the Chinese long-term saving of Europe.

In late December 2019, the Chinese Ambassador to Germany, Ken Wu, publicly warned that “if Germany excludes Huawei 5G from its communication networks,” China could “declare German cars unsafe” for the Chinese domestic market. He also threatened the EU with “disastrous consequences” should Huawei be banned. On 29 December, Ma Jingjing elaborated in the *Global Times* that “if Huawei is blocked, China would definitely take countermeasures to protect the interests of Chinese companies operating in the EU” by undermining and banning “European brands like Airbus and Volkswagen” from the Chinese market.

Writing in the *Global Times* on 6 January 2020, Li Xuanmin and Shen Weiduo observed that Beijing’s position is that “Huawei has now become a political issue, not a purely technical issue.” Chinese policy will be adapted accordingly. “Reasoning alone will not work. In the follow-up, some economic means, including countermeasures, are necessary to deal with it,” a senior official told the *Global Times*. This is China’s new “bottom line,” and, Li Xuanmin and Shen Weiduo wrote, “China has the right to counter if that line was crossed, as they [the Europeans] are the ones who fired the first shot. China was clarifying its bottom line, and if the EU bans Huawei, that means protectionism will dampen the relationship with China.” Still, Beijing prefers the profound improvement of Sino-EU relations and expanding cooperation. Hence, Li Xuanmin and Shen Weiduo concluded, “if the EU welcomed Huawei, China-EU relations can enter a new era where both sides have more say in the latest industrial revolution.” The Forbidden City is convinced that Europe will ultimately elect to reach a comprehensive amicable deal with China.



Codifying the long-term relations with Washington

Meanwhile, Beijing is codifying the long-term relations with Washington. The 7 January 2020 Editorial in the *Global Times* emphasized Beijing's quandary. "The 2020s have come, and the US is still the largest external uncertainty of China's development. An accurate understanding of the US is the foundation for China to cope with US-posed challenges." There is no reason for the escalating conflict because there is no real competition, the Editorial argues, at least not in the next few years. "Most of China's core interests do not overlap with those of the US. This provides the possibility for China and the US to avoid sharp conflicts and to take most frictions under control. ... The most important thing for China is to seek ways to jointly look for a way to coexist and achieve win-win cooperation." However, the conflict continues to escalate. Hence, there is no optimism in Beijing, but rather resignation to the fate of escalating confrontation. While China is ready to enter economic/trade/tariff agreements with the US beyond the Phase One deal - this will not be at any cost. The realization of China's historic destiny takes precedence over any other issue - including Sino-US relations.

Back on 25 November 2019, Karen Yeung wrote in the *South China Morning Post* that top trade negotiator Liu He is convinced that "a long-term solution to [the] US-China trade war will be harder to find." Irrespective of the on-going bilateral negotiations, China "has no plans to give up its government-led economic model or weaken the role of its state-owned enterprises, a change the United States has stipulated as one of its key demands in the ongoing trade war negotiations." The 26 December 2019 Editorial in the *Global Times* elaborated that it no longer matters how many compromises and concessions China will offer in the current negotiations. "The US won't change its fundamental policy, whether Trump is reelected or not. ... Therefore, there will not be a change in fundamental US policy toward China regardless of the outcome of the election."

Thus, Beijing is equally ready for a collapse of negotiations and an ensuing delinking and/or decoupling of economic relations. This will ultimately lead to a new Cold War and possibly even a hot war. The anti-China emphasis in the new US defense budget unnerves Beijing. For the Forbidden City, there can be no economic developments or incentives that will make China forgo the historic ascent to global Hegemon comes 2049. Hence the accepted growing confrontation as set forth in the increasingly assertive strategy for the New Thirty Years War.

On 27 December 2019, Shi Jingtao observed in the *South China Morning Post* that Beijing was expecting the imminent beginning of a new Cold War. "[The] trade war has morphed into a structural rivalry which may reshape the global balance of power," he concluded. Numerous Chinese senior officials noted that White House trade adviser Peter Navarro also stated that the US ultimate objective was "decoupling from China" rather than reaching an agreement. "Trump has set in motion the exodus of the supply chain from China, regardless of what happens," Navarro said. Therefore, Chinese senior officials now anticipate that "the great US-China tech decoupling" will become irreversible comes 2020.



Chinese leading experts are unanimous in their expectations of an irreconcilable crisis in the near future. On 29 December 2019, Cheng Ting-Fang and Lauly Li wrote in Japan's *Nikkei* that Chinese experts consider the crisis with the US to be so profoundly irreconcilable that no negotiations of interim agreements will be able to reverse its course. "The core of the US-China trade war is Washington's all-out efforts to stop China from rising quickly in advanced technologies," explained Y.W. Sun, the CEO of China Fortune-Tech Capital. "Never harbor any illusion that things will go back to the good old days." In a 5 January 2020 article in the *Global Times*, Wang Cong also anticipated the inevitable deterioration in economic and technological cooperation. "Given the overall hostile US approach to China, more restrictions on technologies can be expected," Chen Fengying of the China Institutes of Contemporary International Relations in Beijing told Wang Cong. Although "Chinese officials are demanding the US treat Chinese firms fairly and drop restrictions on tech exports to China, which might reduce the US trade deficit," the US is adamant in its refusal to restore scientific-technological cooperation. "Technology issues will certainly be discussed in the trade talks, but don't expect it to result in any meaningful change in the US stance," Chen Fengying concluded. "China must be prepared to move forward on its own." This opinion is shared by most experts. "China has been pushing for self-reliance for several years," Joey Yen of the research agency IDC told Cheng Ting-Fang and Lauly Li. "The trend may go underground to avoid irritating the US, but it won't go away. Starting with government procurement is always an effective way."

A most sober assessment was provided by Jia Qingguo, a top foreign policy expert and professor of international studies at Peking University, as reported by Dewey Sim in the *South China Morning Post* of 9 January 2020. "The 'phase one' trade deal between China and the United States is unlikely to lead to a broader pact because 'excessive' demands by Washington have left Chinese officials feeling it is 'useless' to engage," Dewey Sim writes. "Despite the recent announcement that we are going to have the first phase agreement, [the] relationship between China and the US is still in deep trouble and is heading south rather than north. It is getting worse," Jia Qingguo assessed. The multitude of non-economic confrontations, he elaborated, "makes it impossible for the two countries to interact and benefit from interaction... It is bound to affect the trade relationship between the two countries." There is a long-term profound aggregate impact of the US behavior toward China, Jia Qingguo warned. "China's patience is wearing thin. [The] US wants not just some concession from China but to topple the Chinese government and contain China." Although the US hopes will not be realized, and Trump is probably cognizant of this, Jia Qingguo anticipates only escalation of the Sino-US face-off despite US setbacks to-date. "Trump has not been able to decouple [our economies] as much as he may have wished. But the chance for China and the US to get into a cold war is increasing," Jia Qingguo concluded.



Strengthening the China-Russia relations

Indeed, China is preparing actively, if reluctantly, for the possibility of a new war with the US. There are close arrangements and agreements with Russia toward this end. There is no formal alliance with Russia in order to retain China's primacy and freedom of action. The crux of the security understanding with Russia is that should a global conflict erupt, Russia will deter, banish and contain the US at the global strategic level, while China will focus mainly on its own defense that focuses on critical adjacent zones. Through energy and infrastructure deals, as well as huge purchases of weaponry and technologies, China helps funding the Russian strategic build-up efforts required to deter, confront and contain the US.

On 27 December 2019, Shi Hao of Xinhua heralded the "new era for China-Russia relationship" that began in that year. "Chinese President Xi Jinping and his Russian counterpart, Vladimir Putin, opened a new era for their countries' strategic partnership in 2019, heralding an epoch of greater development in bilateral win-win cooperation," Shi Hao explained. "No matter how external conditions change, closer-than-ever China-Russia ties will bring concrete benefits to the people across entire Eurasia and serve as a strategic stabilizer in a world fraught with risks and uncertainties." Back on 13 December, Li Shuyin, a senior researcher with the Department of War Theory and Strategic Research under the PLA Academy of Military Science, wrote in the PLA's *China Military Online* that "China-Russia military relationship enters new era". He stressed the importance of these relations to the forthcoming ascent of China, including the face-off with the US. "Entering 2020, China-Russia military cooperation will continue to advance under the strategic leadership of the two heads of state. China-Russia military cooperation will become an important support for China to plan relations between major powers, shape the surrounding security environment, and serve the national defense and military construction."

The future objective of the PLA

Concurrently, China embarked on far reaching military reforms and build-up. Most important are the changes to the PLA's High Command launched and supervised by Xi Jinping. During 2019, the High Command was streamlined and optimized for the conduct of sophisticated strategic warfare against high-end enemies such as the US. On 15 December, Xi Jinping promoted 170 PLA officers "in a move to streamline ranking system" to better command and control the new era PLA. Presently, the PLA distinguishes between the extremely sophisticated defense of China's shorelines and the large-scale land operations in and/or from Xinjiang, Tibet and the Korean Peninsula.

On 26 December 2019, Liu Hui defined the PLA's future objectives in the PLA's *China Military Online*. "The overall goal is to achieve progress and concrete results before 2020 in military administration and joint operational command, optimizing military structure, enhancing policy systems and civilian-military integration, and building a modern military with Chinese characteristics that can win information age wars." Xi Jinping instructed, Liu Hui wrote, that "[t]he envisioned world-class armed forces must provide a strong backing to the protection of China's sovereignty, security and



development interests, the safeguard of world peace and stability, and the realization of the national rejuvenation.” On 2 January 2020, Xi Jinping signed a new “mobilization order for training of the armed forces” that “asked the armed forces to maintain a high level of readiness and step up emergency and combat training. The order required strengthened joint command in training. It also stressed integrating new forces into the joint operations system.”

The Forbidden City puts a special focus on the development of high-performance high-technology systems. On 4 January 2020, Xinhua reported that General Zhang Youxia (Member of the Political Bureau of the CPC’s Central Committee and Vice Chairman of the Central Military Commission) called on “scientific and technological experts in the military to take the lead in developing the army with science and technology and make greater contributions to building a strong military.” He stressed “accelerated efforts to increase the contribution rate of science and technology to [the PLA’s] combat capability.” He asked the scientific-technological experts in the PLA to “develop unshakeable confidence, tackle difficulties and scale new heights in military science and technology.” Zhang Youxia emphasized the importance of “the achievement of more breakthroughs in sci-tech innovation and the cultivation of high-caliber innovative talents.”

The primary priorities of the PLA are strategic weapons and A2/AD bubbles that will both deter and keep US forces away from Chinese territory and vital interests. Hence, the PLA markedly expand and enhance the A2/AD bubbles so that they are capable of inflicting such heavy losses in manpower and weaponry on any force trying to advance toward China’s shorelines, as well as on the bases from which they are launched, that any such effort becomes militarily futile if not counterproductive. The main programs listed by the PLA in this context include new generation computers, ballistic missiles with nuclear warheads capable of reaching the continental US, diversified next-generation missiles including hypersonic weapons, a wide variety of stealth aircraft, numerous types of high-performance UAVs, all-encompassing electronic warfare, all-encompassing space warfare, and several new types of surface combatants and submarines. Moreover, China is on the verge of decoupling from the US GPS network in mid-2020 when the Chinese Beidou network of satellites is expected to be completed. Meanwhile, in early January 2020, nine major urban areas along China’s southern and eastern shores signed an agreement on jointly developing “civil air defense coordination”. China does not take chances.

China’s challenges and confidence

Xi Jinping and the Forbidden City are now confident in their ability to lead China to an historic triumph in the New Thirty Years War irrespective of the US-imposed escalation. Beijing emphasizes that the popular support keeps building despite hardships in lieu of the public understanding of both the challenges and the opportunities ahead. The 30 December 2019 Editorial in the *Global Times* reflected Beijing’s analysis of the situation. The Editorial observed that “China’s social stability has withstood the pressure test in 2019. The trade war didn’t crush the will of society. China and the US reached an agreement on a phase one trade deal at the end of the year. More importantly, Chinese



society has gained unity under trade war pressure.” The Chinese populace is cognizant of the country’s great achievements despite the mounting crisis with the US. “In the past year [2019], the US failed to crush Huawei, China’s internet sector continued to advance with new star companies emerging, Daxing International Airport was put into use and the heavy-lift Long March 5 carrier rocket was successfully launched. All this progress has given Chinese people confidence.” On 8 January 2020, Yu Ning elaborated in the *Global Times* on the importance of China’s continuity of leadership and policy. “Given the many uncertainties in the world, the most pressing task for China is to maintain stability. One reason for the steady development of China in the past four decades is that China has basically maintained long-term social stability and not engaged in foreign wars. Although challenges have grown, China must overcome them and stick to the path of peaceful development.”

The 10 January 2020 Editorial in the *Global Times* succinctly summed up Beijing’s world view and assessment of things to come in 2020 and beyond. The quintessence of the Chinese polity is perseverance despite the adverse developments around. The Editorial states the immensity of the challenge. “The world is undergoing profound changes unseen in a century. Uncertainty lingers globally. Small countries have no alternative but to go with the tide. Major powers have relatively more options, but they can also easily become the focus of overlapping interests and contradictions.” China’s challenge is more daunting than that of other powers because of the additional severe impact of the escalating face-off with the US. “The trade war has greatly reshaped China-US ties. China embraced the change with a realistic attitude. It has firmly stuck to its principles while having the courage to resolutely fight back against US pressure.”

The *Global Times* Editorial notes that Beijing has always been cognizant of the ultimate threat the trade war constituted. “Before the news that China and the US reached a consensus on the phase one trade agreement, China’s confidence to move forward amid the trade war had already been much higher than the anxiety over the possibility that comprehensive US pressure could seriously hinder China’s rejuvenation.” China is entering the new decade with invigorated confidence in the ability to withstand challenges and ultimately triumph decisively. “Attacks against China in all directions and in various ways have failed. ... China is not the most powerful country. But it is strong enough to defend its philosophy of seeking truth from facts. Sometimes, justice and correctness need to be proven through games and tested by time. China has the ability to create conditions for that. This is perhaps what strategic willpower means.” This spirit is the engine for the successful waging of the New Thirty Years War and realizing the historic ascent of China to becoming the global Hegemon comes 2049.

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



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