



Research Division

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# China in the COVID world: continued challenges for a rising power

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It is frequently noted that the Chinese word for “crisis” (危机, *wēijī*) combines characters connoting “threat” on the one hand and “opportunity” on the other. This bit of linguistic trivia can be overdrawn. For China and the COVID-19 crisis, however, it rings true: the pandemic and its aftermath have generated dangerous problems for the Chinese leadership while also opening enticing opportunities.

As China and the world look to emerge from the COVID-19 calamity, enormous questions arise. How will the crisis affect the rise of the People’s Republic of China (PRC) and the expansive ambitions of Chinese leader Xi Jinping and of the Chinese Communist Party (CCP)? Will the COVID crisis prove a threat to the “China Dream” or an opportunity to achieve it?<sup>1</sup>

In assessing China’s strengths and weaknesses and its changing relations with key international players, this *Policy Brief* finds that the COVID crisis has not given Beijing a clear edge in the era of great power competition. Rather, it has hastened that competition in ways that will be a problem for China.

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1 For some earlier takes on these questions, see K. M. Campbell and R. Doshi, “The Coronavirus could reshape global order”, *Foreign Affairs*, 18 March 2020; K. Mahbubani, “How China could win over the post-Coronavirus world and leave the US behind”, *Market Watch*, 14 April 2020; B. Gill, “China’s global influence: post-COVID prospects for soft power”, *Washington Quarterly*, Vol.43, No.2, June 2020, pp. 97-115; N. Rolland, “China’s pandemic power play”, *Journal of Democracy*, Vol.31, No.3, July 2020, pp. 25-38.

## Exposing strengths and weaknesses

From a purely domestic political standpoint, Xi Jinping and the CCP leadership appear to have emerged from the COVID crisis in a stronger position than they had going in. This is largely a result of the authoritarian character of China’s governance system. As a Leninist, one-Party regime, the CCP is acutely aware that its legitimacy and survival rests on two key factors: delivering socioeconomic well-being to the citizenry and retaining an unchallenged ability to impose its will on that same citizenry. The CCP’s strengths in these areas are enormous and were on full display as the severity of the COVID outbreak – and the threat it posed to Party – became more and more apparent.

In addition, the CCP’s powerful propaganda machine went into overdrive, first to suppress bad news at home during the earliest stages of the outbreak, then moving on to tout the success of Beijing’s rapid response and promote China’s generosity in helping others overseas through “facemask diplomacy”. Once China’s virus came under control, its external messaging took on a more strident tone – dubbed “wolf warrior diplomacy” by the Party-run media – which both questioned the origin of the disease and ridiculed the United States and others for failing to respond to the pandemic effectively.<sup>2</sup>

It also appears Beijing has found in the disorder of the pandemic an opportune moment to crack down on restive regions and press harder on its sovereignty claims. Since the beginning of 2020, Beijing has imposed harsh new security laws on Hong Kong, instituted tougher restrictions on ethnic and religious minorities in Xinjiang and Tibet, provoked deadly clashes on the disputed Sino-Indian border, and stepped up its military exercises and other activities in the South China Sea, in the East China Sea, and opposite Taiwan.

2 W. Wang, “West feels challenged by China’s new ‘Wolf Warrior’ diplomacy”, *Global Times*, 16 April 2020.

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On the other hand, a combination of the top-down and politically defensive nature of the CCP coupled with Xi's highly centralized leadership style proved to be weaknesses early on in the crisis. Doctors such as Ai Fen and Li Wenliang – who as early as late December 2019 alerted colleagues to the spread of a “mysterious pneumonia” in Wuhan – were officially reprimanded for “disrupting social order” by “spreading false rumors”.<sup>3</sup> Wuhan authorities were reluctant to take action without clear signals from above. More than two crucial weeks passed between the top leadership's first briefing on the disease (on January 7) and the lockdown of Wuhan and surrounding cities (January 23). In the meantime, in the run-up to the Chinese lunar new year in late January, millions of residents in and around Wuhan travelled across China and many thousands more boarded aircraft bound for destinations abroad.<sup>4</sup> Within a matter of weeks, China had become the undisputed source of the world's worst viral pandemic since the onset of HIV in the early-1980s.

Moreover, while the CCP media blitz delivered a powerfully positive message at home, its “wolf warrior diplomacy” largely backfired overseas. More broadly, the sweeping lockdowns across China – replete with intrusive surveillance, security checks, and a host of other restrictions – served to remind the world of the Party's overwhelming controls over the Chinese people. Likewise, Beijing's aggressive actions around its periphery – in Hong Kong, Xinjiang, and Tibet, on its border with India, in its contested maritime sphere – have all raised alarm bells and only further deepened regional security concerns about Beijing's ambitions.

In sum, the COVID crisis exposed both the strengths and weaknesses of the PRC system. The CCP appears to have emerged stronger at home which is critically important for its continued legitimacy and longevity. By mobilizing its substantial economic, political, and security resources, the regime averted a domestic disaster. By mid-October 2020, the country had largely reopened internally and its health authorities reported some 4,600 deaths from the disease, a fraction of

the suffering experienced in other countries such as the United States, India, Brazil, Mexico and the United Kingdom.<sup>5</sup> According to the World Bank, China's economy will grow by 2.0 percent in 2020 and 7.9 percent in 2021, easily the highest rates among the world's major economies.<sup>6</sup>

On the other hand, Beijing has not fared as well abroad. In many respects, the COVID crisis exacerbated what was already a deteriorating external situation for Beijing, especially among its most important international relationships, including with the United States, Indo-Pacific neighbours, and Europe.

## COVID exacerbates deteriorating relations abroad

In spite of its many strengths – and in many ways *because* of those strengths – Beijing struggles with a poor international image. This is especially true among the world's advanced economies and democracies, but not exclusively so. The COVID crisis and Beijing's response to it have not improved matters and, in many respects, have made matters worse.

According to a number of global and national polls, China's favourability rating has been in steady decline over the past several years and especially since Xi Jinping took the reins of power in late 2012. Attitudes toward China's leader have also been poor: confidence toward him to “do the right thing in world affairs” has remained steady since he took office, hovering on average at only 30 to 31 percent.<sup>7</sup>

These data were already a bad sign for Beijing's international standing. But in the wake of the COVID-19 pandemic, the bad news only worsened. Mid-2020 surveys taken in the world's most advanced economies had negative perceptions of China reaching record highs. Leading the way in Europe was Sweden (85 percent unfavorable) and out of the eight European countries surveyed, a median of 71 percent of those polled expressed a negative view toward China. Among China's neighbors in the Indo-Pacific, Japan had the most negative views (86 percent), followed by South Korea (75 percent), and the United States

3 Y. L. Tian, “In ‘People's War’ on coronavirus, Chinese coronavirus faces pushback”, Reuters, 13 March 2020; Y. Xiong and N. Gan, “This Chinese doctor tried to save lives, but was silenced. Now he has coronavirus”, CNN, 4 February 2020.

4 L. Zhou and K. Elmer, “China Coronavirus: thousands left Wuhan for Hong Kong, Bangkok, Singapore or Tokyo before lockdown”, *South China Morning Post*, 27 January 2020.

5 “National Health Commission update”, *China CDC Weekly*, 12 October 2020.

6 “From containment to recovery: economic update for East Asia and the Pacific, October 2020”, World Bank, October 2020, p.xii.

7 See for example, “Global indicators database, China image, opinion of China”, Pew Research Center, March 2020; J. McClory, *The soft power 30: a global ranking of soft power 2019*, London, Portland Communications, 2019, pp.40, 47; N. Kassam, *Lowy Institute poll 2019*, Lowy Institute, June 2019; M. Cook, “China's polling problems”, Institute for Southeast Asian Studies, 21 January 2020; J. Ray, “Image of US leadership now poorer than China's”, Gallup, 28 February 2019.

and Canada (both 73 percent). Overall, among the 14 countries polled, more than three-quarters of the respondents (median of 78 percent) said they have little to no confidence in Xi Jinping in world affairs.<sup>8</sup>

According to Lowy polling in Australia in 2020, trust that China would “act responsibly in the world” dropped to its lowest point in its polling history – 23 percent – and only 22 percent of Australians felt that Xi would “do the right thing in world affairs”. The poll found near-unanimity (94 percent) in support of reducing Australia’s economic dependence on China.<sup>9</sup>

China’s COVID response is a major factor driving these increased negative views. But concerns about China, especially among European and Indo-Pacific democracies and advanced economies, had already been on the rise. The global COVID crisis, including China’s response to it, accelerated negative perceptions and trends which were well underway. These included growing concerns about the Party and its internal crackdown on political and religious freedoms, unease about economic over-dependence on China, and mounting discomfort with the PRC’s increasing political, economic, and military presence and influence abroad.

These concerns are clearly reflected in 2017 United States national security strategy which identifies China as a strategic, economic, military and ideological competitor.<sup>10</sup> They are also seen in the 2019 European Union communication recognizing China as a “strategic competitor” economically and a “systemic rival promoting alternative models of governance”.<sup>11</sup> Also in 2019, for the first time in its history, NATO’s national leaders formally recognized that “China’s growing influence and international policies present opportunities and challenges that we need to address together as an Alliance”.<sup>12</sup> The NATO Secretary General put a sharper point on it in 2020, declaring that China is “fundamentally shifting the global balance of power”, and further stating:

They are investing heavily in modern military capabilities, including missiles that can reach all NATO Allied countries. They’re coming closer to us in cyberspace. We see them in the Arctic, in Africa. We see them investing in our critical infrastructure. And they are working more and more together with Russia. All of this has a security consequence for NATO Allies.

In response, he said, “NATO needs a more global approach”.<sup>13</sup> As Pew polling found prior to the COVID-19 outbreak, “while majorities in most countries agree China’s influence on the world stage has grown markedly, this has not necessarily translated into favorable views of the country.”<sup>14</sup> This situation has worsened since COVID as governments and societies around the world dramatically rethink and reset relations with China.

### Beyond COVID: China’s uncertain strategic position

In spite of much post-COVID triumphalism emanating from Beijing, China’s strategic position presents a mixed and uncertain picture. On the one hand, the devastating impact of the pandemic on the world’s advanced democracies has further fuelled the confidence of CCP elites who – taking their cue from Xi Jinping’s high-profile statement in 2018 – see the world undergoing a “grand transformation not seen in a century” and that the country is entering a “period [...] of great significance in the historical progress of the great rejuvenation of the Chinese nation”.<sup>15</sup>

America’s continuing status as the world’s sole superpower is not disputed among serious Chinese strategists

But at the same time, authoritative Chinese analysts recognize this “great transformation” is fraught with risk. The official PRC White Paper on China and the world, published in September 2019, generally trumpeted the country’s contributions to global peace and development. But it also found that global instability and uncertainty are increasing, challenges to governance, trust, peace and development are on the rise, and “[t]he world is facing the danger of relapse into fragmentation and even confrontation”.<sup>16</sup> These views pre-date the global COVID disaster about to emerge from China.

Following the COVID outbreak, a report issued by the Ministry of State Security think-tank, the China Institutes for Contemporary International Relations (CICIR), and leaked to foreign media, compares the dra-

8 L. Silver, K. Devlin, and C. Huang, “Unfavorable views of China reach historic highs in many countries”, Pew Research Center, 6 October 2020.

9 N. Kassam, *Lowy Institute poll 2020*, Lowy Institute, June 2020.

10 National Security Strategy of the United States, The White House, December 2017.

11 *EU-China – a strategic outlook*, High Representative of the Union for Foreign Affairs and Security Policy and European Commission, 12 March 2019, pp.1, 5.

12 “London Declaration”, NATO, 4 December 2019.

13 “Remarks by NATO Secretary General Jens Stoltenberg on launching #NATO2030 – Strengthening the Alliance in an increasingly competitive world”, NATO, 8 June 2020.

14 L. Silver, K. Devlin, and C. Huang, “People around the globe are divided in their opinions of China”, Pew Research Center, 5 December 2019.

15 “Xi urges breaking new ground in major country diplomacy with Chinese characteristics”, *Xinhua*, 24 June 2018.

16 *China and the world in the new era*, State Council Information Office, September 2019.

matic downturn in world opinion against China to the global backlash in response to the Tiananmen blood-

*COVID-19 has not so much tipped the scales of great power competition in Beijing's favour*

bath in June 1989.<sup>17</sup> The head of CICIR later published an online essay in Chinese which cautioned that China's current "favourable position is not the same as strategic advantage" and

enormous challenges lie ahead: China's adversarial relations with much of the world, not least with the United States and the West, but also with developing nations; great power cooperation in disarray; multilateralism in tatters; and global arms control near collapse.<sup>18</sup>

These assessments avoid mention of other challenges ahead for Beijing. For example, Xi Jinping's signature foreign policy undertaking, the massive Belt and Road Initiative infrastructure and development scheme, continues to meet with problems and mounting scepticism in partner countries around the world, including for some of its most high-profile flagship programs.<sup>19</sup> Longer-term challenges – the middle-income trap, widening income gaps, environmental degradation, and an aging society – also loom over the horizon.

It is true Beijing holds many strong cards, and it will play them. China will remain enormously important as an export destination, technology innovator, and source of outbound investment, infrastructure development, and foreign assistance – and all the more so as other advanced economies still struggle to emerge from the pandemic's economic wreckage. The People's Liberation Army is stronger than ever and increasingly capable of effective deterrent and warfighting operations within its near-seas. China enjoys strong relations with Russia and is building its leadership within the

United Nations and other multilateral bodies. Perhaps most importantly, the political disunity, economic recession, and lack of global leadership which characterize America and Europe today – not to mention their continuing problematic response to COVID-19 – allows Beijing considerable room to pursue its interests.

## Short- and longer-term stakes

In surveying China's strategic prospects, and while excluding confidence about the long-term, the CCP seems mostly concerned with challenges in the near- to medium-term. Indeed, China's domestic and foreign policy is driven by an overriding concern with regime security, legitimacy, longevity and survival. The potential disaster that was China's COVID crisis must have deepened that concern.

The future of US-China relations poses a particularly difficult puzzle for Beijing. American dysfunction and relative decline is no doubt welcomed. But America's continuing status as the world's sole superpower is not disputed among serious Chinese strategists who have not counted the United States out of the fight and fully understand the damage Washington can inflict on China's interests. Whether that is done erratically, transactionally, and unpredictably or as part of a coherent global strategy, Beijing knows a great power struggle has already begun. But it cannot be sure of its outcome.

So, while some might see in the COVID pandemic a "win" for China, for Beijing that victory is tactical at best. Seeing many challenges ahead, the CCP will remain laser-focused on ensuring its legitimacy and survival first and foremost. It will do so by redoubling efforts to leverage the country's wealth and power, assert PRC territorial and sovereignty claims, and project the Party's influence and interests abroad.

It remains to be seen whether this is the correct diagnosis and remedy for Party's ills. Either way, the world has already begun to push back and will continue to do so. COVID-19 has not so much tipped the scales of great power competition in Beijing's favour. Rather, it has put that competition on fast-forward which, while not yet a crisis, is surely more a threat than opportunity for the Party's ambitions.

17 "Exclusive: internal Chinese report warns Beijing faces a Tiananmen-like global backlash over virus", *Reuters*, 4 May 2020.

18 See 袁鹏, "新冠疫情与百年变局" [Yuan Peng, "The new coronavirus epidemic and the once-in-a-century transformation"], *Aisixiang*, 17 June 2020, available in English at Yuan Peng, "Corona Virus Pandemic", *Reading the China Dream*, undated.

19 Lee Jones, "China's belt and road initiative is a mess, not a master plan", *Foreign Policy*, 9 October 2020; A. Small, *Returning to the shadows: China, Pakistan, and the Fate of CPEC*, German Marshall Fund of the United States, 23 September 2020.



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