



Column

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## **What are the benefits of sanctions?**

**CNBW China Post from Nanjing, 27th April 2021 ...** In early March Beijing was like a besieged city – it was the time of the "two sessions," the plenary sessions of the National People's Congress and the Political Consultative Conference of the People's Republic of China. This is the de facto parliament of the country, the legislature. It only meets once a year, at the beginning of the year.

Much has been reported in the Western press about the various resolutions of this year's conferences. But before I get to that, I just want to explain what exactly is behind the two political terms.

### **National People's Congress**

The National People's Congress consists of representatives of the people's congresses at the provincial level, elected through the system of democratic centralism. This means: The lowest level (village community or residents of a street committee district) elects representatives to the lowest people's congress (district or city level). These members then elect the representatives for the next higher people's congress from among their number. The Communist Party influences the list of election candidates, although there is no compulsory list in many areas at the lower level and those interested can be drawn up themselves. In addition to the regional representatives, army delegates are also part of the People's Congress. The People's Congress is characterized by a significant share of the rich and famous - there is hardly a CEO of an important company who does not also have a voice in the People's Congress.

The main task of the national people's congress is to hear, discuss and approve the government's work reports and plans. Formally, the National People's Congress is the most important state organ under the leadership of the Communist Party. The Political Consultative Conference discusses and comments on the reports and plans of the government without the right to make decisions, but puts forward its proposals in plenary. The consultative conference, which is also held at the city and provincial level, consists of cadres from various areas of the state administration who have passed the retirement age and whose experiences are to be used in this way.

### **14th Five-year plan**

This year's focus was on the adoption of the 14th five-year plan, which will certainly shape China's economic development more than the previous plans. The national and international environment has changed. China's economy has grown significantly in recent years. Xi Jinping's power is at its peak. Even the Covid crisis was mastered. The country's infrastructure was expanded and poverty was officially defeated. The task now is to create "modest prosperity" and a "harmonious society" for everyone.

Despite the trade dispute with the US, Chinese foreign trade grew significantly last year. The US sanctions tend to have the effect of accelerating the development of national industries in critical areas. A direct influence of the new international circumstances on the 14th five-year plan is now the final establishment of the "dual circulation economy".

### **Sanctions: Impact on CAI**

China's economy grew more than any other nations in the first quarter of 2021: 18.3% compared to the same period last year and 10.3% compared to the first quarter of 2019. One more reason for the Chinese government to look to the future with confidence and strength. The growing demand of China for a global leadership role can be understood accordingly. This also shows the reaction to the unfortunate sanctions the EU imposed on a few Chinese politicians in connection with Chinese politics in Hong Kong and Xinjiang. The sanctions that China then imposed on EU parliamentarians and some think tanks in Europe are far more serious. Above all, this means that ratification of the CAI investment agreement will be put on the back burner for the time being. In addition, there are calls for a boycott in China against companies that have spoken out against cotton from Xinjiang; H&M in particular is affected by this.

### **Do not harden fronts**

From my point of view, neither sanctions against China nor against the EU are expedient. Few of the sanctions imposed since the end of World War II have later proven to be truly effective. China is an important trading partner for the EU and Germany. A lot of German investment has flowed into China. Our companies have significantly contributed to the development of the China. A politicization of economic relations, which is pursued by China, especially in the direction of North America and Australia, has so far been avoided for Europe.

Up to today, the European relationship with China has differed from the relationship between the USA and China. In the past few weeks, however, it has been possible to observe how various German players have positioned themselves in regard to China. I believe that criticism was and remains legitimate, but it must never be one-sided negative. In the future, it will be more important than ever to find solutions, even if this will take years in certain areas. A hardening of the fronts between China and the EU will not help anyone, least of all the Uyghurs or the residents of Hong Kong. The political dialogue must be maintained - but at the same time without making kowtows, because this would create a new status quo without any further options. Incidentally, this applies not only to China, but also to other sensitive regions in the world.

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