

## KEVIN RUDD

President of the Asia Society Policy Institute, former Prime Minister of Australia

### **Ali Aslan, Television presenter and international journalist**

Ladies and gentlemen, if I can have your attention. I am fully aware that we have not had any lack of discussion today, quite the contrary, but I think the last session, the last conversation, of the evening of day one of the World Policy Conference is really worth sticking around for the next 30 minutes. We will in essence pick up from where the last session, the last panel, left off, namely talking about China, more specifically a conversation titled 'China After the 20th Congress of the Chinese Communist Party'. For those who do not know me, my name is Ali Aslan. I am an international TV presenter and journalist based in Berlin, Germany. I have the great pleasure, indeed, to be joined now live by none other than the former Prime Minister of Australia and the President of the Asia Society. Ladies and gentlemen, please welcome Kevin Rudd. Kevin, it is wonderful to have you with us. It goes without saying that we would have loved to have you here with us in Abu Dhabi in person of course, but we are very happy that you took the time to join us virtually, nonetheless, because I do not have to tell you, I do not have to tell anyone here in this room, the topic of China could not be more timely indeed. We do not have much time, Kevin, so let us dive right into it. There are lots of questions that I want to address. First up, as a journalist, I have to start with the most current theme of course. We are seeing the protests against the zero COVID policy in China. Many of the western media outlets have called them uprisings, but that is going a step too far, is it not?

### **Kevin Rudd**

Thank you, Ali, for this opportunity to speak with all of our friends in Abu Dhabi. I send my greetings to Thierry de Montbrial and everyone else at the World Policy Conference. I am sorry I cannot join you, but I am having breakfast in New York, so I am looking at all those bottles of wine on the table there and feeling a little bit envious.

You are right that the term 'uprisings' is overstated. These are protest movements, and while some of the protestors have called for the fall of Xi Jinping and the fall of the Communist Party, by and large the central thrust of these protests has been to get an end to zero COVID. The remarkable thing, within an authoritarian system, such as China's, is that the protestors seem to have succeeded. The previous plan by the Chinese Communist Party based on my own analysis was to gradually move towards the removal of the zero COVID lockdown regime over the next six to seven months and to slowly incorporate the Hong Kong model into mainland Chinese practice by about June of next year. However, I think the protest movement caught the regime by surprise. The widespread nature of it, spontaneous protests right across



Chinese cities, I think caused the party to say, 'We need to act much more quickly on this, people are becoming angry'. Also, add to that the huge impact it has had on the economic data, the impact on consumer confidence, the effect on domestic supply chains and the effect on international supply chains.

Therefore, what we saw in announcements from the regime in the last couple of days was a formal decision to change course. There is one thing we should say for the future about this, however, which is that the public health system in China is still not ready for this. That is why they needed another six months. The vaccination rates for old people are still very low. Furthermore, the public health system, and its available ICU beds, is still inadequate to the task. I think we are, therefore, in for a rocky six months as China embraces what the rest of us embraced quite a long time ago, but in our case most of us with high vaccination rates. In China, with old people, there are no such high vaccination rates, and they are finding it very difficult to catch up.

### **Ali Aslan**

Thank you, indeed, for putting the protests into perspective. Just to wrap up that particular question and portion, Kevin, how significant are these protests? In a sense, what are the long term effects, if any, of these protests, because this has certainly sent a signal to the regime, which is now, from what I gather, trying to find a face saving solution?

### **Kevin Rudd**

Protest activity is not uncommon in China. It happens right across the country on a regular basis on different subjects, whether it is on local land use decision making controversies or whether it is on local labor rates or industrial conditions in factories. This one, of course, is much more widespread because it affects everybody. Now, what is the long term implication? I think on this most sensitive issue, which is public health and how it affects old people, Xi Jinping and the system will be paying acute attention to the implementation of this new regime of non zero COVID. As I said before, they will be particularly politically reactive to the emergence of bad economic news or bad public health data in terms of the loss of old people in large numbers. Of course, the regime in the past has tended to suppress accurate data on such deaths, but nonetheless if you have got old people dying in large numbers around the country it will find its way into social media, in the same way that this protest movement found its way into social media as well. Therefore, the next six months are still going to be difficult.

### **Ali Aslan**

It is always a great opportunity to speak to one of the world's most renowned China experts out there, but particularly today. We are of course meeting in Abu Dhabi. The World Policy Conference is meeting in Abu Dhabi, just around the same time when Xi Jinping is meeting Gulf Arab leaders today in Riyadh. That is quite a significant development, is it not, Kevin? How do you rate this visit? What do you expect the outcome to be?

### **Kevin Rudd**

It is a significant visit because China has embarked over the last five to seven years on an advanced economic diplomacy towards the Gulf states in particular. There is one background



point, however, which is that China has a much longer standing relationship with Iran. This goes back to the 1980s, where China has been supplying the Iranians with military equipment right back to the time of the Iran Iraq War. This is a long-standing relationship, which will be in the back of the mind of the Gulf leaders, from Saudi Arabia, from the Emirates and from elsewhere, as they sit down with Xi Jinping. They will also be asking themselves this question: if the Iranians in the future threaten the national security of the Emirates or of the Saudis, as they have done in the past, what will China then do?

The second point to bear in mind is that there has been a dramatic cooling in the relationship between the Kingdom, in particular, and the Americans. There are multiple reasons for that, which many in the room will be familiar with, but this has obviously created new frictions with Washington. A third element, I think, is the fact that the Americans have boasted for some time that they had become effectively self reliant in hydrocarbons, and that is basically a way of saying of their fracking revolution that they no longer needed oil from the Kingdom, the Emirates or the other Gulf states in the order of magnitude that they needed in the past, and China has stepped into that market. As we know, in geopolitics, new economics is often not far behind geopolitical reality, and so this big shift from the United States, which was previously the big buyer of Saudi and Gulf oil, with China now taking that place, is an underpinning dynamic, together with the cooling in Saudi US relations.

### **Ali Aslan**

China and Saudi Arabia are set to sign a strategic partnership agreement during that visit, a visit that, as you pointed out, comes at a time when Saudi US relations are cooling off. This is traditionally the sphere of influence, if you will, of Washington, more than anything else, but it will be interesting to see the development. Speaking of Washington, Kevin, I wonder if I could get your takeaway on the most recent meeting between Xi Jinping and President Biden at the G20 Bali summit. Did anything of substance come out of this meeting?

### **Kevin Rudd**

I think it was a significant meeting for the following reasons: it is the first time since Biden became president that these two had sat down face to face, largely because of COVID, but other factors as well, and that is not insignificant, even though these two leaders know each other very well. They spent a huge amount of time with each other when Joe Biden was vice president, going back to the time, in the first decade of this century, when Xi Jinping was vice president of his own country. They, therefore, know each other very well, but this was the first face to face meeting since Xi Jinping had become president.

On the substance of it, what I detect from the meeting is a decision on both the Americans' part and the Chinese part to take the overall temperature of the relationship down a few notches, and that is both sides were concerned that the relationship was falling through the floor, and what I see in the language and the respective readouts, both from Washington and Beijing, is a decision to put a new floor underneath the relationship. The Americans now speak in terms of managed competition, the need for strategic guardrails and the need to observe strategic redlines. The Chinese in their readout referred to the need for new protections to the relationship and the need for a new security safety-net beneath the relationship.

What do I interpret from all that? It does not solve everything, but it is a resolution not to allow the relationship to collapse completely, and there is a reason for that, which is that neither can afford to have crisis, conflict and war by accident at this stage over Taiwan. The reason for that is that neither side at this stage is confident that they would win, so neither of them wants to end up in a shooting match right now.

### **Ali Aslan**

Indeed. At least the temperature has been cooled down for the time being, as you pointed out, and which you also state in your book of course, *The Avoidable War: The Dangers of a Catastrophic Conflict Between the US and Xi Jinping's China*. In that book, interestingly enough, you say the next five years are the most critical years ahead of us that will determine whether we are going to see an armed conflict between the US and China, which obviously has the potential to drag the rest of the world down with it. Why the next five years, Kevin? What are we looking at here?

### **Kevin Rudd**

Firstly, Xi Jinping, as your audience will know, has just secured his own reappointment as Party General Secretary for another five years at the 20th Party Congress just concluded, and Xi Jinping wants to secure Taiwan's return while he is in China's top position. That does not necessarily mean the next five years – as my judgement is that Xi Jinping will wish to remain leader of China well into the 2030s as well. The reason I emphasize the next five years is as follows, and there are two factors here: one is whether the two sides can agree on a series of management principles, protocols and mechanisms to prevent crisis, conflict and war by accident over the next five years, and that is what we have just been talking about as far as the Biden/Xi summit in Bali was concerned, but the second reason why the next five years are so important is for the medium to long term. That is, will the Americans be able to seize the opportunity, both themselves and their allies in Asia and Europe, together with the Taiwanese themselves, mindful of what the Ukrainians have done on the ground, to build deterrence in a manner which causes China, by the time you hit the late 2020s and early 2030s, to still conclude it is too risky to undertake a war by design – that is not a war by accident but a war by design – to secure its political objectives in Taiwan? That is why I regard the next five years as critical and why I also call it the decade of living dangerously, which I think it is as well.

### **Ali Aslan**

Taiwan is, therefore, obviously a spot to look out for and a war that everybody in the world wants to avoid. One war unfortunately that could not be avoided, which obviously started in February, is the war in Ukraine. The Chinese regime clearly made its stance known from the beginning in the sense that it would support Vladimir Putin. Is there any watering down in that regard now that we are closing in on the first year of the war? Did the meeting between Biden and Xi Jinping resolve anything on that front?

### **Kevin Rudd**

Not in particular, but I think, to answer your question in its earlier part, there has been a 'watering down' of China's position of resolute support for the Russians, which was underscored in their agreement of 4 February this year, only two weeks before the Russian



invasion itself. That 4 February agreement was a new strategic alliance 'without limitations', by which Xi Jinping, certainly in Putin's perception, extended to him a *carte blanche* for the future. I think the Chinese looked at what the Russians then did in Ukraine and then reached a conclusion that the Russians were not militarily, financially or economically prepared for the invasion which they then undertook on 24 February and the rest, as they say, is history.

In the period since then, Ali, what we have seen is at least two occasions in which the Chinese have distanced themselves publicly from Vladimir Putin. One was at a meeting in Central Asia where Xi Jinping and the Chinese required the Russians under Putin to say that 'he looked forward to hearing China's questions and concerns over Ukraine'. Vladimir Putin, the one I know, never looks forward to hearing other people's questions and concerns over Ukraine. That is something the Chinese got him to do. However, the second and most important development came on the back of Olaf Scholz's visit to Beijing recently, when of course we saw Xi Jinping state bluntly that there was no occasion on which there could be nuclear war or the use of nuclear weapons anywhere in the Eurasian continent. Now, Eurasia includes Ukraine, and that was a clear rebuff to Vladimir Putin's nuclear weapon saber rattling over the previous months.

The Chinese are very mindful of the damage which has been done to their reputation around the world, but in particular in Europe, over their posture on Ukraine, and so if you are a European fasten your seatbelts, buckle up and get ready for the biggest Chinese charm offensive you have seen in decades. It is about to come very soon as China seeks to patch up the damage which they have done, particularly in European capitals, over Ukraine. Whether they will succeed or not is a separate question.

### **Ali Aslan**

That will be, indeed, very interesting to see. Kevin, this talk is titled 'China After the 20th Congress of the Chinese Communist Party'. I know you are fluent in Mandarin and you have probably read the entire document that led to an unprecedented third term for Xi Jinping, solidifying and consolidating his power and reign over China. The notion that reform will go hand in hand with opening is a notion we can probably put to rest for the time being as far as China is concerned, is it not?

### **Kevin Rudd**

You are right. I have read the whole document, and unfortunately I have read it all in Chinese. It is what I describe as a one and a half bottle of Johnnie Walker exercise over a couple of days. I only recommend it to those in the audience if they have got their own bottle of single malt handy. However, you walk your way through the ideological text, and the reason we do this is not because we have a fetish. The reason we do this is because in a Marxist Leninist system what the General Secretary of the Party says in a formal work report to the Party Congress once every five years actually matters. It sets up the ideological parameters for the future, on domestic politics and policy, the economy and on foreign security policy as well. We, therefore, take it seriously.

I think what emerges overall from this document is, one, a reemphasis on the centrality of Marxist Leninist ideology. It is quite clear that this is much more of an animating principle in Xi



Jinping's worldview than was the case in his three most recent predecessors, including Jiang Zemin, who just passed away. Number two, what we see also from the Party Congress report is a reassertion of the absolute political centrality of Xi Jinping himself as China's paramount leader rather than the principles of collective leadership which Deng Xiaoping had spent decades putting in place after the Cultural Revolution. Thirdly, on the economy, you see a reassertion of the power and the role of the party and the state over the economy rather than the market, state owned enterprises rather than the private sector and new doctrines of common prosperity rather than individual wealth accumulation without any conditions attached. That is what I see as a general push by Xi Jinping to take economic policy more to the Marxist left.

Then, finally, on foreign security policy, there is a new set of guidance to the party basically saying that China can no longer assume that its international strategic environment is benign, but in fact there are a whole bunch of new risks out there and that the PLA should itself get ready in the medium to long term for war. Therefore, on the foreign security policy front it is quite a sober document to read as well.

### **Ali Aslan**

It is, therefore, clearly a watershed moment in Chinese history that we are witnessing here altogether, with a somewhat uncertain outcome for the time being. I know, Kevin, that you have to leave in a very short while, but I do look into the room and if there are questions, I am happy to take one or two as long as the questions are brief so that we can get Kevin out just in time. Please introduce yourself.