

“Inside the Great Firewall”

Red Lantern Analytica’s fortnightly China Digest: July 1st to 15th 2025

1. **July 1 – Politburo Meeting Marks Party’s 104th Anniversary with Tired Slogans:** The July Politburo meeting repeated old themes “economic stability,” “modernization,” and “self-revolution”— without announcing anything new. This signals a leadership increasingly reliant on slogans over solutions. For many inside China, the Party’s rhetoric has started to ring hollow.
2. **July 9 – Beijing Scrambles to Front-Load Bond Sales as Economic Strain Mounts:** China’s Ministry of Finance accelerated the sale of nearly a third of this quarter’s ultra-long-term special treasury bonds, including a 50-year bond now set for earlier issuance. The move reflects growing pressure on Beijing to inject stimulus ahead of worsening economic headwinds.
3. **July 5 – Leading Economist Flags China’s Economic “Involution Trap”:** Liu Yuanchun warned publicly of China’s overcapacity and declining profit margins, urging a reset of competition policy. His critique came at a major forum in Shanghai. The rare bluntness reflects deeper frustrations among policy elites.
4. **July 6 – Mass Lead Poisoning in Gansu Kindergarten Buried in Local Censorship:** 233 children were found with toxic lead levels after staff used industrial pigment in food to make meals “look better.” Despite the scale, central authorities stayed silent, focusing instead on image control. It’s a chilling reminder of how safety often comes second to saving face in China.
5. **July 7 – Xi Jinping Reappears in Shanxi, Reasserting Control Through Symbolism:** After weeks of low visibility, Xi toured Shanxi’s flood zones and war memorials flanked by loyal officials. The carefully staged visit was meant to project normalcy. But it raised more questions than it answered about internal pressures in the CCP.
6. **July 8 – Chinese Communist Party (CCP) Launches Another “Authoritative” Volume of Xi Thought:** The new volume on Xi Jinping’s ecological vision was

published nationwide, touted as an “authoritative textbook.” It’s part of a deeper ideological saturation drive. While climate messaging sells abroad, the text at home serves loyalty enforcement.

7. **July 9 – China Uneasy on U.S. Trade Deals, warns “Not to Undercut PRC”:** In a prominently placed People’s Daily commentary, the CCP again signalled unease criticizing U.S. trade agreements that contain provisions targeting Chinese exports. Beijing warned it would “resolutely respond” to any bilateral trade deal that undermines its interests. While framed in the language of fairness and multilateralism, the message reveals China’s deepening anxiety over global efforts to rewire trade away from its industrial core.
8. **July 7 – Top Audit Reveals Massive Misuse of Pension Funds by Local Governments:** China’s National Audit Office uncovered the misappropriation of over 60 billion yuan in basic pension funds across 25 provinces, including 40.6 billion yuan used in 13 regions to cover debts and urgent government operations. These funds, intended for workers and retirees, were siphoned off to prop up strained local budgets. The scale of misuse exposes just how far local governments in China are stretching public finance to avoid open fiscal crisis.
9. **July 3 – “Disorderly Competition” Crackdown Resurfaces, Again Targeting Tech:** Chinese regulators revived their campaign against what they call “unhealthy competition” in the digital sector. This recurring charge is a euphemism for reining in private innovation. For tech firms, it signals that political loyalty still trumps entrepreneurial success.
10. **July 7 – Wang Yi Sabre Rattling in EU, Don’t Expect China to Oppose Russia:** In a pointed exchange with European diplomats, China’s Foreign Minister Wang Yi admitted Beijing doesn’t want a Russian defeat in Ukraine. The candor startled observers. China’s tightrope walk on war now openly tilts eastward.
11. **July 8 – State Media Claims China, Will Surpass U.S. in Science Spending:** Chinese outlets touted that PRC science budgets will outpace the U.S. in “basic research” by year-end. But the boast masks inefficiencies and politicized funding. The real gap lies not in money, but in openness and merit-based innovation.

12. **July 13 – Rattled China Forces Foxconn to Pull Chinese Staff from India to prevent companies from shifting manufacturing elsewhere:** Over 300 Chinese employees at Foxconn’s iPhone facilities in India have been recalled in recent months, as Beijing reportedly urged tighter control over tech transfers to Southeast Asia. The withdrawal comes just as Apple gears up to scale iPhone 17 production in India. While the official reason remains unspoken, the move suggests China is actively working to bind global supply chains to its territory and slow down industrial diversification.
13. **July 13 – Beijing Rushes Out Subsidies to Contain Rising Joblessness:** The State Council issued a 19-point employment package offering subsidies to firms hiring youth, expanding loans, and mandating universities to place struggling graduates. The measures signal growing alarm in Beijing over surging unemployment, especially among the young—yet again relying on cash incentives over structural reform.
14. **July 13 – Real Estate “Bailout Rumours” Reveal Hidden Fragility:** Unofficial leaks hint at targeted support for state-backed developers, while the State Council stays silent. This selective opacity signals Beijing’s fear of spooking markets. Meanwhile, China’s housing crisis festers beneath tightly controlled headlines.
15. **July 13 – Tencent Moves on Behalf of Beijing to Silence Free Speech, Files a Takedown Complaint against FreeWeChat with Legal Smokescreen:** Chinese multinational technology conglomerate and holding company Tencent, via cybersecurity proxy Group-IB, filed a takedown request against FreeWeChat.com, accusing it of trademark infringement—a thin pretext aimed at removing a major archive of censored WeChat content. The move follows years of failed technical attempts to suppress the site, signaling Beijing-aligned actors now weaponizing IP law to achieve what censorship couldn’t.

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