

# Research China

## Security and risks highlighted in Xi's opening of Congress

- **China's President Xi Jinping kicked off China's 20<sup>th</sup> CPC Congress on Sunday by reading out the Work Report, which outlines China's policies for the coming years.**
- **The report had few surprises and as expected there were no signs of an easing of the zero-covid policy, see *China Research – Four key questions on the National Congress of the CPC*, 13 October.**
- **Xi Jinping highlighted the current very challenging environment, emphasized security, and need for self-reliance. He repeated that China would work for a peaceful reunification with Taiwan but would not promise to renounce the use of force if necessary.**
- **The coming week will mostly be meetings behind closed doors before a new Standing Committee (China's top leadership) is presented on Sunday next week.**

As expected there were **few new economic policy signals** in the new Work Report (the document is not yet published in English but the speech can be watched [here](#)). There were no new signals on covid policies but as we wrote in the preview, state media had signalled this already in the run-up to the Congress. The Congress focuses more on the long-term policy path and goals China pursues for the coming decades. China's goal is to by 2035 be a so-called 'modern socialist economy' and by 2050 reach the Chinese Dream of National Rejuvenation that includes "common prosperity for all", a strong and democratic country and being in harmony with nature. Clearly China's definition of democracy is not liberal democracy but what they call "whole-process democracy" which they broadly describe as leadership based on meritocracy and goals and solutions based on consultations with the people and institutions.

Xi Jinping stressed that **China faces an arduous endeavour** with still a long way to go and said China should be mindful of dangers and be prepared for worse case scenarios. He also underlined **security, a fighting spirit as well as need to speed up self-reliance**. No doubt he is referring to the rising confrontations by the US and risks surrounding Taiwan. China also faces plenty of domestic challenges with demographics being one of them. In the report China commits to taking more steps to raising the birth rate.

Economic policies are described under the umbrella of a "**New Development Pattern**" which Xi said should be accelerated. It is framed as high-quality development and has been the policy for some years now with minor adjustments along the way. He stressed that economic development is the top priority and foundation for reaching the goal of rejuvenation. The "new development pattern" covers the following elements:

- Consolidating and **strengthening the state sector** while ...
- ...**"unswervingly support" the private sector**. However, that includes controlling "*disorderly expansion of capital*" to secure fair competition (as in case

### Webinar on key takeaways from CPC Congress

On the 9<sup>th</sup> November we will host the webinar "After the 20<sup>th</sup> CPC Congress – where is China heading?" in cooperation with Danish-Chinese Business Forum. Here we look at economic, political as well as business takeaways and what China's future path looks like.

You can sign up [here](#).

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of the tech crackdown). At a press conference before the congress, a party spokesman said that *“The private sector is an important part of the economic basis for upholding and developing socialism with Chinese characteristics. Entrepreneurs are an important force that the party must rally and rely on in the long term.”* He said the party fully recognised the positive role played by capital, but also stressed the importance of correctly understanding and grasping the character and ways of capital and preventing unregulated expansion

- **Market being the decisive factor** in allocation of resources.
- Continuing **opening up** for investments in more areas.
- **Strengthening domestic demand** as well as its interplay with the external economy (dual circulation). It includes **securing domestic supply chains** and self-reliance on key technologies, food security and energy security.
- **Modernizing the industrial system** and strengthening strategic sectors identified in China’s industrial policy blueprints like Made-in-China 2025. The latter is no longer named directly but the content is the same.
- **Regional development** policies to reduce imbalances
- **Green development** such as investing heavily in non-fossil energy sources.

Xi also stressed **technology and education** as the fundamental pillars for building a modern socialist country. It includes attracting talent in all areas and build a strengthening ecosystem for innovation. This is also not new but has been on China’s agenda for at least a decade. And not without results as China has climbed to a rank of 11 in the Global Innovation Index this year up from #35 ten years ago.

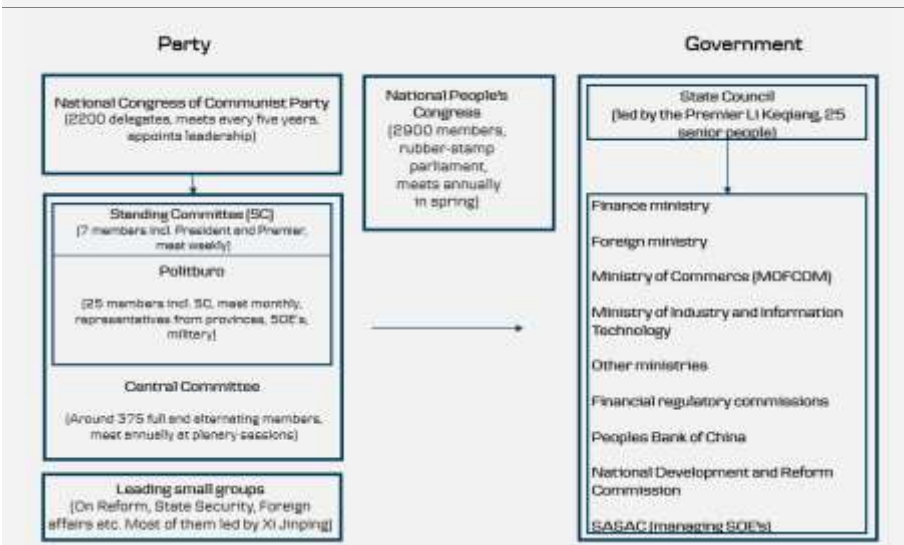
Xi repeated that China’s **main contradiction** remained being *“between unbalanced and inadequate development and the people’s ever growing needs for a better life”* and stressed that the goal was to close this gap. It is unchanged from five years ago. Highlighting contradictions is part of the Marxist tradition and Xi many times highlights the Marxist roots underpinning the Communist Party.

On the issue of **Taiwan**, Xi stressed that China would *“insist on striving for the prospect of peaceful reunification with the greatest sincerity and best efforts, but we will never promise to give up the use of force and reserve the option to take all necessary measures”*.

*“We will not renounce the use of force and will take all necessary measures to stop all separatist movements.”* (on Taiwan issue).

## Appendix

### Overview of China's political system



Source: Danske Bank

### What is the National CPC Congress?

China's 1<sup>st</sup> National Congress of the CPC was held in 1921 and since 1982 it has taken place every five years. It is not to be confused with the People's National Congress, which takes place every year in March. The **year of the CPC Congress is the 'election year' in China as the top leadership of China – the Standing Committee of the Politburo – is appointed after the end of the Congress.** The Standing Committee typically consists of 5-9 members and currently has seven members including the President Xi Jinping and the Premier Li Keqiang.

The rest of the Politburo consisting of a total of 25 members (including the Standing Committee members) is also elected and is a part of the Central Committee that currently consists of around 375 full and alternating members. The total number of delegates at the Congress is 2,296 this year.

While the Standing Committee is officially appointed at the first plenum of the Central Committee immediately after the Congress, the decision is in reality taken in advance by the top leadership - and sometimes previous leaders.

Source: Danske Bank, Chatham House: A guide to the Chinese Communist Party's National Congress

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