



After the ‘Two Sessions’: China in 2023 and beyond

By Charles Parton

In the People’s Republic of China’s (PRC) political system, even if they lack the importance of the Chinese Communist Party (CCP) congresses or plenums, the highest profile annual events are the ‘Two Sessions’, comprising the legislative body, the National People’s Congress (NPC) and the Chinese People’s Political Consultative Conference, an advisory body. The meetings have five main roles:

1. To boost national morale. The five main reports delivered to the NPC, the Premier’s Government Work Report, and reports from the National Development and Reform Commission (NDRC, the main planning body), the Ministry of Finance, the Supreme People’s Court, and the Supreme People’s Procuratorate, enthusiastically lay out the main achievements of the previous year;
2. To reinforce instructions on important issues and policies for the future;
3. To act as a mechanism for the CCP to consult widely and to take the temperature of the Party and people;
4. To pass certain important pieces of legislation; and,
5. Additionally, every five years (2023 is one of those), to confirm new appointments to government posts and to restructure the party–state apparatus.

This year the ‘Two Sessions’ followed the five-yearly Party Congress held in October 2022. This accentuates their significance, not least because the Party Congress marked the departure of many in the high-level leadership which has steered the PRC over the last ten years. Successors in government posts were ‘elected’ at the NPC (these appointments were decided in advance by the CCP and ratified at its 2nd Plenum, held shortly before the ‘Two Sessions’). On this occasion, Xi Jinping, General Secretary of the CCP, was ‘re-elected’ as President of the PRC.

The ‘Two Sessions’ do not formulate new policy: that work is done in other CCP meetings (the Central Economic Work Conference, for example). However, the reports and discussions throw light on the direction in which the CCP hopes to travel over the next year. This Explainer focuses on the significant points emerging from the ‘Two Sessions’.

The power of Xi

Too much has been made by the media of the ‘re-election’ of Xi as President of the PRC. Being president adds aura and authority, and boosts his international profile. But the presidency adds little to his power, which comes from being General Secretary of the CCP and Chairman of the Central Military Commission. Appointments at the NPC confirmed what was already clear: Xi’s power is greater than all predecessors with the exception of Mao Zedong – even if he still falls short of the respect and authority accorded to Deng Xiaoping, who in his latter days ruled without formal position. Echoing the Party Congress of last October, government appointments reinforced the reality that all senior positions are occupied by Xi’s men (and only one woman, Shen Yiqin, as State Councillor). This means that Xi’s ideas, likes and dislikes will be the determinants of policy. Many senior officials will try to second guess what those are.

Nevertheless, it would be wrong to see Xi as an autocrat in the mould of Vladimir Putin, President of Russia. The CCP remains well structured, well established and well embedded in the PRC’s systems and five levels of government. If Xi died tomorrow, the direction of travel would be likely to remain much the same – at least for the immediate future.

The party's advance at the expense of the state

Before the 1989 protests, there was a sharp battle within the Chinese leadership between those who wanted to introduce a greater role for government at the expense of the CCP and those who saw any weakening of party control as a danger. The so-called reformists lost.

The 'Two Sessions' underline that Xi has taken this process even further. Throughout his time, CCP (as opposed to government) 'leading small groups' and commissions have increasingly taken over policymaking, reducing ministries to little more than technical implementers of party policy. Xi believes that the future can only be guaranteed if the CCP is very firmly in charge. As he said in February 2023 at the opening of the new term of the Central Party School:

...the leadership of the party is directly related to the fundamental direction, future and destiny of Chinese-style modernisation, and the ultimate success or failure. The Party's leadership determines the fundamental nature of Chinese-style modernisation. Only by unswervingly adhering to the Party's leadership can Chinese-style modernisation have a bright future and prosperity; otherwise, it will deviate from the course, lose its soul, and even make subversive mistakes. The leadership of the party ensures that the goal of Chinese-style modernisation is anchored in a stable and far-reaching way.¹

It always was the case that the portrayal of CCP and government as two separate entities owed more to propaganda about what Xi now calls 'whole process people's democracy' than to reality. Top leaders have always held all the top government posts. As *Xinhua* revealed a few years ago, throughout the PRC 95% of the leading officials (the definition was not given, but probably director level and above) and 80% of all officials were CCP members.² Those numbers are likely to have increased with the large rise in CCP membership (increasing from 85.1 million to 96.7 million during Xi's decade in power) and with the push by the CCP to have cells or branches in all organisations.³ Officials are aware that for their careers to thrive they must be a CCP member. Furthermore, officials are

¹ '习近平在学习贯彻党的二十大精神研讨班开班式上发表重要讲话' ['Xi Jinping delivered an important speech at the opening ceremony of the seminar on studying and implementing the spirit of the 20th National Congress of the Communist Party of China'], *新华社* [*Xinhua*], 07/02/2023, <http://bit.ly/3EGHGGo> (checked: 18/04/2023).

² '身为共产党员, 这些党内权利你要知道' ['As a member of the Communist Party, you need to know these rights within the party'], *搜狐* [*Sohu*], 06/01/2021, <https://bit.ly/3MXEif7> (checked: 18/04/2023).

³ See: '中国共产党党内统计公报' ['Intra-Party Statistical Bulletin of the Communist Party of China'], 共产党员网 [Communist Party Members Network], 29/06/2022, <https://bit.ly/3otxZG3> (checked: 18/04/2023).



enjoined to be loyal to ‘Xi Jinping Thought’ and the party’s Central Commission for Discipline Inspection punishes those whose observance is deemed insufficiently punctilious.

CCP domination of policy-making at the expense of the government, whose ministries now do little more than advise and implement, is reinforced by the institutional changes announced at the ‘Two Sessions’. In particular, new CCP commissions have taken over roles previously in the hands of the State Council.

Institutional changes

The newly published ‘Plan for the Reform of Party and State Institutions’ will have been some time in the making. Even if Xi himself ascribes such work to the 20th Party Congress, the main will work will have been carried out well before:

Xi said the 20th CPC National Congress has made major plans on deepening reform of Party and state institutions, with clear instructions in a number of areas. These include deepening structural reform in the financial sector and improving the system in which the Party Central Committee exercises unified leadership over science and technology work, among others.⁴

Apart from changes to the responsibilities of ministries and departments,⁵ five new CCP commissions and departments have been set up:

1. The Central Finance Commission;
2. The Central Financial Work Committee;
3. The Central Science and Technology Commission;
4. The Central Social Work Department; and,
5. The Central Hong Kong and Macao Work Office.

These represent an important transfer of control to a party centre already tightly commanded by Xi and his adherents. Their establishment is a reflection of CCP priorities and worries, namely the debt problem and economic development, the need for innovation and technological self-reliance – not least to combat American restrictions on science and technology – social stability (beneath the innocuous title lies a worry about controlling society and averting unrest, as well

⁴ ‘CPC Central Committee holds consultative meeting on reform plan of Party, state institutions’, *Xinhua*, 28/02/2023, <http://bit.ly/3Ks9ctn> (checked: 18/04/2023).

⁵ See: ‘A Guide to China’s 2023 State Council Restructuring’, *NPC Observer*, 23/03/2023, <http://bit.ly/3zTd5ma> (checked: 18/04/2023).



as controlling private entrepreneurs, a role specifically mentioned in the reform plan), and the possibility of the activities of ‘hostile foreign powers’ or indigenous intransigence in Hong Kong spilling over and infecting the mainland. The difference between the two similar sounding financial commissions is that the former covers policy and the latter personnel. As the ‘Plan for the Reform of Party and State Institutions’ puts it, the former is responsible for:

...the top-level design, overall coordination, overall promotion, and supervision of the implementation of financial stability and development, study and review of major policies and major issues in the financial field...

While the latter will oversee

...the party’s political construction, ideological construction, organisational construction, work style construction, discipline construction, etc. in the financial system.⁶

The establishment of these two financial commissions, as well as other changes in the financial sector, underline the reality that any self-respecting Leninist regime must control economic levers. Economic power can lead to demands for political power and the CCP is programmed to monopolise power. Financial commissions under the CCP are a reminder that where politics and economics are in tension, the former will always prevail in the PRC.

‘Seeking progress amidst stability’: The continued ascent of national security

‘Seeking progress amidst stability’ [‘稳中求进’] has been a prime slogan for some years. Yet again, it appears prominently in the main NPC reports and is exemplified in this repeated assertion: ‘We continued to ensure stability on the six key fronts and security in the six key areas...’⁷ Footnotes in the reports explain the key fronts and areas:

⁶ ‘中共中央 国务院印发“党和国家机构改革方案”’ [‘The Central Committee of the Communist Party of China and the State Council issued the “Party and State Institutional Reform Plan”’], 新华社 [Xinhua], <http://bit.ly/41quzL> (checked: 18/04/2023).

⁷ ‘Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023’, State Council Information Office of the People’s Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), pp. 2–3.



The six fronts refer to employment, the financial sector, foreign trade, foreign investment, domestic investment, and expectations. The six areas refer to job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments.⁸

Progress and stability are, of course, interwoven; each requires the other. But they are also in tension. Stability is intimately linked with national security, a diamond with sixteen facets, of which political security – to be translated as the security of the CCP’s hold on power – is the most important. Economic, financial and investment progress will always take second place to the CCP’s security. One of the major factors in ensuring this political security is reflected in the establishment of the Social Work Department. Although full details of its responsibilities are not available, clearly it is intended to build upon the CCP’s tightening of control over society, which began in 2008 or earlier. The main areas of concern are listed as: dealing with petitions and visits (i.e., appeals against administrative injustices, often the cause of protests and unrest); building CCP control at the ‘grassroots governance’ level; strengthening CCP leadership over industry associations and private business; and other areas of civil society.⁹ This expansion of CCP cells and branches within society itself, as well as the strengthening of the role played by the party, has long been a feature of Xi’s years in power.

Travel down the path of totalitarian control is set to continue in coming years. The euphemistic language in the government report of Li Keqiang, then Premier of the State Council, made clear that CCP tentacles are to grasp all aspects of civil society:

Core socialist values were fostered and observed. Public initiatives were launched to promote cultural and ethical advancement. The press and publishing, radio, film, and television, literature and art, philosophy and social sciences, and archiving as well as other undertakings were developed. Think tanks were strengthened. Solid steps were taken to promote in-depth integrated development of media...We should adhere to

⁸ Li Keqiang, ‘Report on the Work of Government’, State Council of the People’s Republic of China, 05/03/2023, <http://bit.ly/3msXsic> (checked: 14/04/2023), p. 8.

⁹ See section 1, paragraph 4 of: ‘中共中央 国务院印发“党和国家机构改革方案”’ [‘The Central Committee of the Communist Party of China and the State Council issued the “Party and State Institutional Reform Plan”’], 新华社 [Xinhua], <http://bit.ly/41quzL> (checked: 18/04/2023).

the Party's basic policy on religious affairs...and provide active guidance to religions so that they can adapt themselves to socialist society.¹⁰

Of the 16 areas of national security, the importance of four in particular is highlighted in the NDRC report, which gives each a separate heading:

1. 'Our ability to guarantee food security was consolidated and enhanced';
2. 'Energy and resource security was ensured';
3. 'Safe and stable operation of industrial and supply chains was safeguarded'; and,
4. 'Economic and financial risks were prevented and defused'.¹¹

These, and the issues which make up the 'six fronts and six areas', are the policy priorities for the coming year and beyond – secondary, as ever, to the CCP's imperative of staying in power. It is noteworthy that employment features in both the 'six fronts' and the 'six areas'. Another priority of Xi is food security and the revitalisation of agriculture and rural areas in the PRC.

Reform – or the lack of it

In 2007 Wen Jiabao, then Premier of the State Council, declared that China's economic and social model was 'unstable, unbalanced, uncoordinated, and unsustainable.'¹² This realisation was the backdrop to the 3rd Plenum in 2013 when the CCP launched around 380 reforms of the system. Xi echoed Wen's formulation, although he omitted 'unstable' from what might be called the 'Three Uns'.¹³ The main slogan of the 3rd Plenum was 'the reform should let the market play a decisive role in allocation of resources'; few analysts read the

¹⁰ Li Keqiang, 'Report on the Work of Government', State Council of the People's Republic of China, 05/03/2023, <http://bit.ly/3msXsic> (checked: 18/04/2023), p. 24 and p. 26.

¹¹ 'Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023', State Council Information Office of the People's Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), p. 21.

¹² Alan Wheatley, 'Too soon to call time on China's boom', *Reuters*, 23/05/2011, <https://bit.ly/3NfBKcH> (checked: 18/04/2023).

¹³ Xi Jinping, '习近平：关于“中共中央关于全面深化改革若干重大问题的决定”的说明' ['Explanation on the "Decision of the Central Committee of the Communist Party of China on Several Major Issues Concerning Comprehensively Deepening Reform"'], *新华网 [Xinhua]*, 15/11/2023, <https://bit.ly/3LebzKkR> (checked: 18/04/2023).



whole sentence, which continues: ‘...and the government better serve its duty.’¹⁴ The government – or in reality the CCP – will always have the more important say and sway.

In the following ten years the ‘unsustainable’ economic model has not been substantially reformed, at least in the direction of the market playing the decisive role. The main areas in need of reform have seen some, but not decisive, changes. This is so for state-owned enterprises (SOEs), the *hukou* [户口] (registration system for citizens for whom services such as health and education are delivered only at the place where they are registered), taxation (a prime example is the failure to deliver a long-mooted real estate tax), local government finances (to remedy the situation in which they are responsible for over 80% of expenditure on services, but receive only 50% of revenue), and health. Even the relatively uncomplicated issue of raising the PRC’s pension age (lower even than in France) has not been pushed through.

Li’s Work Report was short in its consideration of successes in reform in the last ten years. He mentioned supply side structural reform and administrative reform, and the Belt and Road Initiative, while claiming that: ‘We continued to reform the fiscal, taxation, and financial systems’.¹⁵ But he gave no detail, other than remarking that they had finished the matter of abolishing the business tax in favour of value-added tax, hardly breaking news.¹⁶

As for future reform, the NDRC report was scarcely enlightening. The section entitled ‘We will make steady headway in reforms of key areas’ talks only in generalised terms, such as

...further optimise the structure of the tax system, improve local tax systems and the individual income tax system, and make sure that local governments have the basic fiscal resources to pursue self-development.¹⁷

Much of the section is about ‘prudently’ moving forward with existing improvements, optimising oversight, and more supervision. It is a far cry from the urgent rhetoric of the 3rd Plenum in 2013. The section on rural land reform reveals nothing new and is tentative in tone:

¹⁴ ‘Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform’, China.org.cn, 16/01/2014, <https://bit.ly/3GZiwE9> (checked: 18/04/2023).

¹⁵ Li Keqiang, ‘Report on the Work of Government’, State Council of the People’s Republic of China, 05/03/2023, <http://bit.ly/3msXsic> (checked: 14/04/2023), p. 15.

¹⁶ *Ibid*, p. 10.

¹⁷ ‘Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023’, State Council Information Office of the People’s Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), p. 46.



...take orderly steps to launch county-wide trials on extending rural land contracts by another 30 years upon the expiration of second-round contracts, carry out trial reforms for rural residential land in a steady and prudent manner, and advance pilot reforms for the marketisation of rural collective land designated for business-related construction.¹⁸

Ten years on *hukou* reform is limited to granting ‘permanent urban residency to eligible people who move from rural to urban areas, [and] advanc[ing] reform of the household registration system in a prudent and orderly manner’.¹⁹ Meanwhile the Ministry of Finance’s report to the NPC on the budget is underwhelming on financial reform, which amounts to little more than tinkering.²⁰ It remains to be seen whether there is substance to the claim that:

Reform plans for dividing fiscal powers and expenditure responsibilities between the central and local governments in basic public services, science and technology, education, and other areas were introduced, and reform of fiscal systems below the provincial level was steadily advanced.²¹

The practice of the centre bypassing provincial and higher level governments and allocating funds directly to counties and localities has been reinforced. It represents a further step in the trend of strengthening the centre’s control. But it would be a stretch to conclude that, so far at least, there has been meaningful reform in this area.

The slow progress of reform in the last decade begs the question of whether the CCP has been successful in ensuring that the Chinese economic model is no longer ‘unbalanced, uncoordinated and unsustainable’. If meaningful reform has not taken place and if the PRC’s economy is to be fit for the purpose of underpinning a sustainable superpower, then it would be reasonable to assume that this autumn’s 3rd Plenum will be as important an occasion for gearing up economic and social reform as was its equivalent ten years ago. The problem which Xi faces is that reform is easier when the economy is booming. That is no longer the case. Reform inevitably leads to a measure of instability as people adjust to new systems. And the CCP cannot abide instability.

¹⁸ *Ibid*, p. 49.

¹⁹ *Ibid*, p. 52 (emphasis added).

²⁰ ‘Report on the Execution of the Central and Local Budgets for 2022 and on the Draft Central and Local Budgets for 2023’, *Xinhua*, 15/03/2023, <http://bit.ly/3MDF5Sn> (checked: 18/04/2023), p. 19 and p. 22.

²¹ *Ibid*, p. 22.

What does it mean for the Chinese economy?

Often the ‘problem pages’ of Chinese reports are the most interesting. This year the tone is noticeably sombre:

Domestically, the foundations for our economic recovery have yet to be consolidated; unbalanced and inadequate development remains a pronounced problem; aggregate, structural, and cyclical problems are becoming more evident; and China is still under the triple pressures of shrinking demand, supply shocks, and weakening expectations.²²

The NDRC report summarises the main threats to prosperity. Overall, demand remains slack, not least weighed down by the real estate sector, where recovery is poor; supply chains remain blocked, both for industry and agriculture; financial risks are on the rise and local government debt is hampering economic recovery; ensuring the ‘people’s well-being’ (i.e., the provision of services) is patchy; and there is a lack of confidence among enterprises.²³

The growth target for Gross Domestic Product (GDP) – more a guide to policy intention than an accurate indicator – has been set at ‘around 5%’; the refusal to set an exact target unlike the past is an indication of uncertainty. Given the Covid-19 pandemic affected the performance of 2022, this year should see a rebound, but the longer term view is less optimistic.

The importance of growth lies particularly in its implications for employment, the CCP’s biggest concern – employment features as number one in both ‘the six fronts and the six areas’. In recent years the CCP has claimed success in meeting targets for job creation (although it does not say how many jobs are lost each year, so the net figure is not clear). This year’s target is 12 million; the problem is that there will be 11.58 million new graduates.²⁴ There are also non-graduates entering the job market, as well as the 18.1% already unemployed youth and the 5.6% urban unemployed (or a part of them, since

²² ‘Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023’, State Council Information Office of the People’s Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), p. 28.

²³ *Ibid.*, p. 29.

²⁴ ‘China aims to add 12m city jobs, keep urban surveyed unemployment near 5.5%’, *Global Times*, 05/03/2023, <https://bit.ly/4OqwLbT> (checked: 18/04/2023).



many count as unemployed youth) who will still be looking for work.²⁵ And for many the jobs do not match their aspirations or education levels.

Two big contradictions remain. The first is between the expressed desire to raise consumption and the reality that it remains a smaller percentage of the economy than in other major economies.²⁶ The CCP has not been able to move away from a model which relies on investment and exports as the main drivers of growth. This ‘rebalancing’ between the three elements has been talked over for well over a decade, but has made no progress. The problem now is that the return on investment is too small to offset the dangers of increasing debt; and the contribution of exports to the economy faces headwinds, not least because of the worsening geopolitical situation and because of falling demand from weakening foreign economies. Government failure to provide proper health care, particularly during the Covid-19 pandemic, has left Chinese citizens, already prone to save, even less inclined to consume.

The second contradiction lies in the CCP’s attitude to the private sector. It is a political imperative for the Leninist CCP to control private enterprise. Just as environmental non-government organisations must be controlled because they might coalesce into a political Green Party, so economic groups must be controlled in case they coalesce into a political party. A new moneyed class might eventually make demands on how its money is spent – the old adage from American history comes to mind, ‘no taxation without representation’. Recent years have seen a crackdown on leading entrepreneurs – Jack Ma, co-Founder of Alibaba, being the prime example of many.

Another discouragement to the private sector is the CCP system itself. The preservation of party power necessitates the CCP being above the law, as it itself openly proclaims, essentially in matters of national security and stability (which can be used as excuses by the unscrupulous to attack or take control of rival enterprises). This destroys trust, which in turn discourages investment and effort.

Yet the CCP talks of ‘56789’: private enterprise is responsible for 50% of the tax take, 60% of GDP, 70% of innovation, 80% of employment, and 90% of the number of enterprises. Innovation and jobs in particular come from the private sector and both issues are vital to the CCP’s continued economic growth.

²⁵ ‘国务院新闻办就2023年1—2月份国民经济运行情况举行发布会’ [‘The State Council Information Office held a press conference on the operation of the national economy from January to February 2023’], 新闻办网站 [State Council Information Office], 15/03/2023, <http://bit.ly/404q67a> (checked: 18/04/2023).

²⁶ Household consumption composed less than 40% percent of Chinese GDP as of 2020, versus a global average in other countries of roughly 60% percent. With other consumption (such as government consumption) adding 10%-15%, an amount in line with the figures for other countries, the PRC has by far the lowest consumption share of GDP of any economy in the world. See: Michael Pettis, ‘The Only Five Paths China’s Economy Can Follow’, Carnegie Endowment for International Peace, 27/04/2022, <https://bit.ly/3MTTQ3t> (checked: 18/04/2023).

The CCP does its best rhetorically to show support for private entrepreneurs. Xi himself devoted part of one of his pronouncements at a meeting in the ‘Two Sessions’ to an expression of support. The NPC reports reflect this:

We will work unswervingly to consolidate and develop the public sector and encourage, support, and guide the development of the non-public sector...We will protect the property rights of private enterprises and the interests of entrepreneurs in accordance with the law, encourage and facilitate the growth of the private sector and private enterprises, and support private companies in taking part in and serving major national strategies...We will support the development of MSMEs and self-employed individuals, and we will strengthen management of MSMEs and provide better services to them. We will cultivate a cordial and clean relationship between government and business and level the playing field for enterprises under all forms of ownership to realise growth...²⁷

Nevertheless, the backbone of the economy remains the state sector, whether the large centrally controlled SOEs or those belonging to provincial or lower level governments. The political system is not conducive to the level playing field promised.

What does it mean for Chinese foreign relations?

The ‘Two Sessions’ are not the occasion for foreign affairs initiatives. The focus is on the domestic side. But since foreign policy is largely domestic policy played out abroad, foreign policy can be affected.

To start with two smaller points, firstly the budget for diplomacy is to rise by 12.2%, well above that for defence (7.2%) and the projected growth for GDP (‘around 5%’). Secondly, once again there is a commitment to ‘step up efforts to build China into a strong maritime country’.²⁸ Behind this reference lie plans to continue the build-up of the People’s Liberation Army Navy (PLAN), the militia, the fishing fleet, Chinese commercial shipping, as well as the building, control and management of ports throughout the world.

²⁷ ‘Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023’, State Council Information Office of the People’s Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), p. 44.

²⁸ *Ibid*, p. 50.

More generally, the CCP sees the external environment as increasingly threatening. While Li's report spoke of 'high winds and choppy waters in the international environment', the NDRC report repeated a litany heard ever more frequently in leadership speeches and documents:

At the same time, however, we must realise that our world, our times, and our history are changing in ways like never before, and the world is in a new period of turbulence and change. China has entered a period of development in which strategic opportunities, risks, and challenges exist together and uncertainties and unforeseeable factors are rising. Internationally, momentous changes of a kind not seen in a century are accelerating, and competition among major countries and geopolitical conflicts have increased global political and economic risks.²⁹

The foundation of the CCP's foreign policy is a deep anti-Americanism. While the 'Two Sessions' reports make little comment on foreign affairs – there is one reference in the Work Report that '...external attempts to suppress and contain China are escalating'³⁰ – in a side meeting Xi did for the first time directly name the United States:

Western countries, led by the United States, have implemented all-round containment and suppression of China, which has brought unprecedented severe challenges to the country's development.³¹

The reverse of this coin is the reaffirmation of cooperation with Russia during Xi's visit to Moscow after the 'Two Sessions', significantly, the first of his third term as president. As Xi declared in a signed article published in the Russian media: 'We have met 40 times on bilateral and international occasions.'³² While the CCP is unlikely to risk sanctions by sending quantities of arms to Russia which could affect the outcome of the war against Ukraine, the Chinese-Russian marriage of convenience will continue, as will increasing estrangement between the PRC and the US.

This anti-American stance – and America's anti-PRC stance, in particular, Washington's intention of cutting off the PRC's technological legs at the knee –

²⁹ *Ibid*, p. 27.

³⁰ Li Keqiang, 'Report on the Work of Government', State Council of the People's Republic of China, 05/03/2023, <http://bit.ly/3msXsic> (checked: 18/04/2023), p. 28.

³¹ Teddy Ng, 'China's "two sessions" 2023: Xi Jinping directly accuses US of leading Western suppression of China', *South China Morning Post*, 07/03/2023, <http://bit.ly/415bRjP> (checked: 18/04/2023).

³² 'Full text of Xi's signed article on Russian media', *Xinhua*, 20/03/2023, <http://bit.ly/3UyuREG> (checked: 18/04/2023).

make inevitable some form of the ‘D word’. Whether this is ‘decoupling’, ‘divergence’ or ‘de-risking’, the reduction of dependencies will set the tone for the decade. Globalisation cannot grind to a halt, because economies are too interwoven, but the trend is clear. This has long been the message which the CCP leadership has sent out to party members. Xi repeated it in February at the opening of the new session at the Central Party School:

We must adhere to independence, self-reliance and self-improvement, insist on putting the development of the country and the nation on the basis of our own strength, and insist on firmly grasping the destiny of our country's development and progress in our own hands.³³

‘Self-reliance’ is the watchword, particularly in science and technology, a phrase which appears several times in Li and the NDRC’s reports, as well as forming a section title in the NDRC report: ‘Implementing science and technology policies with a view to enhancing our country’s self-reliance and strength in science and technology.’³⁴

Meanwhile, even if the policy of military civil fusion is less spoken about (precisely because it reinforces the US’ determination to stop most technology being diverted for defence purposes), there is nevertheless reference to it:

We in governments at all levels should give strong support to the development of national defence and the armed forces and conduct extensive activities to promote mutual support between civilian sectors and the military. In doing so, we will open a new chapter of unity between the military and the government and between the military and the people.³⁵

³³ ‘习近平在学习贯彻党的二十大精神研讨班开班式上发表重要讲话’ [‘Xi Jinping delivered an important speech at the opening ceremony of the seminar on studying and implementing the spirit of the 20th National Congress of the Communist Party of China’], 新华社 [Xinhua], 07/02/2023, <http://bit.ly/3EGHGGo> (checked: 18/04/2023).

³⁴ ‘Report on the Implementation of the National Economic and Social Development Plan for 2022 and the Draft National Economic and Social Development Plan for 2023’, State Council Information Office of the People’s Republic of China, 16/03/2023, <https://bit.ly/3Lej8Ig> (checked: 18/04/2023), p. 35.

³⁵ Li Keqiang, ‘Report on the Work of Government’, State Council of the People’s Republic of China, 05/03/2023, <http://bit.ly/3msXsic> (checked: 18/04/2023), p. 35.

Conclusion

CCP leaders frequently declare that ‘This year is a crucial year in the development of China’. In one sense that may not be true of 2023. As the PRC recovers from Covid-19 lockdowns, the economy should rebound. It may well meet its employment targets and GDP growth may well be ‘around 5%’. But in other senses it is true. Instituting real reform of the ‘unbalanced, uncoordinated, unsustainable’ system at the 3rd plenum in October or November is crucial for the longer term, yet reform is harder as the global and Chinese economies face headwinds. And there are clouds gathering over 2024 and beyond: worsening relations with the US and Europe; within the PRC the four problems of debt, demographics, water scarcity and an inadequately educated workforce; and a population whose trust in the CCP has been dented by its Covid-19 lockdown policies.

It would take catastrophe in the economy and splits in the leadership for Xi to lose power. Both are unlikely. But tensions are likely to rise both domestically and in foreign relations. Xi is pushing the CCP and PRC towards technological totalitarianism. He believes that he can ‘forge souls’, a phrase he often uses. But humans often show a recalcitrant obstinacy, as the nationwide (if small scale) protests by a new generation against Covid-19 lockdowns and, for a few, against the CCP itself showed.

Meanwhile abroad, Xi may have broken cover and moved away from Deng’s ‘hide and bide’ policy too early. The United Kingdom (UK) and other free and open countries are more aware of his aims and methods. They neither like what they see, nor are prepared to be as cooperative as before. And yet, in external relations, Xi appears to be, in the phrase used of Margaret Thatcher, a former Prime Minister of the UK, ‘not for turning’. His aggressiveness shows no signs of being tempered – in rhetoric on rare occasions, but not in action. And the UK, US and other developed countries are no longer inclined to give the CCP the benefit of the doubt. ‘High winds and choppy waters’ may be an apt, or possibly inadequate, description of the coming few years.



About the author

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