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**XI JINPING APPEARS SET FOR THE NEXT TERM AT CHINA'S HELM**

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After a fortnight's absence from public events, Chinese President Xi Jinping and Chinese Premier Li Keqiang appeared in the Liaoning and Guangdong provinces respectively. Their absence since July 31 and appearance subsequently on August 16 confirmed that the secretive conclave of senior veteran cadres at the Beidaihe seaside resort had concluded after a fortnight. None of the Politburo Standing Committee (PBSC) members were noticed either during this period. The extended duration of the Beidaihe conclave, which normally lasts 8-10 days, has sparked some speculation in China. So also has the fact that instead of the other PBSC members appearing earlier – National People's Congress (NPC) Chairman and PBSC member Li Zhanshu was the first to appear after the previous two conclaves at Beidaihe – it were Xi Jinping and Li Keqiang who were seen.

What transpired at the Beidaihe conclave is not yet known and rumours will probably begin to circulate in a couple of weeks. However the visits and speeches by Xi Jinping and Li Keqiang do suggest that the economy would have been discussed at length at Beidaihe and will be a priority for China's leadership. Reports that Xi Jinping may possibly physically attend the Shanghai Cooperation Organisation (SCO) Summit in Uzbekistan and Indonesian President Joko Widodo's disclosure that Xi Jinping plans to attend the G-20 Summit in Bali this November, also suggest that Xi Jinping is confident that he will continue to be at China's helm after the 20<sup>th</sup> Party Congress.

Xi has been preparing for another term as China's leader and reports circulating in China claim that he may even be designated Chairman at the upcoming 20<sup>th</sup> Party Congress! This would place him on par with Mao Zedong. More importantly, it would make him the pre-eminent member of the PBSC and imply that decisions in the PBSC or Politburo (PB) will no longer be by consensus. Another term for Xi Jinping also means that the CCP has decided to set aside the informal convention laid down by Deng Xiaoping of no more than two 5-year terms for any leader in order to prevent undue concentration of power in a single leader. Chinese Premier Li Keqiang has already announced that he would be stepping down as Premier on completion of his second term in March 2023.

Interesting was that Xi Jinping, during his inspection of Jinjiang City, Shenyang and other places in Liaoning province on August 16 and 17, where he was accompanied by Liaoning Party Secretary Zhang Guoqing and Liaoning Governor Li Lecheng, emphasised water conservation, food production, common prosperity as well as the economy. He gave "important" instructions on flood control and improving disaster management capabilities. He also spoke of the need to cultivate young 'Red' cadres.

During his visit to Guangdong and the Shenzhen Special Economic Zone, Li Keqiang stressed on economic reforms. He emphasized that under the guidance of 'Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era', the decisions of the Party Central Committee and the State Council must be fully implemented along with the new development concept. He called for efficient coordination of epidemic prevention and control and economic and social development, and economic stability. He also, pointedly, visited Lianhuashan Park to pay homage to the bronze statue of Deng Xiaoping. Careful to acknowledge Xi Jinping's contributions, Li Keqiang said 'It is hoped that under the strong leadership of the CCP Central Committee with Comrade Xi Jinping as the core, we will forge ahead, reform and innovate, and push development to a new level!'

Underscoring the leadership's focus on the economy, Li Keqiang presided over a symposium on August 16, with the principals of the provincial government in Shenzhen. Four Party Secretaries and Governors including Li Xi, Secretary of the Guangdong Provincial Party Committee, together accounting for more than 40% of the national economy, delivered speeches via video. Li Keqiang urged the economically large provinces to take the lead, ensure that market players stabilize the economy, and stabilize the employment of local and migrant workers. He said it is necessary to promote a higher level of opening to the outside world, stabilize foreign trade and foreign investment, and achieve mutual benefit and win-win results. A stable economy, he asserted, is also a stable source of money.

China's deteriorating economy is a serious concern and Li Keqiang's successor will have a difficult task. Amid rumours that Chinese Vice Premier Hu Chunhua will be promoted to the PBSC and appointed the next Premier, he attended a national teleconference, on stabilizing foreign trade and foreign investment and expanding consumption, in Beijing on August 17. On August 19, Hu Chunhua attended the National Employment Work Teleconference and the plenary meeting of the State Council's Employment Work Leading Group in Beijing. He emphasized that "we should make greater efforts to further stabilize the employment situation and make positive contributions to the overall economic and social development."

Hu Chunhua has the necessary qualifications for elevation to the PBSC and appointment as Premier. A young, low key cadre on the fast-track, he has served as Party Secretary of Guangdong and the Inner Mongolia Autonomous Region and has served two terms in the Tibet Autonomous Region. He is a Vice Premier and has also been entrusted with implementation of Xi Jinping's flagship poverty alleviation programme. However, Hu Chunhua has risen through the ranks of the Communist Youth League (CYL) and is considered close to Hu Jintao.

There are at least three other candidates in the central organisations with experience of economic work who would be contenders for the job of Premier. Liu He, who is one of Xi Jinping's closest friends and has studied Economics in the U.S., is Xi Jinping's foremost adviser on economic matters. But he is 71 years old. He Lifeng heads the powerful National Development and Reform Commission (NDRC) under the State Council and is a Politburo (PB) member. He is 67 years old and eligible for elevation to the PBSC. Both accompany Xi Jinping on his tours within China and appear in the official photographs.

Finally, there is Han Zheng who is already in the PBSC and a Senior Vice Premier and at 68 years is just eligible to continue. Han Zheng was close to former Chinese President Jiang Zemin and, while he has switched allegiance to Xi Jinping, is still not regarded as entirely in Xi Jinping's camp. There was also some apparent unhappiness at the delay in his handling of the 'democracy' protests in Hongkong. If Han Zheng is retained in the PBSC or appointed Premier, it would mean that Xi Jinping has not been able to pack the PBSC with his loyalists.

There are others in the provinces who are also aspiring for elevation to the PBSC and could be considered eligible for the job of Premier. Front runners among them would be Li Jiang (63 years), Party Secretary of Shanghai; Chen Min'er (62 years), Party Secretary of Chongqing and long considered a rising star; Li Xi (66 years), Party Secretary of Guangdong; and Li Hongzhong (66 years) Party Secretary of Tianjin. Li Jiang and Chen Min'er are closely associated with Xi Jinping. Li Hongzhong has been vocal in his support for Xi Jinping and was the first cadre to refer to him as 'lingxui'. All of them have experience of managing provinces that are economic powerhouses.

Whoever takes over as Premier will have to contend with major economic difficulties in the years ahead. The rising graduate unemployment – already 19.9 per cent by June this year, officially acknowledged ten percent rise in the costs of production, closure of businesses, imposition of strict regulatory controls on China's tech and fintech industries that has reduced their profitability, massive rural and urban unemployment, closure of businesses, anticipated food shortages etc., all threaten the legitimacy of the Chinese Communist Party (CCP). In addition the deteriorating international environment and mounting anti-China sentiment globally could also shrink China's export markets abroad especially in the U.S. and Europe. Xi Jinping and China's new Premier will have a difficult task ahead of them after the 20<sup>th</sup> Party Congress.

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