



CCAS

Centre for China Analysis & Strategy

中国分析及策略中心

19 March 2023

‘CHINA’S BIG TWO SESSIONS’ CONFIRM XI JINPING AS CHINA’S PRE-EMINENT UNRIVALLED LEADER’

by JAYADEVA RANADE

The plenary sessions of the 14th National People's Congress (NPC) -- China's version of a parliament -- and 14th Chinese People's Political Consultative Conference (CPPCC) -- China's top political advisory body -- that concluded on March 13 were, as anticipated, a success for Xi Jinping. Having again been elected as General Secretary of the Chinese Communist Party (CCP) Central Committee (CC) at the 20th Party Congress last October, 2952 Deputies to the NPC unanimously re-elected Xi Jinping for a third term as President of China. In his first speech after the NPC session, Xi Jinping exulted that he was honoured to be elected to "the lofty office of President". He also claimed to have lifted the people out of poverty and wiped out the centuries of humiliation they had suffered!

2. Xi Jinping is the first leader of the People's Republic of China (PRC) to hold the position of Head of State for such a long period. Even Mao Zedong was Chairman for only one year. His named successor Liu Shaoqi was Chairman for a year and a half and Xi Jinping's two immediate predecessors Hu Jintao and Jiang Zemin were President for two terms each. With this Xi Jinping has established himself as the unrivalled pre-eminent leader of the PRC. By also endorsing Xi Jinping's nominees as State Councillors, members of the Central Military Commission and in all top appointments, the NPC plenum solidified Xi Jinping's authority over the Party and Government apparatus. Today, Xi Jinping has his loyalists in all key positions. To reinforce that message China's official media, including the Global Times, acclaimed (March 12): "Xi Jinping's unanimous election as Chairman of the Central Military Commission has greatly inspired and motivated the whole Party, the whole army and the whole nation to embark on a new journey".

3. While Xi Jinping was unanimously 'elected', the second-ranked in the CCP CC hierarchy and candidate for Premier, Li Qiang, received three votes against and eight abstentions. The NPC session also endorsed the two PLA Generals, Zhang Youxia and He Weidong, as Vice Chairmen of the PRC Central Military Commission (CMC). General He Weidong's 'helicopter' promotion to the CCP CC Politburo and as Vice Chairman of the CMC is important as he has experience of postings in the Western Theatre Command facing India and the Eastern Theatre Command opposite Taiwan – both important military theatres for China. He Weidong is credited also with having planned and overseen the major air and sea military operations against Taiwan within days of US Congress House Leader Nancy Pelosi's visit to Taipei.

4. The NPC approved the following loyalists nominated by Xi Jinping as new members of the PRC State Council: Premier Li Qiang; Executive Vice Premier Ding Xuexiang (long time, trusted Secretary to Xi Jinping); Vice Premiers He Lifeng (former Head of NDRC), Zhang Guoqing (former Party Secretary of Liaoning), and Li Guozhong (former Party Secretary of Shaanxi). It also approved his nominees for the position of State Councillors: General Li Shangfu (as Defence Minister), Wang Xiaohong (Minister for Public Security), Wu Zhenglong (as Secretary General of the State Council), Shen Yiqin (the only female and former Party Secretary of Guizhou), and Qin Gang (Foreign Minister). Indicative of the importance being accorded to reviving the economy and in a bid to reassure markets and investors as the country focuses on fighting economic headwinds, the NPC approved retention of China's Central bank Governor 65-year old Yi Gang and Finance Minister 66-year old Liu Kun.

5. Among the key appointments are those of former Shanghai Party Secretary and long-time Xi Jinping associate Li Qiang as Premier. Though there were three "nos" and eight abstentions in his election, this could have been because he complied with Politburo member Sun Chunlan's instructions and implemented the centre's 'zero-Covid' policy and locked-down Shanghai for three months. However, having been Governor and Party Secretary of Zhejiang, Jiangsu and Shanghai – three of China's wealthiest provinces – Li Qiang is well qualified for the position which requires him to revive the country's economy.

6. Zhao Leji, also a close friend and protégé of Xi Jinping, was appointed NPC Chairman replacing Li Zhanshu, one of Xi Jinping's closest friends. Two other key appointments which showed that national security remains a high priority for the Chinese leadership, are the elevation of the Minister of Public Security Wang Xiaohong as a member of the powerful CCP CC Secretariat and promotion and appointment of General Liu Zhenli as Head of the PLA Joint Staff Department, in addition to raising the national defence budget by 7.2 percent. For the past two years the quantum of increase was under 6.5 percent.

7. Interesting was the appointment of former Politburo Standing Committee member Han Zheng as PRC Vice President in place of Wang Qishan who retired. Han Zheng has not been regarded as particularly close to Xi Jinping despite his efforts and his elevation may indicate an element of compromise. It may have been a move intended to keep the discontented Jiang Zemin faction from creating complications in the months ahead. There have been reports that Xi Jinping has prepared plans to purge members of Jiang Zemin's faction and that more than 15,000 CCP officials and 3000 entrepreneurs affiliated to Jiang Zemin are slated to be purged and have their assets confiscated. In any event the post of PRC Vice President is not powerful. Chinese observers have suggested that Li Qiang's appointment could also help assuage this group.

8. The NPC also authorised a major restructuring of Party and government departments. Their apparent emphasis was on enhancing the Party's control and making it more powerful. The restructuring confirmed the Chinese leadership's three top priorities for the next five years, namely national security, economic development (or high-quality development), and self-

sufficiency in agriculture. The budgets for security, national defence, science and technology and agriculture all registered increases.

9. The NPC approved the plan for reform and restructuring of Government Departments submitted to it by China's State Council on March 7. The plan proposed that:

- i. A new National Financial Regulatory Authority will be set up and absorb the China Banking and Insurance Regulatory Commission (CBIRC). It will take over some of the functions of the People's Bank of China and the China Securities Regulatory Commission;
- ii. The China Securities Regulatory Commission will become a government agency directly under the State Council;
- iii. The regional branches and business management departments of the People's Bank of China, as well as the business management departments directly under the headquarters and the central branches in provincial capitals will be revoked. Instead, the central bank will establish provincial-level branches in 31 provinces, autonomous regions, and municipalities, in addition to branches in cities specially designated in the state plan, including Shenzhen, Dalian, Ningbo, Qingdao, and Xiamen. The People's Bank of China Beijing Branch will retain the brand of the People's Bank of China Business Management Department, while the People's Bank of China Shanghai Branch will share an office with the People's Bank of China Shanghai Headquarters;
- iv. The Ministry of Science and Technology will be restructured. It will absorb the China Rural Technology Development Centre, China Biotechnology Development Centre, the Administrative Centre for China's Agenda 21 and the Hi-Tech Research and Development Centre;
- v. A National Data Bureau Authority will be set up. It will take over certain functions of the Office of the Central Cyberspace Affairs Commission and the NDRC;
- vi. The Ministry of Agriculture and Rural Affairs will add the brand of the National Rural Revitalization Administration;
- vii. The National Public Complaints and Proposals Administration will be an institution directly under the State Council; and
- viii. the number of Central Government Department Employees will be reduced by 5% in a shakeup.

10. There were reports just prior to the NPC that the Ministry of State Security and Ministry of Public Security would be merged and removed from the purview of the State Council and placed under one newly established Central Internal Affairs Commission (CIAC), or *neiwehui*. That has not yet been announced. However, reports filtering out of Beijing suggest that there are differences between two of Xi Jinping's closest proteges, Ding Xuexiang and Wang Xiaohong, on who will head the newly established Central Internal Affairs Commission, or '*neiwehui*'. There are also differences on whether it will have the legendary anti-espionage and other State Security functions.

11. On March 16, Xinhua published the detailed "Party and State Institutional Reform Plan" jointly issued by the CCP CC and the State Council. It specified that Reform tasks at the central level should be completed by the end of 2023, and reform tasks at the local level should be completed

by the end of 2024. Apart from previously announced government reforms, the reform of Party organs include: (i) Creation of a Central Finance Committee; (ii) Creation of a Central Finance Work Committee; (iii) Creation of a Central Science and Technology Commission; (iv) Creation of a Central Social Work Department; and (v) Creation of the Central Office of Hong Kong and Macao, among others. Among these the Central Social Work Department appears akin to the former Central Social Affairs Department and appears to be an entirely new system reaching down into the grassroots, outside of the existing bureaucracies, including the Ministries of Public Security and State Security.

12. The restructuring of the Ministry of Science and Technology (MOST) and creation of a new Central Science and Technology Commission reinforces the Chinese leadership's unwavering focus on science and technology. China retains its ambition of becoming one of the most advanced technology powers in the world despite increasingly restrictive U.S. sanctions.

13. The outgoing Chinese Premier Li Keqiang's Government Work Report that he presented to the NPC on March 4 is important. The Report, which was approved by Xi Jinping, outlined the plans for the coming period and indicates the Chinese Communist Party (CCP)'s priorities. The 29-page report, which included 14 mentions of Xi Jinping, expectedly credited his leadership as having surmounted the difficulties -- economic difficulties, adverse international environment and the Covid pandemic -- of the past few years! In his hour-long speech, Li Keqiang lauded Xi Jinping as "the core of the party leadership" seven times, stressing that "We owe our achievements ... to the strong leadership of the party central committee with comrade Xi Jinping at its core and the sound guidance of Xi Jinping Thought." However, in what many analysts interpret as a note of caution, Li Keqiang conveyed a cryptic message for his staff: "While people work, heaven watches. Heaven has eyes."

14. The Report kept the spotlight on security and development and its emphasis on the "unpredictable" and "grim" difficulties that lie ahead for China is significant. Echoing Xi Jinping's warnings of the past some months, it too warned of the probability of "black swan" and "grey rhinoceros" events. Li Keqiang anticipated difficult times ahead and asked China to gear up for "rough seas and even rougher seas". Another indicator of the economic difficulties was the announcement that the number of central government employees would be reduced by 5 per cent. In his first press conference after the NPC on March 13, new Chinese Premier Li Qiang too was cautious on the economy and, played down the 5 percent GDP growth target, saying achieving it would be difficult as the base was high.

15. The key economic targets announced by Premier Li Keqiang in his report are: i) GDP - around 5%; ii) CPI - around 3%; iii) deficit-to-GDP - 3%; iv) Special Purpose Bonds - 3.8T Yuan; v) Defence - 1.55T Yuan (US\$ 225 Billion), up 7.2% from 2022

16. The highlights of Chinese Premier Li Keqiang's 29-page Work Report are:
- While recognizing our achievements, we are keenly aware that China is still a large, developing country. It remains in the primary stage of socialism with prominent imbalances and inadequacies in its development. Today, many difficulties and challenges still confront us.

- Uncertainties in the external environment are on the rise. Global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain China are escalating.

- At home, the foundation for stable growth needs to be consolidated, insufficient demand remains a pronounced problem, and the expectations of private investors and businesses are unstable. MSMEs and self-employed individuals face multiple difficulties in business and production operations. The task of maintaining employment stability is challenging, and the budgetary imbalances of some local governments are substantial. There are many risks and hidden dangers in the real estate market. The operating risks of some small and medium financial institutions have been exposed.

- There are still many institutional barriers hindering development. Our capacity for scientific and technological innovation needs to be further improved. We still have a long way to go in protecting the environment. There are still major weak links in urban and rural infrastructure for disaster prevention and mitigation and other purposes. Weak links also persist in areas important to the people's lives.

- Pointless formalities and bureaucratism remain acute issues. Some local governments have used one-size-fits-all approaches or taken excessive measures when implementing policies. Some officials fail to fulfil their duties, act arbitrarily, or have a narrow focus in work. Some are detached from reality, go against the public will, or disregard the legitimate rights and interests of the people. Corruption remains a common problem in some fields, sectors, and localities. Regarding government work, the people have expressed some views and suggestions which deserve our full attention.

17. Sharing his recommendations for the direction of government work of 2023, Premier Li Keqiang said that 2023 is the first year for fully implementing the guiding principles from the Party's 20th National Congress. He said for the government to deliver, it is important, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, to do the following:

- follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era;
- implement the guiding principles from the Party's 20th National Congress;
- act on the guidelines of the Central Economic Work Conference;
- make solid progress in advancing Chinese modernization;
- act on the general principle of pursuing progress while ensuring stability;
- fully and faithfully apply the new development philosophy on all fronts and move faster to create a new pattern of development;
- promote high-quality development;
- respond to Covid-19 and pursue economic and social development in a more coordinated way;
- better ensure development and security;
- deepen reform and opening up in all respects;
- boost market confidence;

- pursue the strategy of expanding domestic demand and deepen supply-side structural reform;
- give priority to ensuring stable growth, employment, and prices;
- effectively prevent and defuse major risks;
- effectively pursue higher-quality growth and appropriately increase economic output;
- keep working to improve people's lives and maintain overall social stability.

18. He further listed the main projected targets for development this year and stressed prioritizing economic stability and pursuing progress while ensuring stability. He listed the following targets:

- GDP growth of around 5 per cent;
- around 12 million new urban jobs;
- surveyed urban unemployment rate of around 5.5 per cent;
- CPI increase of around 3 per cent;
- growth in personal income that is generally in step with economic growth;
- steady increases in both the volume and quality of imports and exports;
- grain output of over 650 million metric tons;
- steady improvements in the quality of the eco-environment.
- This year, it is essential to prioritize economic stability and pursue progress while ensuring stability.
- A deficit-to-GDP ratio of 3 percent has been projected for this year. We should improve preferential tax and fee policies, and extend and further refine policies on tax and fee cuts, tax rebates, and tax deferrals as the situation requires. We should see that at the primary level, basic living needs are met, salary payments are ensured, and normal government functioning is maintained.
- The RMB exchange rate should be kept generally stable at an adaptive, balanced level.
- In adopting industrial policies, we should give consideration to both, development and security imperatives.
- Scientific and technological policies should aim at building up our country's strength and self-reliance in science and technology. The new system for mobilizing resources nationwide should be improved, we should better leverage the role of the government in pooling resources to make key technological breakthroughs, and enterprises should be the principal actors in innovation.
- We should take concrete measures to fully implement the employment-first policy and place a higher priority on promoting the employment of young people, particularly college graduates.

19. Li Keqiang additionally listed eight key priorities of the government work for 2023.

20. In his first speech after the 14th NPC Plenum, Chinese President Xi Jinping addressed the First Session of the Fourteenth National People's Congress on March 13. Declaring that he had been elected for the third time to "the lofty office of President", he asserted that he "will faithfully perform the duties entrusted by the Constitution". At the outset Xi Jinping recalled that China,

after "more than 5,000 years of civilization, has created countless brilliance and experienced many hardships in history. After modern times, China had gradually become a semi-colonial and semi-feudal society, suffering from bullying by foreign powers, fragmentation, frequent wars, and misery. After the founding of the Communist Party of China, it closely united and led the people of all ethnic groups in the country. After a century of struggle, the national humiliation was wiped out, and the Chinese people became the masters of their own destiny. The Chinese nation ushered in a great leap from standing up, getting rich, and becoming strong. The great revival has entered an irreversible historical process".

21. Asserting that "The baton of building a strong country and national rejuvenation has historically fallen on our generation", Xi Jinping emphasised implementing "the strategy of rejuvenating the country through science and education, the strategy of strengthening the country with talents, and the strategy of innovation-driven development, focus on improving the ability of self-reliance and self-improvement in science and technology, promote industrial transformation and upgrading, and promote the coordinated development of urban and rural areas" so as to "continuously strengthen China's economic strength, scientific and technological strength, and comprehensive national strength". In an implicit reference to common prosperity -- a term that generates considerable unease among China's private businessmen and entrepreneurs -- he said the achievements of modernization should benefit all the people more and more equitably.

22. Calling for better coordination of development and security, Xi Jinping said "Security is the foundation of development, and stability is the prerequisite for prosperity. It is necessary to implement the overall national security concept, improve the national security system, enhance the ability to maintain national security, improve the level of public security governance, improve the social governance system, and guarantee the new development pattern with the new security pattern. It is necessary to comprehensively promote the modernization of national defence and the army, and build the people's army into a steel Great Wall that effectively safeguards national sovereignty, security, and development interests". Xi Jinping also dwelt on "the great cause of the reunification of the motherland" and, stating that "Building a strong country cannot be separated from the long-term prosperity and stability of Hong Kong and Macau", declared that "Realizing the complete reunification of the motherland is the common aspiration of all Chinese people, and it is the essence of national rejuvenation. We must implement the Party's overall strategy for resolving the Taiwan issue in the new era, adhere to the one-China principle and the "1992 Consensus," actively promote the peaceful development of cross-strait relations, resolutely oppose interference by external forces and separatist activities for "Taiwan independence," and unswervingly advance the process of reunification of the motherland".

23. Xi Jinping said, "China's development benefits the world, and China's development cannot be separated from the world." He stressed the need to "Promote the implementation of global development initiatives and global security initiatives, add more stability and positive energy to world peace and development, and create a favourable international environment" for China's development. In conclusion, declaring that "The great rejuvenation of the Chinese nation has

entered an irreversible historical process", Xi Jinping stressed that to build a strong country, "we must adhere to the leadership of the Communist Party of China and the centralized and unified leadership of the Party Central Committee" ... "unswervingly oppose corruption, always maintain the unity and unity of the party, and ensure that the party will never deteriorate, change colour, or change".

24. Chinese Foreign Minister Qin Gang, whose proximity to Chinese President Xi Jinping was evident in his appointment and now elevation at this NPC to State Councillor, held a press conference on the side-lines of the NPC plenum on March 7. In fairly tough language aimed at the US, he said that 'containing and suppressing China won't make the US great, and it will not stop the rejuvenation of China'. He said 'the United States' China policy has entirely deviated from the rational and sound track'. Qin Gang said "The US claims that it seeks to out-compete China but does not seek conflict. Yet in reality, its so-called 'competition' means to contain and suppress China in all respects, and get the two countries locked in a zero-sum game." Comparing China and the US to two athletes competing in an Olympic race, Qin Gang said if one of the athletes, instead of focusing on giving one's best, always tries to trip or even injure the other, that is not fair competition but malicious confrontation and a foul. Qin Gang said the US rhetoric of "establishing guardrails" and "not seeking conflict" simply means China should not respond in words or action when slandered or attacked -- "That is just impossible." "If the US does not hit the brake but continues to speed down the wrong path, no amount of guardrails can prevent derailing and there will surely be conflict and confrontation." Qin Gang added that China is firmly opposed to such competition, which is a reckless gamble with the stakes being the fundamental interests of the two peoples and even the future of humanity. "If the US has the ambition to make itself great again, it should also have a broad mind for the development of other countries."

25. The 'Big Two' sessions, while confirming Xi Jinping's authority over the Party and Government apparatus and re-election as PRC President, also affirmed China's objectives for his third term. These are: consolidation and strengthening of the CCP, economic reforms and high quality development, strengthening national security, and ensuring China's self-sufficiency in agriculture. Emphasis was also given to national rejuvenation and reunification.

(The author is former Additional Secretary, Cabinet Secretariat, Government of India and is presently President of the Centre for China Analysis and Strategy.)