NO. 176 (2093), 16 NOVEMBER 2022 © PISM

BULLETIN

Xi and CPC Consolidate Power in the 20th CPC Congress

Marcin Przychodniak

The 20th Congress of the Communist Party of China (CPC) confirmed Xi Jinping's total control of the party. Politicians loyal to the leader dominated the composition of the CPC Standing Committee (SC). In his report on the work of the former Central Committee, Xi emphasised the threats to China's interests, above all the difficult socio-economic situation and the pressure from the U.S. The CPC will continue to increase control over the economy and society and reduce technological dependence on foreign countries. It will also continue its confrontational foreign policy. This means, among others, a continuation of the Chinese position on supporting Russia as well as the potential of further deterioration of the situation of foreign companies.

The 20th CPC Congress (16-22 October) began with Secretary-General Xi Jinping presenting a report on the work of the former Central Committee (CC) and the CPC's plans for the next five years. Among other tasks, the Congress approved the report and chose new members of the CC (205 people). On 23 October, the first plenum of the new Central Committee was held, during which members of the Political Bureau (PB) and the Central Military Commission (CMC) were elected, and from the BP members, the Standing Committee (SC)—the seven most important CPC politicians.

New Leadership. The composition of the most important bodies of the CCP, the <u>PB and SC</u>, confirmed that the decisive element for the promotion of politicians is their loyalty to Xi Jinping. Since March 2021, the Secretary-General has personally supervised the work of the commission recruiting candidates for the CC. Two-thirds of the composition of the Central Committee was replaced (similar to 2017, but more than in 2012 and 2005). Promotions were also given to supporters of Xi who, due to their age, would have had to retire (e.g., the Minister of Foreign Affairs Wang Yi was nominated for the PB), while younger ones who were protégés of Hu Jintao (Prime Minister Li Keqiang or Deputy PM Hu Chunhua) were dismissed (sometimes even from the Central Committee). For the first time in history, there are no women or ethnic minorities represented among the 24 members of the PB.

The composition of the CPC's organs shows the growing importance of security issues in China's politics. Chen Yixin, who

from October this year has been minister of State Security (intelligence), became a full member of the Central Committee. His predecessor, Chen Wenging, will head the Central Committee's Political and Legal Affairs Committee, overseeing the justice and security apparatus. The candidate for the director of Xi's office is Wang Xiaohong, the minister of Public Security (political police). Shi Taifeng, director of the Central Committee's United Front Department, dealing with propaganda, diaspora surveillance, and the expansion of China's soft influence abroad, became a PB member. These three politicians are also members of the Secretariat of the CC, which organises the work of the CPC leadership. The importance of links to Xi and security issues is also confirmed by the composition of the CMC, where Zhang Youxia (72 years old, the only officer in this group with wartime experience, having served in the war with Vietnam) remained deputy head of the CMC, and He Weidong, coordinator of the September military exercises around Taiwan, was promoted to vice president of the CMC (although he was not even a member of the CC before).

The elections of the 20th Congress will be complemented by nominations for state positions during the session of the National People's Congress in March 2023. Li Qiang, a member of the SC and one of Xi's most trusted will most likely become prime minister. After his appointment to the PB, He Lifeng will probably become the deputy prime minister for economic affairs. The election of new ministers, including the head of the Ministry of Foreign Affairs, is even expected during the session

PISM BULLETIN

of the Standing Committee of the NPC in December this year. The candidates for this position are the members of the Central Committee: Liu Haixing (former MFA deputy minister, now a director in the National Security Commission), Qi Yu (secretary of the CCP in the Ministry of Foreign Affairs), and the most likely candidate, Qin Gang (the Chinese ambassador to the U.S.).

Domestic Policy Perspectives. Xi's report showed the conviction that the time of "peace and development", which had favoured China for years is now over. This is mainly visible in the poor condition of the economy (including the real estate sector), which increases the multiyear prospects of low GDP growth (at the level of several percent). The priorities described in the report that China is to achieve by 2027 and 2049 emphasise the importance of technological independence and the reduction of social inequalities. These are key elements in the "double circulation" and "common prosperity" agendas that were incorporated into the party charter at the Congress. They are primarily intended to stabilise the social situation, specifically through the discipline of the party apparatus and of citizens. To mobilise the population around the CPC's goals, propaganda campaigns will target, for example, the richest and students as groups poorly implementing party assumptions; as well, the implementation of instruments of mutual control of citizens is possible. While liberalisation of the "zero-COVID policy" is possible, it has evolved from virus prevention into an instrument for political surveillance and stabilisation of society. The effective implementation of the party's anti-coronavirus policy will also continue to be a test of the elite's loyalty to the CPC and Xi Jinping.

The Future of Foreign Policy. Xi's report also described negatively China's international situation. This assessment is related primarily to the global consequences of the Russian invasion of Ukraine, as well as to the pressure on China created by the U.S. in the Indo-Pacific. Therefore, the ability to defend Chinese interests is of particular importance, and the CPC's priorities until 2027 include the further modernisation of the armed forces and increasing the potential of China in the international arena. The scenarios of unification with Taiwan remain valid, and Xi has not ruled out the possibility of use of force. Opposition to Taiwan's independence was included in the party constitution during the Congress.

Chinese diplomacy is to support the "double circulation" agenda, an important element of which is attracting investments from abroad (e.g., from Germany and other EU countries), but above all building technological self-sufficiency so that further American sanctions cannot threaten Chinese plans (including the modernisation of the army). Strengthening the internal capacity and supervision of the CPC also means a further restriction of market freedoms (e.g., by limiting access to capital or antitrust regulations) and operating foreign companies on the basis of concessions. In political practice, one should expect, among others, intensified disinformation activities, economic coercion, or initiatives undermining the current international order, also in cooperation with Russia. China's support for Russia through their strategic relationship

was confirmed by Wang Yi in a telephone call with Russian Foreign Minister Sergey Lavrov on 27 October.

China presents a narrative about the possibility of cooperation with the EU (especially with Germany, France, and Poland), which in fact aims to deepen political differences between the Member States, as well as between the EU and the U.S. This does not mean, however, that the EU's demands will be met regarding opening up the Chinese market or adhering to human rights, or that China will exert influence on Russia in terms of the aggression against Ukraine. Select concessions are possible (e.g., the approval of German mRNA vaccines against the coronavirus, which was announced during the visit of German Chancellor Olaf Scholz to Beijing) but this does not mean that China is ready to choose a different strategic path.

Conclusions. The 20th CCP Congress highlighted serious internal and foreign challenges for China. The election of Xi Jinping as secretary-general for a third term and the domination of his supporters in the SC are intended to increase the effectiveness of the CPC leadership. Since 2012, Xi has centralized power, strengthened the ideological dimension, and increase supervision over the economy. The CPC indicates that this is a process that must continue in order to complete China's modernisation processes and increase its international position by 2049. In the opinion of the party, there are more and more challenges, so there is a need for political continuation with the support of loyal activists, also in the security apparatus and the armed forces. In this context, and with the scale of the current problems, further centralisation of power is the only effective tool.

The party therefore rejects proposals that would strengthen the middle class as well as bottom-up innovation in industry as politically it would be too risky. It sees the situation in ideological terms—the CPC must monopolise power in seeking "China's rejuvenation" in the face of problems caused by external and internal enemies. On the one hand, this view concerns the development of China's internal potential (increasing consumption, fighting inequalities, technological independence), and on the other hand, strengthening security in order to be able to resist this pressure and, if necessary, act offensively, for example, against Taiwan.

The results of the 20th Congress and the limited prospects for change in the policies of China undermine the legitimacy of some EU countries' and institutions' assumptions about the possibility of beneficial cooperation, such as on climate issues. The primacy of politics over pragmatism in the economy (e.g., as part of the "zero-COVID" policy) and the related reduction of profits from the presence on the Chinese market will force European companies and the Member States to change their current perception of China as a country with which cooperation is an opportunity for economic gains. Challenges such as the need to accept Chinese policy towards the <u>Uighurs in Xinjiang</u> (and the use of forced labour), and above all, uncertainty as to the principles of operation, tax, and legal rules in China, will accelerate the reduction in the activity of EU companies in China.