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CHINESE PRESIDENT XI JINPING BOLSTERS POSITION AT NATIONAL PEOPLE'S CONGRESS

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The plenary sessions of the Chinese People's Political Consultative Conference (CPPCC), the top political advisory body, and the National People's Congress (NPC), China's version of a parliament, both important events in China's political calendar opened in Beijing's Great Hall of the People on March 4 and March 5 respectively amid high security. The observations by the NPC deputies and CPPCC delegates give some insight into the mood and thinking of the Chinese authorities. This NPC session (March 4-11) signalled that Xi Jinping had still further consolidated his stature as China's preeminent leader and more firmly stamped the Chinese Communist Party (CCP)'s imprimatur on the state. Equally importantly, it reaffirmed China's global leadership ambitions.

2. The authority of the CCP was explicitly stated at the ceremonial closing on March 11, when the National People's Congress (NPC), voted 2883 to 8, with 9 abstentions, to revise the State Council Organic Law and increase the number of Articles from 11 to 20. This was the first revision since its enactment in December 1982 and it made explicit the CCP's primacy over the State Council and government. The changes bring the Vice Premiers and the Governor of the People's Bank of China (PBoC) within the State Council's top leadership group. The new Article 18 confirms the primacy of the CCP when it stipulates "The constituent members of the State Council shall resolutely uphold the Party Central Committee's authority and its centralized and unified leadership...". Article 19 mandates that the State Council and CCP shall "closely cooperate with one another to ensure that the Party Central Committee's and the State Council's work plans are implemented in all aspects".

3. Despite the high security across Beijing and its adjoining provinces including the troubled Autonomous Regions of Tibet, Xinjiang and Inner Mongolia, early in the morning on March 10, an incident occurred in Beijing. A black sedan was observed stopped just outside Xinhuaamen, the entrance to Zhongnanhai – the gated, walled residential compound of China's top leadership -- and someone, most likely the driver, was dragged out of the vehicle and carried away spread-eagled from the scene by a squad of policemen. The event was video-recorded by a passer-by.

4. Of the 2,162 delegates who should have attended the second meeting of the 14th National Committee of the CPPCC only 2,085 actually attended. The NPC session was attended by 2900 Deputies with 56 absent. Some of those absent were individuals who had died or were removed as deputies and delegates on charges of corruption and included those from the People's Liberation Army (PLA).

5. The 40-page Government Work Report presented by Chinese Premier Li Qiang on the opening day is an important policy document that indicates the government's plans for the year ahead. It is a record of the government's performance, assessment of China's economic situation and outlines the leadership's ambitions. While Government Work Reports since the 18th Party Congress have regularly included laudatory references to Xi Jinping, striking in this year's report was that Premier Li Qiang singled out Chinese President Xi Jinping for special praise. Li Qiang asserted that "we owe our achievements in 2023 to General Secretary Xi Jinping, who is at the helm charting the course". He, of course, also included the mandatory acknowledgement of "the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, and the concerted efforts of the whole Party, the armed forces, and Chinese people of all ethnic groups".

6. Taking over 50 minutes to read the Report on March 5, Chinese Premier Li Qiang mentioned Xi Jinping 16 times, the most number of times in a Government Work Report since Xi Jinping took office in 2012. This underscored Xi's preeminent status. Among the highlights of the report was that security remained Beijing's top concern and was mentioned 28 times, three times more than in last year's report. Li Qiang asserted "We should adhere to the principles of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old." "Stability is of overall importance, as it is the basis for everything we do. All localities and government departments should adopt more policies that are conducive to keeping expectations, economic growth, and employment stable". Formulations in all reports and speeches by Chinese leaders mention security and progress but place security ahead of progress.

7. The work report of the Supreme People's Court (SPC) again highlighted the theme of stability and security. On March 8, the NPC session heard the work report delivered by SPC President Zhang Jun and started deliberations on the work report. In his report Zhang Jun, who mentioned the 'Fengqiao' (Mao-era mechanism to eliminate threats to social stability at the grass-roots level) experience at least twice, said that in 2023, the Supreme People's Court accepted 21,081 cases and closed 17,855 cases, a year-on-year increase of 54.6% and 29.5% respectively. Courts at all levels across the country accepted 45.574 million cases and closed 45.268 million cases, a year-on-year increase of 15.6% and 13.4% respectively. While mentioning the composition of the first-instance criminal cases concluded by the People's Court in 2023, he said there were "0.04% of the other cases". The latter are defined as "including harming national security, harming defence interests...". Zhang Jun's figures suggest that 70,520 national security and defence related cases were tried in 2023. An analyst pointed out this means just under 1 in 20,000 Chinese are doing something subversive and being brought to court for it!

8. The National Defence budget was increased by 7.2 percent, or 1.67 trillion yuan (US\$ 231.4 billion) making 2024 the ninth straight year to see a single-digit hike in the country's defence budget. The National Defence budget has doubled since 2013 when Xi Jinping took over. This increase, in spite of China's slowing GDP growth rate, confirms that China continues its efforts to build a modern, technologically-advanced world class army and harbour ambitions to 'recover' its so-called 'lost' territories. Noticeable too is the fresh thrust towards advanced technology and emphasis on building the Navy. Delivering an "important" speech to PLA Deputies and Delegates to the NPC and CPPCC plenary sessions on March 7, according to

Xinhua, Chinese President Xi Jinping “emphasised that the strategic capabilities in emerging fields are crucial components of the national strategic system and capabilities, which are related to the high-quality development of China's economy and society, national security, and the initiative of military struggle”. He stressed the need to "promote the efficient integration and two-way stimulation of new productive forces and new combat forces”.

9. Xi Jinping stressed the need to comprehensively enhance the strategic capabilities in emerging fields and said it is important to "integrate preparation for maritime military warfare, safeguarding of maritime rights and development of the maritime economy". On the side-lines of the NPC session, Yuan Huazhi, Political Commissar of the PLA Navy and NPC Deputy, told the Hong Kong Commercial Daily (March 5) that China will unveil its fourth aircraft carrier soon. He said there is no bottleneck in China's aircraft carrier technologies, and the development is progressing smoothly. The appointment of General Dong Jun, a PLA Navy officer and submariner, as Defence Minister will ensure adequate funds for the Navy.

10. Xi Jinping also mentioned building a network space defence system and enhancing the ability to safeguard national network security. Alluding to Civil-Military fusion, he called for strengthening the coordinated implementation of major projects in science and technology, promoting independent and original innovation, and fostering a vibrant ecosystem for innovation. Zhang Yuzhuo, Chairman of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, disclosed (March 5) that investment by central SOEs in strategic emerging industries increased 32.1 percent year on year in 2023. He said the SASAC's goal envisaged income derived from strategic emerging industries by central SOEs as accounting for 35 percent of their total income by 2025. He said it is important to increase the layout of industries "especially in brain-like intelligence, quantum information and controlled nuclear fusion."

11. As anticipated, the Government Work Report glossed over China's economic problems. However, projecting a GDP growth rate of five percent -- the same as the previous year -- and estimating the inflation rate at three percent revealed the country's economic difficulties. Both estimates remain unchanged since last year, indicating the government's reluctance to set a figure it cannot reach, or a realistically low figure which would further undermine confidence. Unlike last year, when Beijing's abrupt exit from Covid Zero saw a sudden burst in economic activities in the first half, this time there is no such advantage favouring China. The government also continues to see inflation at around 3%, even as the National Statistics Bureau reports the economy is slipping into deflation. The CCP's failure to hold the Third Plenum, which stipulates the country's economic goals, in October or November suggests differences within the Party.

12. The main points in Li Qiang's Work Report are:

- i) Beijing's economic expectations are mainly in line with last year's, with the GDP growth target still set at 5%.
- ii) Industrial policy is still the No: 1 priority. Although Premier Li Qiang incorporated the 'new quality of productivity' proposed by Xi Jinping last year into this government report, this did not show any changes in China's industrial direction.
- iii) Expanding domestic demand now seems to be more important than supply-side reform. Li Qiang elevated expanding domestic demand to the third most important issue in the

government report and devoted a full chapter to talk about how to stimulate consumption, while supply-side reform was only briefly mentioned twice without detailed explanation. Li Qiang has not mentioned supply-side reform much since becoming Premier last year.

iv) Clearly revealing its economic difficulties, Beijing has further tightened constraints on local governments. Not only does the Report suggest that Beijing will tighten controls on wasteful local fiscal spending, but it will also clamp down on local protectionism.

v) Amidst the persistently sluggish real estate market, Premier Li Qiang omitted the phrase "houses are for living, not for speculation" for the first time. The phrase was first articulated by Chinese President Xi Jinping. However, the Minister for Housing and Urban-Rural Development Ni Hong did mention it. He also said (March 9) property developers "that must go bankrupt should go bankrupt" and warned that those who "harm the interests of the masses" will be probed and punished.

vi) There has been a definite move to encourage foreign investment. Beijing will fully abolish restrictive measures on foreign investment access in the manufacturing sector and liberalize market access in services such as telecommunications and medical care.

vii) The National Defence budget has increased by 7.2 percent, or 1.67 trillion yuan (US\$ 231.4 billion) making 2024 the ninth straight year to see a single-digit hike in the country's defence budget. The National Defence budget has doubled since 2013 when Xi Jinping took over.

viii) The Government Work Report mentioned "peaceful development" but not "peaceful reunification," a departure from the standard phraseology. It used the term "China's reunification." This implies greater attention by Beijing to the Taiwan issue and signals it is keeping open the option for the possible use of force.

ix) Security is still Beijing's top concern. Last year, it was mentioned 25 times in the government work report, and this year it was mentioned 3 more times i.e. 28 times. The high incidence of "other cases" in the SPC report corroborates the warnings repeatedly issued by Chinese leaders and China's security agencies against "hostile forces" and "colour revolution".

x) In a disappointment to business and especially private entrepreneurs, Beijing did not announce any major economic adjustments or stimulus measures during the "Two-sessions". The establishment of crucial economic directions and personnel changes might be postponed until the Third Plenum.

13. The main targets for development this year are projected as follows:

i) GDP growth of around 5 percent;

ii) over 12 million new urban jobs;

iii) surveyed urban unemployment rate of around 5.5 percent (same as last year);

iv) CPI increase of around 3 percent;

v) Deficit Ratio: 3 percent (same as last year);

vi) Government debt ratio -- (last year was 50 percent);

vii) Special Government Bond Issue -- Yuan 3.9 trillion;

viii) The government will issue Yuan 1 trillion yuan (US\$139 billion) in ultra long-term special bonds in this and coming years to support "major national strategies" and build "security capacity" in key industries;

ix) Yuan 10.4 billion (US\$1.4 billion) will go to upgrading industries and modernizing manufacturing;

x) growth in personal income in step with economic growth;

- xi) a basic equilibrium in the balance of payments;
- xii) grain output of over 650 million metric tons;
- xiii) a drop of around 2.5 percent in energy consumption per unit of GDP; and
- xiv) continued improvements in the environment.

14. China's Politburo member and Foreign Minister Wang Yi gave a 2-hour long press conference on March 7, where he spoke on China's role as a peacemaker in the middle-east and Myanmar, its relations with Russia and the US. Regarding Russia he emphasised that "Maintaining and developing China-Russia relations is a strategic choice made by both sides and "is also an inevitable requirement in line with the general trend of world development". He used tough language on Taiwan saying "Anyone in Taiwan who wants to pursue "Taiwan independence" will be liquidated by history. Anyone in the international community who condones and supports "Taiwan independence" will surely get burned and suffer the consequences".

15. After listening to the Premier's report on March 5, senior CCP leaders joined provincial and other delegations in their deliberations. Chinese Premier Li Qiang joined NPC Deputies from Yunnan Province; Politburo Standing Committee (PBSC) member and NPC Chairman Zhao Leji joined his fellow Deputies from Sichuan Province; PBSC member and CPPCC Chairman Wang Huning joined Deputies from Guizhou Province; PBSC member and Vice Premier Ding Xuexiang joined legislators from Liaoning Province; PBSC member and CDIC Secretary Li Xi joined Deputies from Fujian Province; Vice President Han Zheng met deputies from Shandong Province; Politburo (PB) member and Vice Premier Zhang Guoqing attended a review meeting of the TAR delegation presided over by TAR Party Secretary and Leader of the TAR to the NPC, Wang Junzheng; PB member and Foreign Minister Wang Yi participated in the deliberations of the Guangxi delegation; PB member and Director of the CCP CC Propaganda Department Li Shulei met the Jiangxi delegation; PB member and NPC Vice Chairman Li Hongzhong attended the deliberations of the Gansu province delegation; and PB member and Vice Premier He Lifeng met the Deputies from Inner Mongolia.

16. The closing meeting of the plenary session of the 14th National People's Congress (NPC) was chaired by CCP CC Politburo Standing Committee (PBSC) member and NPC Chairman Zhao Leji, Executive Chairman of the Presidium of the Conference. Chinese President Xi Jinping, Premier Li Qiang and PBSC members Wang Huning, Cai Qi, Ding Xuexiang, Li Xi, Han Zheng and members of the presidium of the conference took their seats on the rostrum. Li Hongzhong, Wang Dongming, Xiao Jie, Zheng Jianbang, Ding Zhongli, Hao Mingjin, Cai Dafeng, He Wei, Wu Weihua, Tiening, Peng Qinghua, Zhang Qingwei and Lobsang Gyaltzen, were among those present.

17. Also sitting on the rostrum were: Ma Xingrui, Wang Yi, Yin Li, Shi Taifeng, Liu Guozhong, Li Ganjie, Li Shulei, He Weidong, He Lifeng, Zhang Youxia, Zhang Guoqing, Chen Wenqing, Chen Jining, Chen Min'er, Yuan Jiajun, Huang Kunming, Liu Jinguo, Wang Xiaohong, Wu Zhenglong, Chen Yiqin, Zhang Jun, Ying Yong, Hu Chunhua, Shen Yueyue, Wang Yong, Pabala Glenelg, Ho Hau Wah, Leung Chun-ying, Battelle, Su Hui, Shao Hong, Chen Wu, Mu Hong, Xian Hui, Wang Dongfeng, Jiang Xinzhi, Jiang Zuojun, He Baoxiang, Wang Guangqian, Qin Boyong, Zhu Yongxin, Yang Zhen, and members of the Central Military Commission Liu Zhenli, Miao Hua, Zhang Shengmin, etc.

18. Responsible persons from relevant departments of the central and state agencies, relevant units of the People's Liberation Army and the Armed Police Force, and various people's organizations attended or observed the conference. Foreign envoys stationed in China attended the conference.

19. Unusual this year was that Chinese President Xi Jinping did not address the closing session of the NPC, which he normally does. For the first time since the practice was instituted in 1993, there was no press conference by the Chinese Premier after the NPC session this year. The announcement said "unless there are special circumstances there will be no press conferences by the Premier for the next few years". This press conference is one of the rare events for the media to interact with the Premier. NPC spokesman Lou Qinjian said (March 5) that China's former Defence Minister Li Shangfu is no longer a NPC representative. The NPC has, however, not yet named a Foreign Minister to replace former Foreign Minister Qin Gang – who continues to be a member of the 20th CCP CC.

20. The week-long (March 5-11, 2024) NPC plenary session strengthened and reconfirmed Xi Jinping and the CCP's pre-eminent position. It indicated an emphasis on preserving China's position in the global supply chain and also that Beijing regards manufacturing as important. No measures were announced, however, to stall its slide and give a fillip to China's economy. China's private entrepreneurs will also have been disappointed at the absence of any incentives and the favoured status accorded by the Politburo to State owned Enterprises (SoEs). At its meeting on March 29, the Politburo reiterated that "state-owned enterprises (SoEs) are important material and political foundation of socialism with Chinese characteristics, and they should uphold and strengthen Party leadership, and guard against and defuse risks to safeguard high-quality development". Important was the attention given by Xi Jinping to strengthening the armed forces for multi-dimensional warfare (land, air, cyber, space and sea) by using advanced technology and to enhance the PLA Navy's maritime capabilities.

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