

CEBRI

BRAZILIAN CENTER FOR INTERNATIONAL RELATIONS

ASIA PROGRAM

XXX CHINA ANALYSIS GROUP MEETING

REPORT XXX, YEAR V

OCTOBER 25, 2022

Online discussion panel via Zoom

POLITICAL CHANGE IN CHINA AND THE 20TH NATIONAL CONGRESS OF THE COMMUNIST PARTY: A DIALOGUE WITH SHAN HUANG



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The Brazilian Center for International Relations (CEBRI) is an independent think tank that contributes to establishing an international agenda for Brazil. For the last twenty three years, the institution has engaged in promoting pluralistic and proposal-oriented debates on the international landscape and Brazilian foreign policy.

CEBRI prioritizes themes with the greatest potential to leverage the international insertion of Brazil into the global economy, proposing pragmatic solutions for the formulation of public policies. CEBRI's work was recognized by the University of Pennsylvania's top global think tank ranking, which considered the institution the 2nd best think tank in South and Central America in 2020.

The Asia Program is one of the twelve regional and thematic programs currently operating at CEBRI. The Program is coordinated by CEBRI's International Advisory Board member Ambassador Marcos Caramuru. External experts can be invited to participate in ad hoc activities, projects, and seminars, according to the Program's agenda.

ASIA PROGRAM

The Program promotes a systematic monitoring of matters relevant to international relations and Brazilian development, particularly those related to China. Special attention has been given to monitoring the ongoing economic reforms and political transformations in China, considering their global effects and impacts in Latin America and Brazil. This continuous examination allows CEBRI to provide information and analysis to its members, partners and to the Brazilian government, contributing to the construction of Brazil's strategic position towards China, as well as helping increase knowledge about China within Brazilian society.



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Marcos Caramuru

Caramuru is a Member of the International Advisory Board of the Brazilian Center for International Relations (CEBRI). Marcos Caramuru de Paiva, partner and member of KEMU (Shanghai) Consultancy, is a former Brazilian diplomat with a long experience in finance. Having lived in Asia from 2004 to the end of 2019, he was Ambassador in Beijing (2016-2018), Consul General in Shanghai (2008-2011) and Ambassador in Malaysia and Brunei (2004-2008). In his previous professional trajectory, he was Chairman of the Financial Intelligence Unit in Brazil (2003), Vice-Minister of Finance for International Affairs (1996-2002) and Executive Director at the World Bank in Washington DC (1993-1996). Marcos de Paiva is a Counselor of the Brazilian section of the Brazil-China Business Council.

Marcos Caramuru de Paiva kept for a few years in the past a column at the Brazilian newspaper Folha de São Paulo, in which he wrote regularly about China and Asia. Nowadays he contributes occasionally to newspapers and academic publications. He is also a frequent speaker at seminars both in China and Brazil.

Marcos Caramuru de Paiva holds a B.A in Administration from the Federal University of Rio de Janeiro. He also holds the undergraduation and the High-Level Course diplomas from the Brazilian Diplomatic Academy (Instituto Rio Branco).

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ASIA PROGRAM

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POLITICAL CHANGE IN CHINA AND THE 20TH NATIONAL CONGRESS OF THE COMMUNIST PARTY: A DIALOGUE WITH SHAN HUANG

Report by: Thaís Jesinski Batista

SUPPORT:



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Introduction

Shan Huang was the keynote speaker at the XXX China Analysis Group Meeting, where he shared insights on the outcome of the last National Congress of the CCP. The National Congress of the Chinese Communist Party (CCP) is a meeting that takes place every five years to nominate party leaders, discuss changes to the CCP's constitution, and establish a common political agenda. The National Congress also appoints the General Secretary of the CCP, a position currently held by President Xi Jinping, and approves the membership of the Party Central Committee. The 20th National Congress of the Chinese Communist Party was held in October 2022.

In his dialogue with former Brazilian Ambassador to China Marcos Caramuru, Huang analyzed the continuities and changes in Chinese politics after the Party Congress, as well as the prospects for governance, the economy and foreign relations in Xi Jinping's new mandate.

Shan Huang is the Beijing-based deputy managing editor and an editorial board member of Caixin Media, a financial and business news service. He manages Caixin's bureaus in Washington, New York and Tokyo. Previously, Huang was a senior research associate at the University of Notre Dame, specializing in the Chinese economy under Xi Jinping, its innovation-driven characteristics, and Chinese foreign affairs.

This report summarizes the main takeaways of the XXX China Analysis Group Meeting. The video of the event can be accessed [here](#).

Guiding Questions

During its 30th Meeting, the China Analysis Group focused on three main themes and questions:

- 1.** What are the main results of the 20th National Congress of the Chinese Communist Party? What concepts have been put forward, and are reforms still part of the agenda?

- 2.** Can the strong ideological content of Xi Jinping's report be attributed to his convictions, a concession to specific groups within the party, or an alert to party members? How is this ideology transposed in the international arena?

- 3.** Xi Jinping paints a somber international scenario in his report and uses strong language when referring to Taiwan. Is there a change in the Chinese foreign policy in general, and specifically toward Taiwan?

XXX Meeting Report

1. What are the main results of the 20th National Congress of the Chinese Communist Party? What concepts have been put forward, and are reforms still part of the agenda?

The 20th National Congress of the Chinese Communist Party, which occurred from October 16 to 22, 2022, is one of the most important political events of the past years in Chinese politics. 24 new members were elected to the Standing Committee of Politburo and seven to the Central Committee, thereby establishing a new lineup in the country's government. Li Qiang, former Party Secretary of the Shanghai Economic Financial Hub, was appointed number two of the Politburo Standing Committee. He has a reputation of being business-friendly and pro-market. Although his management of the Covid-19 pandemic in Shanghai has been criticized, Li Qiang's administration also includes several milestones, such as the establishment of a Science and Technology Innovation Board and successfully attracting investments from high-tech and innovative companies. According to Huang, the Chinese economic and financial team is now mostly composed of members with decades of experience in managing local economies and key central agencies, and are familiar faces for foreign investors and businesspeople.

Along with the new lineup, several new ideas, concepts and priorities emerged from the Congress. The first that Huang highlighted is "Chinese-style modernization", which includes Communist Party leadership, high-quality socioeconomic development, people's democracy, common prosperity, coordination between material and spiritual needs, and harmony between people and nature. Huang believes that the concept of "Chinese-style modernization" will surpass the former motto "socialism with Chinese characteristics" after the Congress.

The second key concept is China's "comprehensive national security", an umbrella term with multiple meanings. According to Huang, this emphasis on security and ideology will not necessarily override the priority given to maintaining robust economic growth. The Party's Congress work report states that development is the Party's top priority in

governing and rejuvenating China. Moreover, the belief is that a great modern socialist country can only be built with sustained economic performance and solid material and technological foundations. According to Huang, China must at least double its per capita Gross Domestic Product (GDP) of USD 12,000, to achieve this goal by 2035.

Therefore, the main components of a comprehensive national security strategy highlighted by Huang are the following: First, supply chain resilience and security. With the trade and tech war between China and the US, the Chinese government has continuously emphasized the importance of maintaining homegrown and endogenous innovation, with the production of semiconductors, chips and other advanced technologies. Second, food and energy security. The war in Ukraine has shown the world the importance of securing food and energy sources to ensure victory even in lower-scale regional armed conflicts. The last component is financial security. In this aspect, the war in Ukraine also taught the world – and China specifically – a lesson: a country will remain vulnerable to US- and Western-imposed sanctions if its financial structure is dependent on an international financial system dominated by the US dollar. Bearing this in mind, China seeks to build up and fortify its financial defense, as can be seen with the Cross-Border Interbank Payment System (CIPS), an alternative to the SWIFT system.

Despite the emphasis given to these new concepts, Huang defends that Xi Jinping does not abandon the idea of reforms. During the Party Congress, Xi's priority is to rally the 96 million Communist Party members and the 1.4 billion Chinese citizens behind him and around one common cause. Therefore, the intention was to qualify ideologically the top priorities and new guiding concepts, rather than reiterating previous ideas or principles already established. To Huang, it is not useful to compare how many times the terms “reform” and “comprehensive national security” were mentioned, as it is not an indicator of a curtailing of the reforms.

Huang also points out that in the first plenum press conference, in the presence of 3,000 foreign correspondents, Xi mentioned that China will further open the door to the outside world. This message that the country will stick to its already well-trodden paths was meant to reassure international markets and China observers apprehensive of the country's future. Nonetheless, the key takeaway pinpointed by Huang is that in a context of US-China competition, innovation-driven economic growth and the building of strong technological foundations will be one of the new driving forces in the years to come.

Finally, China's zero-COVID policy comes at the expense of economic growth and this policy will be difficult to maintain in the near future. Adjusting the policy to the benefit of economic growth would send an encouraging message not only to international investors, but also to Chinese constituents.

“

We have noticed several new concepts and priorities coming out of the Congress. [...] One I want to emphasize is Chinese style modernization, which includes several components: the first is about CCP-leadership; the second is about high-quality development; the third is about the process of people's democracy; the fourth is about common prosperity; the fifth is about coordinating material and spiritual needs; and finally the sixth is about creating harmony between people and nature. ”

“

Comprehensive national security is a password for the years to come. But we cannot rule out the importance of economic growth. For example, according to the Party's Congress work report, development is the party's top priority in governing and rejuvenating China. Without solid material and technological foundations, we cannot hope to build a great modern socialist country. ”

“

The Party Congress is really about party governance, it is about instilling new concepts. To make people realize that this is a new arrow and we must have new guidance and new concepts to adapt ourselves to a new arrow. [...] you cannot embrace or put all the concepts into one single political document. What you need to do is just emphasize what is new and what you think is critically important at the moment. ”

2. Can the strong ideological content of Xi Jinping's report be attributed to his convictions, a concession to specific groups within the party, or an alert to party members? How is this ideology transposed in the international arena?

Xi Jinping is a strong believer of ideological purity. With his anti-corruption campaign, he seeks to correct the course of party members that have forsaken their convictions for economic motives. This course correction has been one of Xi's trademarks since he came into power in 2012, and this party construction is therefore not new. Huang believes that ideology could become a stronger driving force in Chinese society in the future, with more ideological purity campaigns in the years to come.

In 2021, the Chinese Communist Party celebrated its 100th anniversary. Few parties survive and prosper for such a long ruling time. There are examples of long-standing parties that eroded because of internal struggle and corruption – the Communist Party in the Soviet Union and the Institutional Revolutionary Party in Mexico, for instance. Therefore, according to Huang, by stressing the importance of ideological purification, Xi Jinping endeavors to avoid ideological fatigue that comes with consolidated power. This emphasis is a warning to all 96 million party members on the importance of ideology. Party purification is an ongoing process, simultaneous with party building.

In the international arena, when it comes to ideology, there are many attempts to draw parallels between the China-US and USSR-US rivalries. In Huang's opinion, the current China-US rivalry is less driven by ideological issues, and more by conflicts resembling those of the First World War. Today's world, however, is not bipolar, with multiple poles of power in Asia, Europe and Latin America. These countries do not have to align with either the US or China, and can conduct their international affairs without playing into great power rivalry. To Huang, this is a defining feature of the new world order.

“

Xi Jinping is trying to correct the course. Course correction has been one of his hallmarks since he came into power. [...] The anti-corruption campaign is just part of his ideological purity campaign. He definitely is a man with strong convictions regarding ideological purity. ”

“

Today's world is definitely not a bipolar world. Actually, we have seen multiple voices emerge from South East Asian and Latin American countries. Those countries do not need to take sides. They can live their way without worrying to plunge into great power rivalry. This is the most important feature of our new era or the new world politics. ”

3. Xi Jinping paints a somber international scenario in his report and uses strong language when referring to Taiwan. Is there a change in the Chinese foreign policy in general, and specifically toward Taiwan?

Nowadays, the Chinese open-door policy is commonly perceived as an opening up of the Chinese economy to the US-led Western system. In Huang's view, a second opening is underway, to the rest of the world, and, particularly, to emerging economies like Brazil or Southeast Asian countries. For the Chinese leadership, the US-dominated system constrains and threatens China's rise. For that reason, and as China will not be able to achieve food or energy self-sufficiency in the near future due to the lack of arable lands and sufficient reserves of fossil fuels, the country must rely on multiple sources. According to Huang, China is reconsidering its opening-up policy, diverting its efforts to non-American actors. This policy should also become more selective and limited, and build on the key feature of the current world order: multipolarity.

There are indicators of change, but also of continuation in China's foreign policy. This also applies to Taiwan. Based on recent reports, Huang sees a decrease in the harsh rhetoric toward the island, as peaceful unification remains the top priority. Huang believes that China will not go to war over Taiwan at a pace set by third parties. The basic principle when it comes to the cross-strait relationship is that China will set its own timing to reclaim Taiwan, whether by force or peacefully. In Huang's opinion, Taiwan-China relations can only be understood through the lens of Chinese domestic agenda and priorities. For this reason, the next Communist Party Congress in 2027 or 2035 will have a stronger influence on this issue than, for instance, the future US or Taiwanese elections.

In sum, the current scenario is more one of continuation than change when it comes to China's Taiwan policy, and Huang does not see any short-term war scenario taking place between Washington and Beijing over Taiwan. If the Republicans take over the White House or Congress, the US may become more aggressive across the Taiwan Strait. Nonetheless, government or congressional shuffles in Washington should not have an impact on China's actions and decisions when it comes to Taiwan.

“When I talk about the second opening, I mean China will open the door not just to the US but to the rest of the world, particularly the emerging economies or frontier countries like Brazil, Southeast Asian countries, and also some European countries.”

“China will never go to war over Taiwan at a pace set by the other party. For example, I never believed that the Nancy Pelosi visit would stir a war or a regional conflict because any war scenario will be taking place in China’s choice of timing, places, and pace. So China will take the initiatives to use what it considers as the most appropriate approach to take over Taiwan, be it by force or peacefully. China will never allow itself to be dictated by other countries’ agendas.”

“To understand cross-strait relations, we must have a better understanding of Chinese domestic priorities and Chinese domestic agenda.”

Participants

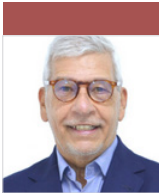
Keynote Speaker



Shan Huang

Shan Huang is Deputy Managing Editor and Editorial Board Member of Beijing-based Caixin Media, the Chinese equivalent of the Economist. He is in charge of Caixin's foreign desk, with 17 years of experience in reporting on Chinese domestic economic & political situations, and its external relations with a focus on Chinese economic diplomacy. Mr. Huang was a visiting fellow with the Blavatnik School of Government at the University of Oxford in the trinity term of 2018. He served as a senior research associate with the Kellogg Institute for International Studies at the University of Notre Dame for the period of August 2018 through May 2019.

Interviewer



Marcos Caramuru

Marcos Caramuru is member of the International Advisory Board of the Brazilian Center for International Relations (CEBRI), Brazil's Former Ambassador to the People's Republic of China, Consul General in Shanghai, Ambassador of Brazil to Malaysia, President of the Financial Activities Control Council (Coaf), Secretary of International Affairs at the Ministry of Finance and Executive Director of the World Bank. He was also a partner and manager at KEMU Consultoria. He has a degree from the Rio Branco Institute (IRBr) and a degree in Administration from the Federal University of Rio de Janeiro (UFRJ).



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