

RESULTS OF THE 20th CONGRESS OF THE COMMUNIST PARTY OF CHINA AND ITS IMPLICATIONS FOR UKRAINE AND THE RUSSIAN- UKRAINIAN WAR

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I. ASSESSMENT OF THE SITUATION

The results of the 20th CPC National Congress reflect China's vision of the situation in the country and the world and will influence China's domestic and foreign policy, ways of achieving its strategic goals, development of relations with the United States, regional and global security.

One of the most important results of the Congress is the extension of Xi Jinping's term as President of the PRC. The Chinese leadership had been preparing the ground for this in advance: after coming to power in 2012, Xi Jinping launched a large-scale anti-corruption struggle, which resulted in the arrest of a number of officials from rival factions. In 2016, Xi Jinping was determined as the "core" of the Central Committee of the CPC and the Party as a whole. In 2018, amendments were made to the Constitution of the PRC, according to which the President of the PRC can stay in power an unlimited number of times. In this regard, it is likely that in 2027 Xi Jinping will continue his stay as President of the PRC for a fourth term¹.

Another crucial outcome of the Congress is a significant strengthening of Xi Jinping's personal power, which resulted in the appointment to the Politburo of persons loyal to him, and the exclusion from it of representatives close to the former leaders of the PRC Hu Jintao and Jiang Zemin. Consequently, the decision-making process in the country has effectively

¹ This is confirmed by the results of a series of discussions with Taiwanese experts. Furthermore, the absence of a civilian among the vice-chairmen of the newly appointed Central Military Commission is a sign of intentions to be re-elected for a fourth term. Previously, a person elected as a successor to the current party leader was appointed vice chairman of the Central Military Commission several years before assuming the post of chairman and general secretary of the party. For example, Hu Jintao was vice chairman of the Central Military Commission in 1999–2004, and Xi Jinping in 2010–2012.

changed—instead of the previously existing system of checks and balances, which relied on consensus decision-making based on the balance of interests of different political groups, an autocratic, personalistic regime has been established, which is “tied” personally to Xi Jinping.

Thirdly, the final documents pay much more attention to national security issues, with less focus on economic development. In particular, in Xi Jinping’s report², the key is a new section on national security and social stability, which may be a sign that these two issues will be a priority for the CPC, while long-term economic growth is relegated to the secondary plan. This is also confirmed by a significant increase in the number of references to the terms “national security”, “challenge”, “risk”, “international situation” compared to the reports of the 18th and 19th Congresses in 2012 and 2017 respectively. In particular, this time the term “national security” (国家安全) was used 27 times, which is 65% more than in the previous Congress (18 times in 2017, 4 times in 2012). Over the past ten years, the number of references to “security” in the report has almost tripled, from 36 to 91³. In addition, the new Politburo and the CPC Standing Committee are largely made up of Xi Jinping’s supporters with experience in the security sphere. This demonstrates that China’s path to securitization of more and more spheres of its policy will continue.

Fourth, the Congress reaffirmed further efforts to transform the People’s Liberation Army into a world-class military force by 2049; to strengthen the CPC’s leadership over the PLA; to further centralize power in the PLA by appointing generals loyal to Xi Jinping to the Central Military Commission (CMC), for which previously established norms of promotion were breached. For example, Zhang Youxia, the older of the two vice chairmen of the CMC, who is close to Xi Jinping, was not eligible for appointment due to his age (72), and the new vice chairman of the CMC, He Weidong, was appointed in violation of requirements which stipulate that vice chairmen of the CMC must first be members of the CMC and be selected from the CPC Central Committee. Also, an indicator of the centralization of power in the PLA is the renewed emphasis on the Chairman’s Responsibility System and the “two guarantees” (两个维护)⁴. These are signs of Xi Jinping’s policy of greater focus on China’s national security, its global vision by the Chinese leadership, including the promotion of its own security initiatives⁵.

Fourthly, despite the fact that in general there have been no substantial changes in the wording on Taiwan, Xi Jinping this time mentioned it at the beginning of his report, in the context of Beijing’s “strong determination” against interference and separation of Taiwan. This,

² Full text of the report to the 20th National Congress of the Communist Party of China. URL: https://www.fmprc.gov.cn/eng/zxxx_662805/202210/t20221025_10791908.html

³ MERICS China Essentials, October 20, 2022

⁴ The “two guarantees” require maintaining Xi’s position as the core of the party as well as his central position, while the Chairman’s Responsibility System stipulates that all important national defense issues must be planned and decided by the chairman of the Central Military Commission, Xi Jinping.

⁵ MERICS China Essentials, October 20, 2022

according to experts of the Mercator Institute for China Studies (MERICS), is a clear sign that Beijing is unlikely to back down from its efforts to “reunify” with Taiwan. This is also confirmed by the White Paper on Taiwan⁶ adopted in August 2022, which states that China will not abandon its policy of establishing control over the island. Given the active military build-up, and the increasing rhetoric of the Chinese political leadership on this issue, it is likely that China is preparing for a military scenario. Currently, it is impossible to assess whether such a decision will be made and what its timeframe will be, but the above-mentioned information suggests that China does not abandon it, and the military way to establish control over Taiwan is not excluded.

Fifthly, as a result of the Congress, the trend to ensure China’s own technological independence was strengthened. This is confirmed by the inclusion in Xi Jinping’s report of a separate section “Science, Technology and Innovation”, which was not present in the 2017 report. The new section stated that education, science, technology and talent will be the strategic driving forces for China’s transformation into a “modern socialist country”. In this context, it should be noted that the term “science and technology” (科技) in Xi Jinping’s report is mentioned 65% more often than during the previous Congress. This may indicate that China: a) in the conditions of closing and restricting access to Western advanced technologies, is trying to create an opportunity for alternative development; b) is seeking to build a more secure own technological system, reducing its dependence on the West in order to offset the impact of external sanctions in case of a conflict in the Taiwan Strait.

⁶ ‘台湾问题与新时代的统’ [‘The Taiwan Question and China’s Reunification in the New Era’]. URL: <https://global.chinadaily.com.cn/a/202208/11/WS62f4509aa310fd2b29e71887.html>

II. FORECASTS (PROSPECTS)

The 20th Congress does not signal any serious changes in China's domestic and foreign policy, but confirms and sometimes reinforces existing trends, the cancellation or revision of which is unlikely.

1) Geopolitical situation and strategic planning

Xi Jinping's re-election for a third term indicates the continuation of the current policy of the PRC, which is aimed at achieving world leadership—in the economic, technological and military spheres. This will strengthen the Sino-U.S. strategic competition, reduce the possibility of reaching compromises between the United States and China on a number of issues. A likely consequence may be an increase in the pressure of Chinese foreign policy, including the continuation of the so-called “wolf warrior diplomacy”. Due to the fact that the “détente” in relations between the United States and China is not expected as a result of the Congress, China will be building up its military potential, primarily the Navy, missile forces and nuclear component, which suggests further preparations of the PRC for a possible military conflict in the Taiwan Strait.

In this aspect, according to some experts, it is possible that China will try to demonstrate constructiveness in relations with the U.S. and the EU, readiness for dialogue and improvement of relations, distancing from Russia, etc. However, in view of the fact that China's strategic documents and goals do not change, such steps are aimed only at creating an image of China as a friendly and constructive country, and the formation in the U.S. and EU of preconditions for lifting restrictions on exports to China of modern semiconductor products and technologies, which have a significant impact on the development of China's technological power⁷.

2) The role of ideology and increasing the probability of mistakes

The reformatting of the principles of state governance and dismantling of the previously existing system of checks and balances, the transition from the collective principle based on consensus between representatives of different groups in China to the one-man decision-making principle is likely to lead to: a) policies that Xi Jinping considers appropriate, incl. for personal and ideological reasons; b) creating an information “bubble” around Xi Jinping and concealing negative information from him; c) increasing the probability of making wrong strategic decisions, as they will be made not by the results of “brainstorming” and consensus between different groups, but by issuing binding orders, without their careful study and critical assessment.

⁷ Source: results of expert discussions with Taiwanese and European experts.

In addition, the exclusion of effective management economists from the Politburo will weaken the efficiency of the state apparatus, which may lead to economic problems (including for foreign investors). It is estimated that the economy is likely to become weaker during Xi Jinping's third term, at least in the short term. This could lead to greater instability, both social and political.

In government circles, personal loyalty to Xi Jinping will dominate, which will also be reflected in foreign policy, as the Ministry of Foreign Affairs, diplomats will try to pursue a more aggressive policy, including “wolf warrior diplomacy”.

There will also be a strengthening of the ideological component of China's domestic and foreign policy, based on Xi Jinping's personal belief that he can realize the historical mission of “unification with Taiwan.” Considerable attention will be paid to historical and ideological aspects⁸. Thus, it is assumed that ideology may become more decisive than rational interests, history may be used to justify future decisions, which will increase the likelihood of ideologically driven steps, including the “great restoration of the Chinese nation” by establishing control over Taiwan.

3) Economy and technological development

Problems in public administration, the growing influence of politics on the economy will lead to increased uncertainty for business, including international business, which will be more inclined to move its assets abroad. For example, according to one report, China may have one of the largest net outflows of millionaires in the world in 2022⁹. This is also facilitated by the current EU and NATO policies aimed at reducing dependence on Chinese markets and critical products, and thus reducing China's leverage in Europe.

Besides, one can expect a shift in priorities in foreign economic policy. In particular, the role of the Belt and Road Initiative (BRI) as an instrument of foreign policy may be reduced, which is confirmed by the transfer of references to BRI from the foreign policy section to the section on economic growth. This may be caused by both limited financial resources due to problems in China's economy and negative international reaction to the adverse effects of the BRI. To replace the BRI as a foreign policy instrument, China is expected to more actively promote the Global Development Initiative (GDI) and the Global Security Initiative (GSI), which will be primarily aimed at the Global South, BRICS and SCO.

The course to achieve China's own technological independence, in the context of restricted

⁸ At the moment, this can be seen in the Chinese leadership's focusing on the issues of China's national humiliation during the Opium Wars, the need for China's “national revival”, Xi Jinping's visit immediately after the Congress to historical sites in Yan'an associated with Mao Zedong's revolutionary activity, etc.

⁹ MERICS China Security and Risk Tracker

access to U.S. technologies, will lead to the continuation of the industrial policy “Made in China 2025”; intensification of Beijing’s efforts to develop relations with the EU to obtain advanced technologies (including dual use); training of specialists in leading European universities; scientific and academic exchanges; acquisition of technologies through pressure on foreign companies; recruitment of foreign scientists and engineers; theft of information through cyber-attacks. As relations between Washington and Brussels deepen, it is expected that the EU will introduce more careful control of research cooperation with China for security reasons and pay more attention to countering technological espionage by China.

Regarding China’s relations with the EU, according to a survey of a number of experts from leading European think tanks, the results of the 20th Congress show an increase in obstacles to deepening political relations between Beijing and Brussels; due to the increasing role of ideology, the space for constructive engagement between the EU and China is shrinking; economic relations will be limited by the current zero-tolerance policy to Covid-19, China’s desire to gain access to advanced technologies of the EU countries, while the EU’s concern about espionage by China is growing. The recommendations include the need for a collective EU approach in relations with China, avoiding bilateral economic and diplomatic initiatives¹⁰.

4) Security and defense

“Securitization” of domestic and foreign policy, actualization of issues related to national and military security, along with the increase in the military potential of the PLA, will lead to the following consequences

a) continuation and possible strengthening of the PRC’s policy of economic and military pressure on Taiwan through the so-called “gray zone operations”—by conducting military exercises around Taiwan, psychological pressure, violation of the so-called “middle line” and air defense recognition zone by the PLA’s aircrafts and ships, disinformation and cyber operations against Taiwan, etc. This can be confirmed by the appointment of He Weidong as the second vice chairman of the Central Military Commission, who previously headed the PLA Eastern Theater Command (responsible for operations in the Taiwan Strait), and was the general responsible for the large-scale exercises launched by the PLA in response to Nancy Pelosi’s visit in August 2022, as well as for planning almost daily incursions of the PLA Air Force into Taiwan’s air defense identification zone since 2020¹¹.

b) The military-political situation in the region will remain tense, forcing Taiwan, the United States and their allies to reinforce their defense capabilities, conduct freedom of navigation operations, which will generally lead to further militarization and increase the likelihood of unintentional military incidents that could lead to a crisis. Given China’s unreadiness and

¹⁰ EU-China Opinion Pool: EU-China relations after the Party Congress. URL: <https://www.merics.org/en/opinion/eu-china-opinion-pool-eu-china-relations-after-party-congress>

¹¹ MERICS China Security and Risk Tracker 04/2022

disinclination to be involved in a military conflict at the moment, the presence of internal problems in China that require a peaceful situation, in the short term the probability of a military conflict in the Taiwan Strait remains low. At the same time, the general trend indicates that the parties, while maintaining controlled strategic competition, are preparing for a possible conflict in the future, the likelihood of which, according to some estimates, may grow in the period from 2027 to 2030.

c) The increase in security-related issues in Xi Jinping's report and the reduction or removal of those related to welfare and social issues may indicate stronger top-down political interference in economic governance and social reforms. This will lead to the prioritization of political goals over economic pragmatism, and will exacerbate instability and uncertainty for all non-state actors, especially smaller private companies and civil society groups¹². Also, the CPC is expected to enhance social stability, censorship, and control over public opinion, including in the intellectual milieu of China, which was educated in the West, and may not accept Xi Jinping's new approaches to governance.

d) For foreign governments and companies, the securitization of China's policy means that Beijing is more likely to sacrifice economic benefits in order to pursue objectives that it considers key to its national security. In this aspect, one can expect China will step up efforts to reduce its dependence on the West. Xi Jinping's report demonstrates that China is more pessimistic about the international situation, the period of strategic opportunities for China is coming to an end, and the time of dealing with risks and challenges is about to begin. This will make Beijing more determined to exert coercion on foreign governments, including economically, to amplify China's voice abroad, and to use extraterritorial tools to protect its national interests in areas it considers sensitive.

e) China is expected to strengthen its strategic deterrence system, which was also mentioned in Xi Jinping's report. This may signal that Beijing intends to accelerate the expansion of its nuclear arsenal, which currently stands at approximately 350 nuclear warheads¹³, and according to some estimates could increase to 1,500 by 2035¹⁴. The rapid expansion of China's nuclear arsenal will fuel the regional arms race, and also indicates that China believes that Russia's use of nuclear blackmail in the Russian-Ukrainian war was effective, and will be ready for similar actions in the future to prevent the United States and its allies from

¹² MERICS China Security and Risk Tracker 04/2022

¹³ Global nuclear arsenals are expected to grow as states continue to modernize—New SIPRI Yearbook out now. URL: <https://www.sipri.org/media/press-release/2022/global-nuclear-arsenals-are-expected-grow-states-continue-modernize-new-sipri-yearbook-out-now>

¹⁴ China set to expand nuclear arsenal to 1,500 warheads by 2035, US says. URL: <https://www.ft.com/content/5313cc68-5fc8-4c0b-bdcb-e5c39245ba3a>

interfering in the conflict over Taiwan¹⁵.

f) **As for the Russian-Ukrainian war**, the results of the Congress do not clarify China's position and further actions on this issue, and on the development of China's relations with Russia. It is likely that Beijing's current policy, described in detail in the article "China's 'Formal Neutrality' on the Russia-Ukraine War: implications for Ukraine"¹⁶, will remain unchanged—China will not provide so-called "material assistance" to Russia¹⁷, but will support Russia economically, financially, informationally and internationally. The probability of China's assistance to Ukraine remains low. In this context, Xi Jinping's statements during his meeting in November 2022 with German Chancellor Olaf Scholz and U.S. President Joseph Biden, during which Xi Jinping spoke out against the use or threat of use of nuclear weapons, may be symptomatic. This statement is important, but in general it does not mean a change in China's policy on the Russian-Ukrainian war, as Xi Jinping did not mention Russia, the statement completely repeats China's existing approaches to nuclear weapons, described in the 2005 White Paper "China's Endeavors for Arms Control, Disarmament and Non-Proliferation". According to some estimates, this statement was seen in Beijing as an easy and inexpensive way to appear constructive amid the ongoing war in Ukraine without committing to change its course.

¹⁵ Following one of the discussions with Chinese experts, they concluded that Russia, having demonstrated its readiness to use nuclear weapons, deterred the direct intervention of the United States and NATO in the conflict and limited their military assistance to Ukraine. According to Chinese experts, this is a confirmation of effective nuclear deterrence in relation to the West.

¹⁶ Y. Poita. "China's 'Formal Neutrality' on the Russia-Ukraine War: implications for Ukraine". URL: <https://analytics.intsecurity.org/en/china-formal-neutrality/>

¹⁷ Material assistance means military, military-technical assistance and large-scale assistance in circumventing sanctions against Russia.

III. CONCLUSIONS

In general, according to the results of the 20th Congress, the PRC is expected to continue the existing policy of achieving China's economic, technological and military leadership. The geopolitical competition with the United States will still be the main factor in China's foreign policy. It will intensify, while remaining controlled, and will not escalate into a military conflict in the short term. It is anticipated that Chinese foreign policy pressure will either continue or increase, China will be more willing to use economic coercive instruments, and relations with the EU will become more complicated. On some issues, China may demonstrate readiness for dialogue and a constructive position, generally not altering its goals and policies.

Also, the role of ideology in China's policy is expected to become much stronger, which may lead to higher probability of risks and wrong decisions in the management of the state and the economy, and will result in economic and socio-political problems in the country. Moreover, the growing influence of ideology and history, the use of images of a powerful leader and a powerful state may be a sign of the preparation of public opinion to justify important state decisions and intensify confrontation with the West. It may also entail a steadier realization by the Chinese leadership and society of the irreversibility of the course of "unification" with Taiwan, which, in case of failure of the peaceful path, will lead to greater likelihood of crises, and in the medium term—to a war in the Taiwan Strait.

In the short term, we can expect broader involvement of all spheres of public life of China in the issues of security and defense, continuation of the PLA's military construction and development of capabilities for the capture of Taiwan with parallel military, informational and economic pressure on Taipei, without going to a military conflict so far. Additional evidence of China's preparations to establish control over Taiwan may be the intention to significantly increase the number of its nuclear component, which may be a sign of Beijing's preparing a strategic deterrent to prevent the United States and its allies' interference in the conflict over Taiwan.

In general, these trends have negative consequences for economic cooperation with China, as China's economy will be more subordinated to political and ideological goals, Beijing's economic pressure on international business and governments will increase, its attempts to obtain sensitive technologies for the opportunity to work in its own market will multiply.

For Ukraine, the results of the Congress show that China is not going to change its existing formally neutral approach to the Russian-Ukrainian war in the short term, and the possibility of China's involvement in the settlement of the war remains extremely low. At the same time, the strengthening role of ideology, securitization of domestic and foreign policy, China's perception of the United States as a major competitor and potential enemy, and Russia as an

important partner to counteract the collective West, significantly reduce the opportunities for cooperation between Ukraine and China. This applies to security and defense, strategic industries, critical infrastructure, and high technology. In the medium term, in case of aggravation of the situation in the Taiwan Strait, the consequences for the global economy will be enormous, and the U.S. and partners' defense industry will be forced to support Taiwan, which will lead to a decrease in military-technical support for Ukraine. Taking into account Ukraine's significant dependence on financial and military-technical assistance from the West, Ukraine must ensure its security and economic, technological and military-technical self-sufficiency before the conflict in the Taiwan Strait.

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