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## **Economic, Political and Security Imperatives in Xi Jinping's Third Term**

*By Stefanie Kam*

### **SYNOPSIS**

*As Xi Jinping secures a historic third term at the 20<sup>th</sup> Party Congress, China's foreign policy objectives in the years ahead will be driven by economic, political and security initiatives shaped by both domestic and international political determinants.*

### **COMMENTARY**

In his opening remarks at the 20<sup>th</sup> Party Congress, President Xi Jinping lauded the Chinese Communist Party (CCP) for accomplishing the first centenary goal of building a moderately prosperous China in all respects and positioned himself to lead the Party as it embarks on the next centenary goal of building a modern socialist country by 2049. To achieve this goal, Party control over politics, economics, technology, culture, society, and the military will continue to be all-important. How the policies of the People's Republic of China (PRC) might play out depends on Xi's agenda for his third term.

### **Economic Imperatives: Dual Circulation, Made in China 2025, BRI**

The major economic imperatives that will drive policy are a continuation of the "dual circulation strategy", the "Made in China 2025" and the Belt and Road Initiative (BRI).

Amid persistent lockdowns and the economic slowdown in China to contain COVID-19 infections, dual circulation rests on the idea of common prosperity and national security. It seeks to foster increased domestic reliance whilst shifting partially away from global integration. Both structural and external pressures, such as the property sector crisis, disruptions to China's supply chains, and geopolitical pressures by the US in its push to decouple from China, are driving Beijing's need to ensure "high-quality development". The "Made in China 2025" seeks to strengthen China's domestic

capabilities in critical sectors, such as semiconductor manufacturing, and in providing much needed access to innovative technologies.

During Xi's first and second terms, the BRI was important for addressing the issue of excess capacity through overseas capital and labour exports. China would hope to continue using the BRI to insulate itself from indirect economic shocks arising from the Russian invasion of Ukraine, reduce its dependence on the West, and expand its trade and investment regime. The BRI's role will be further elevated in Xi's third term as Chinese firms continue to take on projects in host countries in the Global South.

But there will be challenges. Besides the economic downturn induced by the COVID-19 pandemic in many host countries, Chinese firms also face concerted competition from advanced economies in infrastructure projects, finance, and diplomacy.

Apart from headwinds in the domestic economy that may see Chinese firms less willing and capable to go abroad, continued pushback from BRI host countries will arise as increased PRC capital investments abroad will generate further unintended consequences on the social fabric of the recipient states. The ramifications have been reflected in the intensification of inter-ethnic tensions and competition among elite coalitions in host countries. Along with the increased likelihood of a shift away from China's principle of non-interference, Beijing's growing economic footprint overseas via the BRI will increase the security threat to Chinese interests particularly in volatile and unstable regions such as South Asia and Africa.

### **Political Imperatives: China's Image as a 'Great Power'**

Another key policy area concerns the need to strengthen China's image as a 'great power.' Such a foreign policy imperative is driven by the need to construct a global order favourable to its core interests and priorities, and to acquire a global leadership role commensurate with CCP's perception of the country's status.

This will be facilitated by enhanced military diplomacy, which serves as an important means for China to strengthen its global presence and image. For example, during Xi's second term, the People's Liberation Army (PLA) opened a logistical support facility in Djibouti in 2017 which has been characterised by foreign experts as aiming to protect Chinese interests in Africa, the Middle East, and the maritime Silk Road.

China is also reportedly building a police base in Gorno-Badakhshan province's Ishkashim district in Tajikistan, located close to Pakistan as well as the tri-border area shared between China's Xinjiang region and Afghanistan's Wakhan Corridor. The PLA has conducted joint border security exercises with Tajikistan focused on counterterrorism along the Tajik-Afghan border, and purportedly carried out "joint law enforcement" patrols along the Chinese-Afghan border. Such moves reflect increased willingness on the part of Beijing to undertake security activities beyond its borders.

Under the Xi presidency, another instrument to actively promote China's image as a 'great power' on the international stage is the use of external propaganda (*waixuan*). Xi aims to promote the CCP's ideology of "Socialism with Chinese characteristics for a New Era" and the emphasis on peaceful development and cooperation are reflected, through the promotion of the Chinese model of development. Through the Global

Development Initiative (GDI) and Global Security Initiative (GSI), Beijing seeks to project itself as a contributor to the global rules-based order, with its emphasis on development and security.

### **Security Imperatives: Modernising the Military to Safeguard ‘Core Interests’**

A third policy area to watch is national security, of which the military will play the paramount role. Emphasising that “a military is built to fight”, Xi has called on the PLA to “regard combat capability as the criterion to meet in all its work” and to focus on winning wars if called upon to fight. Xi’s goal is to transform the PLA into a “first-tier force” by 2050.

In parallel with military modernisation, China aims to protect its core interests. This means realising Xi’s vision of Chinese “national rejuvenation” and safeguarding Beijing’s principle of “one country, two systems” from pro-independence elements in Taiwan and hostile forces in the West. Xi’s latest speech, emphasising Beijing’s readiness to use force as a last resort, reflects a hardening in the PRC tone on the Taiwan issue, which is likely to shape Xi’s approach to cross-strait relations in his third term.

Xi’s increasing willingness to play hard ball while Taiwan bolsters its defence capabilities in tandem could further intensify cross-strait tensions.

### **Conclusion**

Underlying these economic, political and security imperatives is the centralisation of power and reinvigoration of party discipline under Xi Jinping. This has not only enabled Xi to dig deep and to reach wide, and to extend his leadership not only over the entire state apparatus but also to make critical decisions pertaining to Chinese national interests on the global stage.

Xi is poised to become the ‘people’s leader’ (*renmin lingxiu*), which will elevate his party position and consolidate his political legacy. As power becomes further centralised, the stakes have been raised. To ensure that he will become the ‘people’s leader’, on par with or exceeding Mao Zedong, the perception nationally and globally is that Xi cannot afford to fail with his agenda.

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