



## A Lack of Optimism: Results of the Latest Session of the Chinese Parliament

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The most important element of the parliamentary session that ended on 11 March was the adoption of China's development plans—a five-year plan and a long-term one until 2035. These documents emphasise China's aim to increase economic self-sufficiency, as well as acknowledge the challenges related to demographics and unemployment. Parliament approved an amendment of the electoral law in Hong Kong and an increase in the budget of the armed forces. The session confirmed China's readiness to continue the rivalry with the U.S. and presented the EU as a potential Chinese partner.

On 11 March, the annual session of the National People's Congress (NPC), the Chinese parliament, concluded. It approved Chinese Communist Party (CCP) decisions, including adopting new laws, a Chinese government report, reports by the Supreme Court and the Supreme People's Prosecutor's Office. In parallel, a session of the People's Political Consultative Conference (PPCC) was held. It is an advisory body consisting of more than 2,000 delegates, including from Hong Kong, Macau, representatives of ethnic minorities, athletes, scientists, people widely recognised, and the authorities. Among the roles of the PPCC is the popularisation of party political and economic concepts. Due to the pandemic, the delegates for the sessions were vaccinated with Sinopharm, and the deliberations shortened to one week.

**Economic and social dimension.** The most important event of the NPC session was the adoption of new economic plans: for 2021 (Chinese government report), five-year (2021-2025), and long-term (until 2035). The authorities estimate GDP growth in 2021 at around 6.8%, but contrary to previous plans, they departed from forecasting it for the following years. The assumed deficit is to drop slightly to 3.2% of GDP (from 3.6% in 2020). Unemployment, still high, especially among the young middle class, is to be limited by the creation this year of more than 11 million jobs in cities (9 million in 2019). The plan until 2035 copies the assumptions from the "Made in China 2025" (MiC2025) strategy, pointing to 10 basic sectors in China's

development (including robotics, space technologies, railways, and artificial intelligence). The concept of expanding the country's potential included in the five-year plan and in the plan until 2035 is intended to eliminate problems resulting from dependence on foreign supplies, such as microprocessors or software, including stocks from the U.S., Taiwan or South Korea. Therefore, investment in research and development (R&D) is expected to grow by 7% annually. China also wants to influence changes in global supply chains. To this end, the NPC ratified the Regional Comprehensive Economic Partnership and signalled its willingness to sign off on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

The plans show the authorities' awareness of the difficult economic situation and its impact on social problems, hence the reluctance to bold reforms, for example, in environmental protection. The authorities pledged to reduce carbon dioxide emissions in relation to GDP by 18% by 2025 (in the previous plan it was 15%), but without bans on the construction of new coal power plants or emission limits on CO<sub>2</sub> and other chemicals. The share of renewable sources is to be 20%. As pointed out by scientists from Tsinghua University, such indicators do not allow China to achieve the goal of carbon neutrality before 2060, much less by 2025. The authorities were also restrained in countering demographic changes. By 2025, there will be about 300 million people over age 60 in China (over 20% of the population). The proposals for changes contained in the

latest plans have appeared before, including increasing the retirement age (currently 60 for men and 55 for women) or shortening the time of compulsory education.

**Political Dimension.** At the session, the delegates emphasised China's supposed success in fighting the COVID-19 pandemic, as well as in helping other countries, including by [supplying vaccines](#). This was meant to be proof of the party's effectiveness and a source of legitimacy, especially in relation to this year's 100th anniversary of the CCP's founding. Delegates in the bills proposed more references to "Xi Jinping thought" and described the advantages of China's socio-economic system in comparison with the West, mainly with the U.S.

Following on from the [National Security Law of 2020](#), the NPC adopted an amendment to the electoral law in Hong Kong, effective from 30 March, which gives the central government greater powers in the election of the Chief Executive by expanding the composition of the Electoral Committee. It also enables the Chinese central authorities the ability to block opposition candidates at the initial stage through the use of a newly established "verification" committee. This is the response to the success of opposition parties in Hong Kong local elections in 2019 and the high turnout in their internal primaries in 2020. These events raised the concerns of the Chinese authorities that loyalists would lose the election to the Legislative Council scheduled for September 2021. The law concerning that election has been changed and the vote postponed to December this year.

In the government's plan for 2021, Prime Minister Li Keqiang announced a further increase in the official budget of the armed forces by 6.8% (6.6% in 2020). The prime minister and vice-chairman of the Central Military Commission, Xu Qiliang, justified the expansion and modernisation of the armed forces, citing a possible provocation by Taiwan (e.g., declaring the island's independence) or a military-level dispute with the U.S. (e.g., in the South China Sea). During the press conferences of Minister of Foreign Affairs Wang Yi and Prime Minister Li held during the NPC, they both declared China's willingness to cooperate with the U.S., but, at the same time, they rejected as lies claims by the U.S. and the EU of human rights violations in Xinjiang and Hong Kong. Foreign Minister Wang noted EU policy as a good example of a positive attitude towards China, mainly through the prism of the conclusion of negotiations of the [Comprehensive Investment Agreement \(CAI\)](#) in December 2020. An important element of the messaging of the Chinese authorities during the sessions were the statements by delegates to the PPCC criticising calls—including by some MEPs—for a boycott of the Winter Olympics in Beijing in 2022.

**Conclusions and Perspectives.** The NPC session showed that the Chinese authorities assess the internal situation in

China as difficult. Depending on the time perspective, the adopted plans are oriented towards waiting out the period (five years) or using the difficulties caused by the global crisis to develop China's own economic and political potential (by 2035). Thus, the plans are aimed to consolidate the party apparatus and society around the leadership of the CCP, especially since there will be a party congress in 2022 at which time the authorities will be elected. From the perspective of Xi and his supporters, solutions allowing them to establish and strengthen their positions in the party are crucial. However, the uncertainty of the authorities as to the pace of economic development in the near-term increases the disproportion in vaccinations carried out in comparison with other countries, such as the United States. By 7 April, more than 145 million doses had been administered in China, and more than 160 million in the U.S.

From the EU perspective, the conservatism in the development plans confirms that the Chinese declarations included in the CAI on market opening or sustainable development should be treated with caution. The economic plans adopted during the session were received with statements of distrust by the German Industry Federation (BDI), mainly due to the plans' convergence with MiC2025 and the related risks, including the continuation of technology transfers from EU companies to China. In the context of the possible adoption of the CAI by the EU, it becomes crucial to strengthen the mechanisms of market protection against unfair competition from China aimed at draining technological solutions and human capital. This applies, for example, to the development of investment screening, protection of the public procurement market, and acceleration of work on the anti-coercion instrument recently proposed by the European Commission.

The effects of the NPC sessions also indicate the need to deepen the U.S.-EU dialogue on China, including in the context of the development of modern technologies. From the Polish perspective, these activities would strengthen the political dimension of transatlantic cooperation, but also contribute to increasing the competitiveness of EU industry towards China. Reducing the interdependence of the EU and China should be considered part of the Union's strategic autonomy concept. In addition, China is unwilling to compromise on human rights, including the ratification of the forced labour conventions predicated in the CAI. This is evidenced by China's disproportionate response to the EU's imposition of limited sanctions on 22 March on CCP officials for repression of the Uighurs (the Chinese retaliatory sanctions were of a broader nature and imposed not only on politicians but also on independent researchers and think-tanks). China, therefore, conditions partner relations with the EU on the Union refraining from defending human rights and, for example, from increasing [cybersecurity](#) or combating [disinformation](#).