

# Key Takeaways From Xi Jinping's Two-Hour Speech

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(Bloomberg) --

President Xi Jinping delivered a wide-ranging speech Sunday laying out the Communist Party's agenda for China over the next five years, covering everything from Taiwan to tech policy.

Here are the key takeaways:

### Foreign Policy

Xi: "China's international influence, appeal and power to shape the world has significantly increased."

"Confronted with drastic changes in the international landscape, we have maintained firm strategic resolve and shown a fighting spirit. Throughout these endeavors, we have safeguarded China's

dignity and core interests and kept ourselves well-positioned for pursuing development and ensuring security.”

The context: Xi declared China would “stand tall and firm in the East” at the last congress in 2017, departing from former leader Deng Xiaoping’s “hide and bide” strategy. That shift along with Beijing’s moves to crush dissent in Hong Kong and Xinjiang, lack of transparency on Covid’s origins, partnership with Russia and more aggressive posture toward Taiwan and the South China Sea, has put China on a collision course with the West.

#### Development Model

Xi: “Chinese modernization offers humanity a new choice for achieving modernization.”

The context: China had long stressed that its development path is unique and does not follow traditional Western approaches based on capitalism. Xi elaborated on what the Chinese model, saying it is peaceful and based on maintaining the leadership of the party, realizing high quality growth and achieving “common prosperity.” While officials previously stressed the country does not seek to export its development model, Beijing has shown increasing ambition to reform the global governance system by offering alternatives. Common Prosperity

Xi: “We will steadfastly push for common prosperity. We will improve the system of income distribution. We will ensure more pay for more work and encourage people to achieve prosperity through hard work. We will promote equality of opportunity, increase the income of low income earners and expand the size of the middle income group. We will keep income distribution and the means of accumulating wealth well regulated.”

The context: Xi elevated the common prosperity slogan last year amid crackdowns on the big tech, education and real estate sectors, drawing unease from investors who saw heavy losses from sudden policy shifts. That campaign to narrow China’s wealth gap fell out of the limelight this year as Covid lockdowns battered the economy. Today, Xi made clear it’s still high on the priority list.

#### Covid Zero

Xi: “In responding to the sudden attack of Covid-19, we put the people and their lives above all else and tenaciously pursued a dynamic Zero Covid policy. We have protected the people’s health and safety to the greatest extent possible and made tremendously encouraging achievements in both epidemic response and economic and social development.”

The context: Anyone looking for signs China’s Covid strategy, which has kept its virus death toll low at growing economic and social costs, would have been disappointed. Xi signaled the zero-tolerance strategy he’s a cornerstone of his leadership is going strong, even as public tolerance for it appears to be cracking.

#### Economy

Xi: “High-quality development is the top priority of building a socialist modern country in all aspects. Development is the party’s top priority in governing. It’s impossible to build a socialist modern strong

country in all aspects without solid material and technology foundation."

The context: Despite some analysts suggesting there may be a slight shift in Xi's speech to elevate national security at the expense of economic growth, Xi repeated the slogan from previous party congress speeches that development is the party's "top priority." Some China observers had expected Xi to give equal weighting to security and development, a signal that Beijing could tolerate slower economic growth in order to meet other policy goals. By sticking to earlier language, Xi's speech suggests no real departure from economic goals.

#### Taiwan

Xi: "We will continue to strive for peaceful reunification with the greatest sincerity and the upmost effort, but we will never promise to renounce the use of force, and we reserve the option of taking all measures necessary. The wheels of history are rolling on towards China's reunification and the rejuvenation of the Chinese nation. The complete reunification of our country must be realized and it can without a doubt be realized."

The context: Xi reaffirmed the party line on Taiwan, one of Beijing's main points of acrimony with the US. Beijing sees the self-governing island as its territory and has ramped up military pressure over the past year. President Joe Biden has repeatedly said the US would come to the democracy's aid if attacked, marking a shift in the policy of "strategic ambiguity" that guided US-China relations for decades — even as the White House insists nothing has changed.

#### Hong Kong

Xi: "In the face of turbulent developments in Hong Kong, the central government exercised its overall jurisdiction over the special administrative region as prescribed by China's Constitution and the Basic Law of the Hong Kong Special Administrative Region. It ensured that Hong Kong is governed by patriots. Order has been restored in Hong Kong, marking a major turn for the better in the region."

The context: Beijing imposed a national security law on Hong Kong that bans terrorism, secession, subversion and collusion with foreign force in June 2020 to quell anti-government dissent, after city-wide protests erupted a year prior. Several pro-democracy media outlets have closed under a pressure campaign from that legislation, which has been used to jail scores of opposition leaders and been condemned by the US and other Western democracies for diminishing freedoms in the former British colony.

#### Tech Crackdown

Xi: "We will focus on national strategic needs, gather strength to carry out indigenous and leading scientific and technological research, and resolutely win the battle in key core technologies."

The context: China's crackdown on its once-swaggering tech industry erased more than \$1 trillion in combined market value, battering major firms such as Alibaba Group Holding Ltd. and Tencent Holdings Ltd. Xi's speech struck a more optimistic note, instructing the sector to focus on innovation as the US moves to cut it off from cutting-edge chip capabilities.

## Military

Xi: “We will intensify military training under combat conditions across the board to see that our armed forces can fight. We will innovate new military strategic guidance and develop strategies and tactics for people’s war, establish a strong system of strategic deterrence, increase the proportion of new domain forces with new combat capabilities, and intensifying military training under combat conditions

The context: Xi has vowed to modernize the once infantry-dominated military by 2027. To achieve that goal, the People’s Liberation Army has undergone tremendous organizational changes and hardware upgrades. The ground force has been trimmed, while other services including navy and rocket force have gained prominence.

## Green Goals

Xi: “We will work actively and prudently toward the goals of reaching peak carbon emissions and carbon neutrality. Based on China’s energy and resource endowments, we will advance initiatives to reach peak carbon emissions in a well-planned and phased way, in line with the principle of getting the new before discarding the old.”

The context: More than any other leader of the Chinese Communist Party, Xi has sought to make the environment part of his lasting legacy. He’s dramatically cut air pollution that plagued urban residents and laid out ambitious goals for China including a target to reach net-zero emissions within four decades. But a spate of power shortages throughout the nation and global energy turmoil following Russia’s war in Ukraine have shifted the focus back on energy security, with climate goals coming in a distant second place.

(Updates with Xi’s comments on modernization.)

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