

China's Social and Economic Progress: Dissecting 20th National Congress CPC and 14th National People's Congress to Assess where Future Growth will Originate

EXECUTIVE SUMMARY

China's 14th National People's Congress ("NPC"), which is the annual meeting of the country's highest body of state power and also known as the "Two Sessions," took place from 5 March 2023. The 14th NPC not only confirmed the new leadership announced by the 20th National Congress of the Communist Party of China ("National Congress of the CPC") held in October 2022 but also set the direction for China's development for the next five years and likely beyond that.

The current leadership, led by the incumbent President Xi Jinping and new Premier Li Qiang, will formulate domestic and foreign policies based on its evaluation of the global economic outlook and geopolitical landscape worldwide in particular the country's neighboring regions such as Central Asia and Indo-Pacific. Among the 205 newly appointed members of the Politburo Standing Committee¹, 81 or about 40% of them have high-tech background, a material upgrade from 19% in the 19th National Congress of the CPC. Thus, it is evident that China will emphasize technological advancements to attain self-reliance especially on crucial technologies.

The report sent to the 20th National Congress of CPC ("Congress Report") highlighted several major achievements in China. These achievements are summarized below:

- **Achieved moderate prosperity by eliminating poverty.** By year-end 2020, the final 100 million poor rural residents had been lifted out of poverty. Now, the goal is to achieve modernization of its entire 1.4 billion population through a 2-step strategy: First, realizing socialist modernization by 2035 and second, building a modern socialist country from 2035 to the middle of this century;
- **Accelerated research and development ("R&D") efforts to foster self-reliance and strength in science and technology.** This move is backed by 2022 nationwide R&D spending boosted about 3x to 3.09 trillion yuan (also known as renminbi or RMB in short) relative to 2012, ranking second on a global basis just behind the U.S. However, China filed the world's most international (PCT²) patent applications of slightly more than 70,000 versus approximately 59,000 from the U.S. in 2021; and
- **Continued proactive opening-up** through global trade, free trade agreements like the Regional Comprehensive Economic Partnership ("RCEP"), the domestic capital markets and the expansion of the Belt and Road Initiative.

The 20th Congress Report also indicated that "high-quality development" is essential to the growth path of China going forward and accomplishment of critical objectives by 2035 and beyond as mentioned above.

Specifically, the five focal points for high-quality development are as follows:

¹ Officially known as the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China. It is a committee consisting of the top leadership of the Chinese Communist Party

² Patent Cooperation Treaty

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