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China's 'Two Sessions': Beijing softens tone, pushes for innovation to endure changing world order

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With the world entering a disruptive era of economic and technological competition, China's policies will have far-reaching ramifications for the global markets, technological ecosystems and diplomacy



Chinese President Xi Jinping. File image/ Reuters

China's 'Two Sessions' is a well-choreographed, key political event convened annually in Beijing. It serves as a crucial platform for validating the national policy direction and developmental plans for the coming year. The decisions and announcements made here not only affect the lives of 1.4 billion Chinese but also have a global impact, thus being closely watched by the international community. During these sessions, the Chinese top leaders and political advisors present their work and also engage with the public through the press conferences.

The convention is termed as 'Two Sessions' because the country's two top political bodies – the Chinese People's Political Consultative Conference (CPPCC) and the

National People's Congress (NPC) – hold their separate annual meetings almost concurrently. The CPPCC is an advisory body with little real political influence but does make innovative proposals, generally pertaining to socio-economic issues. Its members include business executives and celebrities – actors and sportspersons. The NPC is the Communist Party's legislators' body, the highest authority of the People's Republic of China (PRC); a 'rubber stamp' parliament with around 3,000 members.

The 2025 'two sessions' convention was held from March 4 to 11 in the backdrop of a challenging and complex environment, including the conclusion of the 14th Five-Year Plan this year. The conclave commenced with the CPPCC inaugural meeting on March 4, followed by the NPC's opening conference a day later. Major issues dealt with during the 'two sessions' were economy, technology, defence, social policies and sustainable development initiatives.

Economic strategy. During the opening session of the NPC, Prime Minister Li Qiang delivered the Government Work Report (GWR), and lawmakers reviewed multiple reports, projecting a picture of a stable environment. While the growth target of 5 per cent for the current year appears to be cautiously optimistic, on the fiscal front the government adopted a more proactive approach with its plans to increase the fiscal deficit to around 4 per cent, up by 1 percentage point compared to the previous year.
The key thrust areas identified for economic growth were boosting consumption, developing an industry embracing science and innovation, promoting landmark reform measures including the construction of a unified national market, expanding by incorporating high-level opening up by encouraging foreign investments, and preventing and resolving risks in sensitive areas, particularly stabilising the real estate market and promoting rural revitalisation. China's overall economic strategy encompasses stability, innovation and global competitiveness.

Technology. The achievement of self-reliance in high-end technology remains a key focus area for Chinese leadership in view of the increasing restrictions being imposed by the West on semiconductor exports and artificial intelligence (AI) systems.

Consequently, China is accelerating investment in advanced manufacturing, AI and quantum computing.

The PRC aims to position itself as a global leader in high-tech innovations while reducing dependence on the foreign firms. To this end, a number of new incentives have been introduced, including tax breaks, subsidies and state-backed funding to catapult China as a global leader in the cutting-edge technology domain. All these measures signify China's pursuit to build a resilient industrial ecosystem.

Socio-economic policies. To address the slow growth of the workforce, the Chinese government has pledged to create over 12 million new urban jobs while keeping the unemployment rate around 5.5 per cent. Education reforms have been accorded high priority with increased funding for the STEM courses and vocational training. President Xi Jinping called for a deep understanding of the role of education, science and technology to unlock the talent to drive Chinese modernisation and its emergence as a global leader. In view of the Chinese ageing population, pension reforms have been given due attention. The Chinese leadership is apparently intending to balance economic development with social stability, so critical for the survival of the Communist regime.

Defence and foreign affairs. A hike of 7.2 per cent in the defence budget brings the military spending to approximately $249 billion, second only to the USA. As per the Pentagon and many experts, China's actual expenditure on defence could well be 40 per cent higher or even more, as many security-related items are covered under non-defence heads. An increase in the defence budget is primarily attributed to enhancing the People's Liberation Army (PLA) high-tech capability, especially modernising cyber security assets, expanding space technology, and strengthening naval and air assets, besides scaling up the nuclear arsenal.

While issuing a firm warning against external interference in Taiwan, the Indo-Pacific, and trade restrictions, Premier Li Qiang reiterated his government's preference for a peaceful solution. Foreign Minister Wang Yi provided insight into China's thinking on current global affairs. Reaffirming commitment to multilateralism, he made a strong case for major powers to be globally responsible.

In response to a question on the bilateral ties between India and China as a sequel to the ending of the four-year stalemate, Wang Yi, China's top diplomat, stated that a cooperative 'pas de deux' between the two countries is the only right choice for both.

Sustainable development. Chinese leadership reaffirmed its pledge for carbon neutrality by 2060, committing to accelerate investment in hydropower, solar and wind while reducing dependency on coal. To support green energy, the government is enhancing subsidies on clean energy startups and electric vehicles (EVs); incidentally, 11 million EVs were sold in China in 2024. As the biggest carbon emitter, successful implementation of these measures by Beijing will have a direct impact on alleviating global climate change. China's 2025 'Two Sessions' have reinforced the nation's focus on self-reliance, innovation and realistic global engagement, alongside commitment to stability and continuity.

With the world entering a disruptive era of economic and technological competition, China's policies will have far-reaching ramifications for the global markets, technological ecosystems and diplomacy. The international community will be forced to push towards self-sufficiency while adapting to the disruption of existing supply chains and a fresh surge of tech decoupling vis-à-vis China. Communist leadership's geopolitical ambitions to reshape the global order are bound to reset the prevailing balance of power equations.

The writer is a war veteran, currently Professor of Strategic and International Relations. Views expressed in the above piece are personal and solely those of the author. They do not necessarily reflect Firstpost's views.