



WE RED BRIDGE

2023 TWO SESSIONS:

**WE RED BRIDGE'S  
OBSERVATIONS AND  
RECOMMENDATIONS  
FOR BUSINESS  
LEADERS**

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The Two Sessions, annual meetings of the Chinese National People's Congress and the Chinese People's Political Consultative Conference, provide important insights each year into the government's priorities and plans. This year, they are of particular interest due to the end of COVID policies and uncertain economic conditions, with communicators and the business community eager to understand what to expect in 2023.

Seeking to restore confidence and promote strong economic growth post-zero COVID, China has taken several steps, including leadership changes to strengthen financial and tech sector supervision, opening financial markets to inbound investment, supporting non-state economic growth, and appointing experienced leaders to manage economic

growth. Though China will remain assertive diplomatically, these actions aim to stabilize job markets, exports, and economic growth while reassuring multinational corporations.

To improve operational and marketing communication strategies in China, brands should analyze the lessons of the 2023 Two Sessions and interpret the complex environment in which they were delivered. Here are our key observations and recommendations for brands in China this year.



# KEY OBSERVATIONS

- 1 Government Unity:** The government and national leadership positions confirmed during this year's Two Sessions are united around the central leadership to a degree that is unusual in Chinese political history since Reform and Opening. This suggests that all political leaders can be expected to move as one across all aspects of governance and policy formulation, with the priorities and thinking inspiring their actions coming from the top.
- 2 Social Stability:** This year, the government will seek growth while managing overall economic performance, focusing on stabilizing growth, employment, and prices. This is largely the same as what we heard last year. Even with a shorter Government Work Report (GWR) than in previous years, the term 'stability' appeared 94 times, the most it has appeared in a GWR in the 45 years since reform and opening up in 1978.
- 3 Economic Growth:** Steady economic growth is the top priority of the new government leadership team. Although this year's economic growth target of 5% is lower than what many had expected, the target is an improvement over the average growth rate of 4.5% over the past three years. This target setting also shows the government's pragmatism because the complex foreign environment makes export growth less likely, and domestic consumption growth is also under pressure; they also understand the inherent short-term challenges in pursuing "high-quality development" (broadly speaking, a shift to an economy based on services and innovation, a focus over the past decade) while attempting to reduce economic risk.
- 4 Expansion of Consumption:** "Expanding domestic demand" and especially "recovering and expanding consumption" are the "priority" of the government's work, and it is also the first of the five major tasks of the Central Economic Work Conference this year. Although the rebound in overall social consumption is not as good as expected - the total amount of social consumer goods and snacks in the first two months of 2023 increased by 3.5% year-on-year, but key areas such as catering, retail, and travel have already recovered rapidly.
- 5 Opening More and More:** As in previous years, this year's GWR lays out increased efforts to attract and utilize foreign capital, including accelerating the opening of China's service industry to MNCs. The series of policies outlined in the GWR are intended to boost the confidence of foreign companies in China and provide guarantees for the stability of foreign companies' supply chains in China.

**6 Green Development:** This year's GWR reduced the energy consumption per unit of GDP target further, from a 3% decrease in 2021 and 2022 to a 2% decrease in 2023, however green and low-carbon initiatives are still core components of the government's agenda. The GWR also specifically mentions 'International Cooperation on Climate Change' and 'Global Climate Governance' as priorities for 2023.

**7 Diplomacy Acceleration:** Despite the impact of factors such as the COVID pandemic and the conflict in Ukraine in recent years, China hopes to win the confidence and trust of the international community this year. China has relatively stable relations in many regions including Russia, the Middle East, and third-world countries. However, the relationship with the United States is marked by ongoing confrontation, and unfortunately this shows no signs of abating in the near term. China will also seek to stabilize its relationship with the EU in 2023.

**8 Technology Innovation:** "Technology self-reliance and self-improvement" was one of the stand-out phrases of this year's Two Sessions. China's overall social R&D investment is increasing year by year. For the first time, R&D investment in 2022 was equivalent to 2.5% of GDP, and we expect this strong level of investment to continue in 2023. The government's support for private enterprises is also increasing, with 5G, robotics, chips, AI, and new energy being key areas for investment.

**9 Healthy China:** Healthcare was not a key focus this year, and there are no new policies and formulations. "Healthy China", "Grassroots medical care", "Fairness and accessibility", and "Digital medical care" are still key phrases dominating the discussion, among which "inheritance of traditional Chinese medicine" was the most discussed health-related topic by representatives at this year's Two Sessions.

# IMPLICATIONS FOR BRANDS IN CHINA

- 1** Corporates must **monitor global geopolitical relationships** and create flexible strategies that can adapt to any ups and downs that the bilateral relationship may bring this year.
- 2** Prioritize **green, low-carbon, circular economy, clean and renewable energy, and sustainable development**, which align with national policy trends as well as with most corporates' long-term development goals.
- 3** Especially for the tech industry, suggest doubling down on efforts to framework in China as **benefiting the local industry as a whole**.
- 4** For brands in the pharmaceutical industry, **localized innovation, localized supply chains, and cooperation with local companies** are the key priorities in recent years, and this is expected to continue in 2023.
- 5** Despite pressure from domestic brands, consumer brands from around China have been able to maintain or grow market share and share of voice through **cutting-edge technology, pioneering design, targeted brand positioning, and a focus on providing consumer experience improvements have performed well**. MNCs and brands who are new to the market should reference these successes as they chart their own courses in China.
- 6** The four major state-led exhibitions, including the China International Import Expo (CIIE), the China Import and Export Fair, the China International Fair for Trade in Services, and the China International Consumer Products Expo are expected to be the most important opportunities for brands to **demonstrate their commitment to the market**.
- 7** With the end of the travel restrictions that have characterized the last three years, **MNC executives should visit China in the near future** to re-examine the challenges and opportunities presented by the China market and assess how to integrate it into global plans for 2023 and beyond.

# ABOUT WE RED BRIDGE

WE Red Bridge is an award-winning consultancy with a proven track record of delivering growth for businesses in China. From our offices in Beijing and Shanghai, we combine holistic business understanding, agile planning, creative storytelling and digital know-how to help clients shape reputations and build high-value communities that achieve business growth in the world's most dynamic market.

Given China's evolving geopolitical position, up-to-date intelligence on government narratives and objectives is more important than ever, especially for foreign corporates seeking to build or redirect their businesses in China. WE Red Bridge provides a suite of senior-led products that help clients across multiple sectors to determine the best way forward, to move public opinion, shape public policy, educate and engage key audiences.

Feel free to reach out for more information.

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