

Xi makes bid for global leadership in new year vision

The Times – by Richard Spencer, their China Correspondent

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President Xi has set out his stall for global leadership in a new year's address in which he said his people should strive to "write a new chapter in the history of China's miracle".

Xi's words at the end of 12 months that included a topsy-turvy series of clashes and rapprochements with President Trump's America, along with rumours about his own position, were closely watched for clues on future plans for his leadership.

But he showed no signs that there would be any drastic economic or political change in the year ahead. Xi's third five-year term of office expires in 2027, and he gave no hint that he has any intention to step down, and there was no sign of a nod towards a potential successor.

Instead, central to his speech was a desire to play a more ambitious role in world affairs, firmly ending a decades-long policy in which China cast itself as purely focused on its domestic ambitions.

After reminding viewers of the massive military parade in September marking the 80th anniversary of the end of the Second World War, when President Putin, Kim Jong-un and other world leaders joined him on the viewing rostrum at Tiananmen Square, Xi, 72, said he would continue to promote his "global governance initiative".

This is his attempt to promote an alternative to the "western-led order" that his lieutenants now vilify as bringing instability and chaos, particularly to the global south.

Xi was strengthened in 2025 in his view that the modern Communist Party's mixture of free market business policies with strong state political and macroeconomic control is not just "socialism with Chinese characteristics", the catchphrase since the 1980s.

He believes it is a model for the rest of the world, or at least the developing world, and points to the eccentricities and inconsistencies of President Trump's administration in the US as evidence.

"The world today is undergoing both changes and turbulence and some regions are still engulfed in war," he said. "China always stands on the right side of history and is ready to work with all countries to advance world peace and development and build a community with a shared future for humanity."

China in 2025 entered a key phase of President Xi's rule. If he were intending to step down in two years' time when his latest mandate expires, tradition would demand some political manoeuvring, if not a formal process to designate a successor.

If there has been any, it has been kept immaculately secret, and most observers now doubt that Xi has any intention of retiring. Such is the dominance of his rule, in which his

politburo colleagues have been forced to take a lower profile than any of their recent predecessors, that anyone promoted now might come to be seen as a rival as much as an heir.

“The Xi era is just beginning,” Wen-Ti Sung, a Taiwan-based analyst, said. “Xi will not make himself a lame duck by appointing a real heir. As the Chinese saying goes — the people cannot have two rulers, just like the sky cannot have two suns.”

In part, Xi has attracted speculation about his position in the party apparatus himself, with a continuing purge of its upper reaches that has lasted more than two years.

That climaxed in October with the formal expulsion from the party of nine generals for alleged corruption. Two were members of the Central Military Commission (CMC), the body that oversees the People’s Liberation Army, and one of those, General He Weidong, was a member of the politburo.

That made him the first such member to be fired since 2017. Rumours have circulated around a second: Ma Xingrui, who in July was replaced as party secretary, the local party leader, of Xinjiang province, the western region at the heart of a crackdown against Uighur Muslims. Ma has since missed at least three politburo meetings without explanation.

The purges have involved officials and generals seen as close to Xi and personally promoted by him.

They give extra prominence to General Zhang Youxia, the vice-chairman — to Xi’s chairman — of the CMC, now the only military figure left in the politburo and China’s most powerful man after Xi.

However, Xi made no public mention of the purges, other than to stress there would be no let-up in the fight against corruption, which has undoubtedly been a problem for the military.

In fact, that the purges were of Xi’s disciples only gave extra weight to the message they sent out, said Alfred Wu, a specialist in Chinese politics at the National University of Singapore.

“No one is immune — only himself,” Wu said. He added that any threat to Xi’s rule could come only from the military, given his authority over senior politicians, so he needed to show his authority over the generals too.

“He promotes them, then he purges them,” he said. “That also makes sense, if he wants to stay in power for life.”

It is hard, though, to see how the depletion of the top ranks of the PLA could avoid weakening its effectiveness.

Nevertheless, the year concluded with the most intense military exercises yet seen around Taiwan. The manoeuvres simulated a total blockade of the island and served as a warning to America and other Pacific countries, most notably Japan, of Chinese strength.

“We Chinese on both sides of the Taiwan Strait share a bond of blood and kinship,” Xi said in his new year speech. “The reunification of our motherland, a trend of the times, is unstoppable.”

The second big event of 2025 was the launch of the 15th “five-year plan” — the framework that the party uses to set policy, even after more than four decades of economic reform.

The plan’s details dashed the hopes of some economists, and certainly Trump’s advisers, that Xi would alter the policies that have turned China into the world’s uncontested manufacturing powerhouse and created huge international trade imbalances.

It was these imbalances that prompted Trump to launch his tariff wars in the spring, with China being one of the prime targets. In the event, China’s trade surplus only grew as it moved into new global markets, and Trump eventually came to terms at a summit with Xi in October in which higher, but not crippling, tariffs were agreed on both sides.

Critics say that China’s dominance in industrial production is partly maintained by suppressing wages and thus household spending, creating a dangerous internal imbalance.

While Xi has lauded the groundbreaking success of Chinese tech companies in artificial intelligence, the overall economic outlook remains mixed.

Youth unemployment, particularly outside the tech industries, remains high, with the property market showing no signs of returning to life after a real estate bubble collapsed in the wake of the pandemic. Burdened by high mortgages and negative equity, and facing the challenges of a rapidly ageing population, the middle classes continue to save rather than spend.

The result on the ground is a divide between booming “new tech” cities such as Shanghai and Shenzhen, and gloom in other parts of the country, including Beijing.

The five-year plan continued to stress the development of high-end production, and Xi’s speech referred proudly to his personal economic catchphrase — the promotion of “high-quality productive forces”.

“Xi will double down in 2026,” said Steve Tsang, professor of Chinese politics at the School of Oriental and Asian Studies in London, who has written a biography of the Chinese president. “It does mean that rebalancing the economy in the ways that independent economists would say are needed will not happen.

“China will continue to focus on developing and grooming national champions in selected advanced tech sectors but will not do enough to improve the lots of the average Wangs, or increase domestic consumption, despite rhetoric to the contrary.”