

When the People's Republic turns 100: Assessing China's development and relations with the United States towards 2050

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THIS IS AN executive summary of a research report that explores China's future development and relations with the United States leading to 2050.¹ It examines China's potential trajectory in six key areas: demography, economy, politics, foreign policy, military, and technology.

BASELINE SCENARIO

The study outlines a baseline scenario based on the assumption that the current development continues without major disruptive changes. According to the scenario, by 2050, China, led by the Communist Party, has continued to develop its economic, military, and technological capabilities, as it has become the world's largest economy. At the same time, China's population, particularly the proportion of the working-age population, has declined. Together with the inability to implement necessary reforms, this causes economic development to stall, and China has not become the dominant world power. After Xi Jinping's death, a power struggle ensues, followed by an expected return to a more collective leadership where the various factions within the party share power. Far-reaching authoritarian and controlling measures still govern China, but the end of Xi Jinping's era of strong power concentration has partially eased repression. Towards 2050, China is a globally competitive and advanced technological power. However, it has yet to become a leading innovative actor spurring

disruptive cutting-edge technology across the broad technological forefront.

By 2050, China has strengthened relations with Russia and the Global South, in particular with other authoritarian states, but its ties with the West have weakened. Fundamental discordances dominate relations with the United States. The military rearmament in the region, especially around Taiwan, has continued, and the risk of armed conflict has increased. By mid-century, the Chinese military is more modern, consisting of intelligent and more developed capabilities. Thus, China can assert its interests and challenge American forces in its proximity. In 2050, China and the United States are the leading actors for emerging authoritarian and democratic camps, respectively, in an increasingly polarised world community. In some cases, countries are forced to choose sides between the two great powers.

CONSTANTS

The study identifies four constants that are expected to remain unchanged or to change only in predictable and gradual ways:

- *China's territorial claims.* These claims are not specifically tied to the Communist Party but are likely to persist even under a different regime.
- *China maintains a relatively consolidated national identity, except for a number of ethnic minorities.* Despite China's large and diverse population, there

¹ Johan Englund and Oscar Almén, *Den hundraåriga folkrepubliken: En bedömning av Kinas utveckling och relation till USA mot 2050*, FOI-R--5631--SE, 2024.

is little to suggest that there is a political force challenging Chinese national identity outside of areas such as Xinjiang, Tibet, Inner Mongolia, and Hong Kong.

- *Big Market.* Despite China's shrinking population, China will, for the foreseeable future constitute one of the world's largest unified economic markets. It is a power factor that is critical to the country's ability to influence the outside world.
- *Declining population.* Even if China were to manage to reverse the negative population trend, the effects would only come in the long run. That China's population continues to decline until 2050 is almost inevitable.

DISRUPTIVE CHANGES

The study has singled out seven disruptive changes from a large selection of possibilities that are particularly important to keep in mind. We deem all of these changes to have a significant impact on China's development, potentially overturning the baseline scenario. The seven disruptive changes are:

1. *Prolonged and deep economic crisis* — China stagnates. In the long term, this, along with other factors such as demographics, means that the Chinese economy will not become the formidable threat to the United States that many envision.
2. *China becomes economically dominant through a successful transition to a mature economy.* This would mean that China's economy will be significantly larger than the US's, which would also confer greater global influence. China's enormous economic power would also form a favourable basis for increased military and political influence.
3. *Xi Jinping suddenly passes away, and a power struggle ensues.* The outcome for the CCP could be either "better" or "worse." Xi's unexpected death would trigger a succession crisis as he has not named a natural successor. The outcome of the ensuing power struggle would be decisive for the direction China takes.

4. *China invades Taiwan.* An invasion of Taiwan would most likely involve military confrontations with both Taiwan and the United States. From a political perspective, China's relations with large parts of the world's advanced economies would deteriorate significantly. Furthermore, the impact on the country's economy would be severe. Regardless of the outcome of the invasion, China's position in the world as well as its political, economic, and military conditions would change dramatically.
5. *Political breakdown or isolationism in the US leaves a vacuum that China fills.* If the US experiences a political breakdown that plunges the country into extensive chaos and leads to its withdrawal from the world stage, or if it engages in far-reaching isolationism, China's ability to advance its positions and interests increases substantially. Towards 2050, China would have the opportunity to fill the vacuum left by the US and potentially dominate the world stage in a completely different way.
6. *Technological breakthrough in China.* China, as a technologically dominant nation at the forefront of tomorrow's technologies, would make great strides towards enhancing its economic influence and power, which it can leverage for political gains. Furthermore, if China dominates the high-tech value chains, it can develop even greater military capabilities. This could potentially result in China becoming a regional and global hegemon.
7. *A major natural disaster.* As a consequence of climate changes, China faces an increasing risk of natural disasters, putting additional pressure on its environment, ecology, and resources. A major natural disaster could have widespread impact on China's economic development and potentially affect the legitimacy and standing of the Communist Party, depending on how the leadership manages the situation.

THE CONSEQUENCES FOR SWEDEN AND EUROPE

The outlined scenario will inevitably have consequences for Europe and Sweden. In a polarised world led by China and the US at the various poles, there is

expected to be increased pressure on Europe and Sweden to choose sides on various issues. The transatlantic link is relatively strong, and the European position and its interests are likely to be in line with the US on most issues. However, this means that in 2050, Europe will have to accept greater costs in its relationship with Beijing, which will pressure European countries such as Sweden to make choices that do not harm China. At the same time, it can also bring opportunities for Europe and Sweden to maximise their interests and exchange them based on a position of strength vis-à-vis Beijing. One should not forget that Europe is an economically influential player in the world.

The most difficult choices to navigate in 2050 are likely to be collaborations in areas affecting strategic sectors, such as high-tech industries and critical infrastructure, particularly in dual-use sectors. The US is likely to have strong expectations that Sweden and Europe greatly reduce their dependencies in key sectors of their economies as well as academic and technological collaborations with China. At the same time, China will be exerting similar pressure to establish exchanges with Europe. An important challenge for Swedish and European actors will be to identify their own interests and navigate their positions independently. Europe must develop forms of cooperation with China and establish a balanced position, recognising China as an actor with whom it is possible to collaborate on global challenges. If, by 2050, China leads in green technology development and maintains a decisive role in the global distribution of critical raw materials and rare earth metals, Sweden will need to relate to this reality.

In connection with this, Sweden and Europe must adapt to a more assertive Chinese foreign policy, while simultaneously embracing a reformed and more modern China. In particular, China's positioning regarding

core territorial interests is even tougher in 2050 as the country's military possesses greater capabilities. This means that China will be applying enormous pressure on Sweden and Europe to refrain from playing a role in China's immediate proximity and to accept Beijing's hardline policy. Thus, by 2050, Europe must have coordinated its roles and policies with its partners and other like-minded people to advance a substantial response to China.

The European stance will have to include greater security commitments. In 2050, the US is likely to dedicate the majority of its resources to Asia, placing greater responsibility on Europe to manage its own immediate region militarily. For Sweden, this is further actualised by virtue of its being a member of NATO. It is likely that the US will increase pressure on Europe and Sweden to adopt a greater role in security policy in the Asian region. This does not necessarily imply a military troop presence but could, for example, involve deeper contributions from the Swedish and European defence industries in the region.

In 2050, according to this scenario, the world is more divided between the American and Chinese poles. However, the majority of actors navigate between these poles, overlapping on various issues and in different areas. This suggests that collaborations with other actors will be crucial for Europe and Sweden. Like-minded countries such as Japan, Australia, and Canada will be very important. Another vital issue is strengthening relations with the Global South. China is making substantial efforts to deepen relations with this diverse group of countries, which are gaining increasing influence in the international community. The importance of developing these relationships to counterbalance a strengthened authoritarian bloc on the global stage should not be underestimated. ■

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