

# China Politics Weekly

Issue No. 7 – March 10, 2014



Dear friends and colleagues,

I am traveling for the next few weeks, so the newsletter will most likely continue to be abbreviated. Old issues are always available at [www.chinapoliticsweekly.com](http://www.chinapoliticsweekly.com). Sign up or unsubscribe by sending an email to [info@chinapoliticsweekly.com](mailto:info@chinapoliticsweekly.com).

## Work Reports

On Wednesday, Li Keqiang, Finance Minister Lou Jiwei and NDRC Chairman Xu Shaoshi delivered the Government Work Report, the Central and Local Budgets and the National Economic and Social Development Plan, respectively.

I have not had time to read through the work reports yet, but a quick glance shows that “reform” remains the motivating force of the Xi-Li administration. The budget report is particularly illustrative; there is a new dedicated subsection on reform, and the word “reform” was mentioned 61 times in this year’s report, versus 26 times in 2013.

The budget report states that one priority for 2014 is to rein in preferential tax rates and other subsidies doled out by local governments. This will raise costs for business as local governments offer fewer incentives, but could be a net gain for MNCs insofar as it forces local and state-owned companies to compete on a more level playing field.

SOE reform was listed as its second reform priority in the NDRC’s report this year. The report did not offer anything new regarding how reforms will take place, but the fact that SOE reform was listed as such a high and explicit priority means we should see acceleration on this front in the coming months. On a related note, there is an excellent article this week on [how the NDRC is adjusting to life in the new reform era](#).

## Press Conferences

In addition to the work reports, several top officials have given press conferences this week; the transcripts of these are good reading as they offer further detail into the direction of policy.

Of particular interest to business would be the [press conference of Lou Jiwei](#). Already famous for having said last year that the government could tolerate growth of 6.5%, Lou once again tried to dampen expectations by saying that the government’s growth target of “around 7.5%” included figures under 7.5%.

Lou also stated that rationalizing revenues and expenditures of local and central government is *not* a priority for this year, and that work would instead be focused on reforming the budgeting and taxation systems. This year the government will move ahead with an environmental tax and a real estate tax, and will continue to research resource and consumption taxes.

### Meet the delegates

Most of the time at the NPC is dedicated to meeting in groups to discuss the various work reports. PBSC members and other top officials have sat in with various different regional delegations over the week. I haven't had time to read through their statements, but *Caixin* has usefully collected [what the PBSC members were reported to have said at their various meetings](#).

## PBSC Week in Review

|                   |       |   |
|-------------------|-------|---|
| <b>Xi Jinping</b> | Mar 7 | <a href="#">Xi met with the Guizhou delegation.</a>   |
|                   | Mar 6 | <a href="#">Xi met with the Guangdong delegation.</a>   |
|                   | Mar 5 | <a href="#">Xi met with the Shanghai delegation.</a>  |
|                   |       | <b>Attended opening of the NPC's annual session.</b>  |
|                   | Mar 4 | <a href="#">Xi met with ethnic minority members of the CPPCC.</a>                                       |
|                   |       | <a href="#">Xi called Putin to discuss Ukraine.</a>   |
|                   | Mar 3 | <b>Attended the opening of the CPPCC's annual session.</b>  |
| <b>Li Keqiang</b> | Mar 7 | <a href="#">Li met with the Shanxi delegation.</a>  |
|                   |       | <a href="#">Li met with the Yunnan delegation.</a>  |
|                   | Mar 6 | <a href="#">Li met with the Shandong delegation.</a>  |
|                   |       | <a href="#">Li met with the Qinghai delegation.</a>   |
|                   | Mar 5 | <a href="#">Li delivered the 2014 Government Work Report.</a>   |
|                   | Mar 4 | <a href="#">Li participated in discussion of economic and agricultural issues with CPPCC delegates.</a> |
|                   | Mar 3 | <b>Attended the opening of the CPPCC's annual session.</b>  |

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| <b>Zhang Dejiang</b> | Mar 9                | Zhang presided over the second full session of the NPC and delivered the NPC Standing Committee's annual work report.                      |  |
|                      | Mar 8                | Zhang presided over a meeting of the NPC presidium.  |  |
|                      | Mar 7                | Zhang met with the Fujian delegation.  |  |
|                      | Mar 6                | Zhang met with the Hong Kong and Macau delegations.  |  |
|                      | Mar 5                | Zhang presided over the opening of the NPC's annual session.<br><br>Zhang met with the Zhejiang delegation.                                |  |
|                      | Mar 4                | Zhang participated in discussions with CPPCC delegates from Hong Kong and Macau.<br>Zhang chaired a meeting of the NPC Standing Committee. |  |
|                      | Mar 3                | Attended the opening of the CPPCC's annual session.  |  |
|                      | <b>Yu Zhengsheng</b> | Mar 8  | Yu presided over the third full session of the CPPCC.  |
| Mar 7                |                      | Yu presided over the second full session of the CPPCC.<br><br>Yu met with the Xinjiang delegation.   |  |
| Mar 6                |                      | Yu met with the Zhi Gong Party and unaffiliated CPPCC delegates.   |  |
| Mar 5                |                      | Yu met with the Hubei delegation.<br><br>Attended opening of the NPC's annual session.   |  |
| Mar 4                |                      | Yu met with ethnic minority members of the CPPCC.<br><br>Yu participated in discussions on education with CPPCC delegates.                 |  |
| Mar 3                |                      | Yu delivered the CPPCC's annual work report.   |  |
| <b>Liu Yunshan</b>   |                      | Mar 7  | Liu met with the Jiangsu delegation.   |
|                      |                      | Mar 5  | Liu met with the Inner Mongolia delegation.<br><br>Attended opening of the NPC's annual session. |
|                      | Mar 4                | Liu participated in discussions on media, publishing and the social sciences with CPPCC delegates.   |  |
|                      | Mar 3                | Attended the opening of the CPPCC's annual session.  |  |

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| <b>Wang Qishan</b> | Mar 7 | <b>Wang met with the Henan delegation.</b>  |
|                    | Mar 5 | <b>Wang met with the Beijing delegation.</b>  |
|                    |       | <b>Attended opening of the NPC's annual session.</b>  |
|                    | Mar 4 | <b>Wang participated in discussion with CPPCC delegates from the China Democratic League and the China Association for Promoting Democracy.</b> |
|                    | Mar 3 | <b>Attended the opening of the CPPCC's annual session.</b>  |
| <b>Zhang Gaoli</b> | Mar 7 | <b>Zhang met with the Ningxia delegation.</b>   |
|                    | Mar 6 | <b>Zhang met with the Tianjin delegation.</b>   |
|                    | Mar 5 | <b>Attended opening of the NPC's annual session.</b>  |
|                    | Mar 4 | <b>Zhang participated in discussions with CPPCC delegates on healthcare and education.</b>  |
|                    | Mar 3 | <b>Attended the opening of the CPPCC's annual session.</b>  |

China Politics Weekly aims to keep business leaders, investors, diplomats, scholars and other China hands up to date on important trends in China.

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