

China Politics Weekly

Issue No. 34 – November 10, 2014



Dear friends and colleagues,

Your comments and feedback are always welcome. Old issues are always available at www.chinapoliticsweekly.com. Sign up or unsubscribe by sending an email to info@chinapoliticsweekly.com.

Officials have been preoccupied with issues of politics, governance and Party-building as they prepared for the Fourth Plenum. After months of focusing primarily on domestic concerns, attention this week turned to China's relations with the wider world as leaders from around the globe descended on Beijing for the Asia-Pacific Economic Cooperation (APEC) Summit.

Most eyes (and media attention) will focus on relations with the United States and Japan. The three countries are the three largest economies in the world and the dynamics between them are arguably the most important determinants of peace and prosperity in the world.

For China, relations with both countries have been strained (an understatement in the case of Japan) since Xi took power two years ago. Obama's visit looks unlikely to change the bilateral dynamic; for the foreseeable future the US and China will continue to enhance economic cooperation while maintaining a healthy dose of strategic distrust.

Sino-Japanese relations look more promising. A meeting between Chinese and Japanese foreign ministers on Friday looks likely to pave the way for a Xi-Abe meeting, or at least a handshake. Amazingly, this would be the first contact between them both came to power almost two years ago.

More Asia less Pacific

While much of the Western press will focus on the three Pacific powers, China seems to be going out of its way to show everybody that its focus is on its neighbors to the south and west. It is no coincidence that as APEC activities had already begun in Beijing, Xi hosted a "connectivity dialogue" with leaders from seven non-APEC countries. The focus was on strengthening trade and investment ties across Eurasia. The dialogue was not just a bunch of empty talk; China announced it is creating a USD 40 billion Silk Road Fund to finance infrastructure in the region.

This connectivity dialogue is part of China's larger effort to reshape the regional order to give China more influence. Xi's two major international initiatives, the Silk Road Economic Belt and the 21st Century Maritime Silk Road, conspicuously (albeit logically) leave no place for its rivals the United States and Japan. Ditto the new

China-led Asian Infrastructure Investment Bank (AIIB) that looks to be a direct competitor to the Asian Development Bank dominated by the US and Japan.

The connectivity dialogue was not the only signal of China's westward orientation sent this week. Monday's meeting of the Central Finance and Economics Leading Small Group focused on the two Silk Road initiatives. Then on Wednesday it was announced that a new Central Asia Regional Economic Cooperation (CAREC) Institute will be headquartered in Urumqi, China. CAREC, it should be noted, is an ADB-led initiative.

The CAREC Institute is indicative of the way in which China will attempt to maximize its influence in existing institutions even while it tries to set up alternatives to them. China consistently tries to pragmatically pursue goals through multiple channels. Likewise China is using APEC to push its own trade agenda, and help in its domestic anti-corruption campaign.

From a Chinese perspective, APEC is ultimately deeply flawed, not least because it includes Taiwan and Hong Kong as members separate from China. China will not abandon the institution, but it will seek to promote other multilateral arrangements that it sees as more conducive to advancing its interests.

PBSC Week in Review

Xi Jinping

Nov 9

Xi delivered the keynote address at the APEC CEO Summit.

Full text of his speech in Chinese.

Xi met with Russian President Vladimir Putin.

Xi met with Indonesian President Joko Widodo.

Xi met with former Vice President of Taiwan Vincent Siew.

Also met with Wang Yu-chi, chairman of Taiwan's policymaking Mainland Affairs Council; highest level official contact on mainland soil since 1949.

Xi met with Thai Prime Minister Prayuth Chan-ocha.

Xi met with Hong Kong Chief Executive C.Y. Leung.

Xi met with Prime Minister of Canada Stephen Harper.

Li met with Prime Minister of Singapore Lee Hsien Loong.

Nov 8

Xi chaired the Dialogue on Strengthening Connectivity Partnership.

With leaders from Bangladesh, Myanmar, Laos, Cambodia, Pakistan, Tajikistan and Mongolia, as well as representatives from the United Nations Economic and Social Commission for Asia and the Pacific and the Shanghai Cooperation Organization. Xi's speech is [here](#) (in Chinese).

Xi met with Pakistani Prime Minister Nawaz Sharif.

Xi met with Myanmar's President U Thein Sein.

		Xi met with Bangladeshi President Abdul Hamid.
		Xi met with President of Mongolia Tsakhiagiin Elbegdorj.
		Xi met with Lao President Choummaly Sayasone.
Nov 7		Xi held talks with President of Tajikistan Emomali Rakhmon.
		Xi met with Cambodian Prime Minister Hun Sen.
Nov 4		Xi chaired a meeting of the Central Finance and Economics Leading Small Group.
Li Keqiang	Nov 9	Li met with Indonesian President Joko Widodo.
		Li met with Thai Prime Minister Prayuth Chan-ocha.
Nov 8		Li held talks with Canadian Prime Minister Stephen Harper. <i>Signed deals worth USD 2.2 billion. Also signed currency deal that will allow trade settlement in RMB.</i>
		Li met with Pakistani Prime Minister Nawaz Sharif.
		Li met with President of Tajikistan Emomali Rakhmon.
Nov 7		Li sent a congratulatory letter to the opening of the Beijing Forum.
Nov 5		Li chaired an executive meeting of the State Council.
Nov 4		Attended meeting of Central Finance and Economics Leading Small Group.
Zhang Dejiang	Nov 9	Zhang met with Canadian Prime Minister Stephen Harper.
		Zhang met with Mongolian President Tsakhiagiin Elbegdorj.
Nov 8		Zhang met with President of Myanmar U Thein Sein.
Nov 6		Zhang met with Abadulla Dago, head of the House of People's Representatives, the lower chamber of the Parliament of Ethiopia.
Yu Zhengsheng	Nov 8	Yu was in Jordan.
	Nov 5-7	Yu made an official visit to Bahrain.
	Nov 3-5	Yu made an official visit to Morocco.

Liu Yunshan

- Nov 7 [Liu attended the 24th China Journalism Awards and the 13th Changjiang Taofen Awards ceremony.](#)
- Nov 5 [Liu attended the fall term graduation ceremony at the Central Party School.](#)
- Nov 4 [Attended meeting of Central Finance and Economics Leading Small Group.](#)

Wang Qishan

- Nov 7 [Wang met and entertained President of Tajikistan Emomali Rakhmon.](#)

Zhang Gaoli

- Nov 8 [Zhang met with Prime Minister of Pakistan Nawaz Sharif.](#)
- Nov 4 [Attended meeting of Central Finance and Economics Leading Small Group.](#)

About CPW

China Politics Weekly aims to keep business leaders, investors, diplomats, scholars and other China hands up to date on important trends in China. It is produced by Trey McArver, a London-based consultant providing advice and intelligence to firms and investors engaged in China and the region.

Want to help? Please tell us how we can make this newsletter more useful to you. Feedback on both form and content are always welcome, as are suggestions for topics to be covered. Please contact us at info@chinapoliticsweekly.com. We look forward to hearing from you.

Want more? We offer tailored briefings and research reports for senior management who need to know more about China. Our network of analysts and associates have experience across a range of sectors. Please email us to discuss your needs and get a quote.