

# China Politics Weekly

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Dear friends and colleagues,

I apologize for the lack of a newsletter last week. The last two weeks of public appearances by your favorite seven are below. Your comments and feedback are always welcome. 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).

## Are you listening?

The NPC Standing Committee will finish its bimonthly legislative session on Wednesday, when it is expected that they will pass the new National Security Law. Criticisms of earlier drafts have been frequent and vocal, particularly regarding a lack of market access in any industry related to “national security”. It will be interesting to see to what extent the final version takes these criticisms into account; the law will serve as an important litmus test for the Chinese government’s responsiveness to the concerns of foreign businesses and governments.

## Still not done

In recent weeks, many have speculated as to whether or not the anti-corruption campaign might be winding down following the sentencing of Zhou Yongkang. Developments in the past week show that Xi and company are still very much focused on efforts to clean up the bureaucracy and create a more disciplined Party.

On June 23 CDIC chief Wang Qishan announced the latest round of discipline inspections. This round will target 26 government and party agencies and state-owned enterprises, with a particular focus on the transportation sector. The Ministry of Transport, National Railways Administration, Civil Aviation Administration of China (CAAC), China Air, China Eastern, China Aerospace Science and Technology Corporation (CASC) and Commercial Aircraft Corporation of China (COMAC) among others will be targeted.

The announcement of new inspections was followed on Friday with a Politburo meeting and study session that focused on corruption and improving the mechanisms for evaluating and promoting officials. At the study session, Xi said “there can be no rest or turning back in our anticorruption drive.” The Politburo meeting meanwhile approved a new draft regulation that will make it easier to demote or fire officials who do not follow Party rules or are otherwise found to be corrupt, irresponsible or incompetent.

## More growing pains

Premier Li continues to strike a positive tone on the economy, saying on Friday, “We have the capability and conditions to keep the Chinese economy growing at mid-to-high speed.” It’s clear that this will only be possible with concerted government support. State Council executive meetings on June 17 and June 24 both focused on measures to boost economic growth. Measures revealed at the meetings show a three-pronged approach:

1. The government will continue to cut red tape. Relevant measures include simplifying the business registration procedure so that certificates required by new businesses will be reduced from three to one. The new system is supposed to be rolled out nationwide by the end of the year.
2. Continued investment in infrastructure. The June 17 meeting promised to invest more in railways, water conservation projects, power grids in rural areas, grain storage facilities and wastewater treatment facilities as well the relocation or renovation of traditional industrial and mining areas. The following week the government unveiled a new RMB 300 billion insurance investment fund that will invest in shantytown redevelopment, infrastructure, irrigation projects and transport facilities among other things.
3. Increase credit. The June 24 meeting scrapped the loan-to-deposit ratio for commercial banks. This was followed a few days later by an announcement by the PBOC that it was cutting benchmark lending and deposit rates by 25 basis points, while also lowering reserve requirement ratios (RRR) for selected financial institutions that serve agriculture and small businesses.

## We get you Vlad

Zhang Gaoli just completed a trip to Russia that was further evidence of the strong ties between China and its northern neighbor. Zhang was the third PBSC member to have visited the country in the past month, and was explicit about the special regard which Xi Jinping has for Vladimir Putin, saying “there is no other foreign leader with whom President Xi Jinping would have such close contacts, such frequent meetings and such understanding.”

The meeting was filled with usual pronouncements to increase cooperation across a broad range of industries and other fields. The rhetoric was followed by action on Monday June 29 when Zhang announced the start of construction on the Chinese portion of the China-Russia Eastern Route natural gas pipeline. Construction on the Russian portion began last year; if everything goes well the pipeline will be completed in 2018.

## PBSC Week in Review

|                   |                |  |
|-------------------|----------------|--|
| <b>Xi Jinping</b> | <b>June 29</b> | <b>Xi attended the Asian Infrastructure Investment Bank (AIIB) articles of agreement signing ceremony.</b> |
|                   | <b>June 26</b> | <b>Xi chaired a meeting of the Politburo.</b><br><b>Xi chaired a Politburo study session.</b>              |
|                   | <b>June 25</b> | <b>Xi met with individuals and organizations who are combatting the spread of</b>                          |

**illegal drugs in China.**

*"Drugs are a menace for society and a significant issue concerning public security. They severely harm health, corrupt will, destroy families, consumes wealth, poisons society, pollutes the social environment, and leads to other crimes," Xi said.*

**June 24** Xi met for a second time with King Philippe of Belgium.

**June 23** Xi held talks with King Philippe of Belgium.

Xi spoke with Indonesian President Joko Widodo by telephone.

**June 19** Xi met with Prime Minister of Cameroon Philemon Yang.

Xi attended the funeral for former NPC Chairman Qiao Shi.

**June 18** Xi finished his inspection tour to Guizhou.

Xi chaired a meeting in Guiyang, Guizhou to discuss poverty reduction during the 13th Five-Year Plan.

**June 17** Xi inspected Guiyang, Guizhou.

Xi sent a congratulatory message to Australian Prime Minister Tony Abbot on occasion of the official signing of the China-Australia Free Trade Agreement.

**June 16** Xi inspected Zunyi, Guizhou.

Xi sent a message to Raimonds Vējonis to congratulate him on his election as the President of the Republic of Latvia.

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| <b>Li Keqiang</b> | <b>June 29</b> | Li sent congratulations to the signing of the AIIB articles of agreement.                                   |
|                   | <b>June 28</b> | Li arrived in Brussels, Belgium.  |
|                   | <b>June 26</b> | Li met with foreign attendees of the Global Think Tank Summit.  |
|                   | <b>June 25</b> | Li met with individuals and organizations who are combatting the spread of illegal drugs in China.          |
|                   | <b>June 24</b> | Li chaired an executive meeting of the State Council.<br><br>Li met with King Philippe of Belgium.          |
|                   | <b>June 19</b> | Li sent instructions to a work conference regarding SOE participation in the One Belt One Road initiatives. |
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|                      |         | <b>Attended funeral for Qiao Shi.</b>   |
|                      | June 18 | Li held talks with Prime Minister of Cameroon Philemon Yang.  |
|                      |         | Li met with Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh.   |
|                      | June 17 | Li chaired an executive meeting of the State Council.   |
|                      |         | Li met with Chairman of the World Economic Forum (WEF) Klaus Schwab.  |
| <b>Zhang Dejiang</b> | June 28 | Zhang chaired an NPC Standing Committee chairmen's meeting.   |
|                      |         | Zhang delivered a report on vocational education at a full meeting of the NPC Standing Committee.   |
|                      | June 25 | Zhang attended panel discussion of a draft document that would require officials to pledge allegiance to the Constitution when taking office. |
|                      | June 24 | Zhang chaired a meeting of the NPC Standing Committee.  |
|                      | June 19 | Zhang met with Mitja Bervar, president of Slovenia's upper house National Council.  |
|                      |         | <b>Attended funeral for Qiao Shi.</b>   |
|                      | June 17 | Zhang chaired an NPC Standing Committee chairmen's meeting.   |
| <b>Yu Zhengsheng</b> | June 29 | Yu met with Takeshi Noda and other parliamentarians from Japan's Liberal Democratic Party (LDP).  |
|                      |         | Yu met with representatives of the China Taoist Association.  |
|                      | June 24 | Yu met with King Philippe of Belgium.   |
|                      | June 19 | Yu met with Prime Minister of Cameroon Philemon Yang.   |
|                      |         | <b>Attended funeral for Qiao Shi.</b>   |
|                      | June 18 | Yu met with Mitja Bervar, president of Slovenia's upper house National Council.   |
|                      | June 17 | Yu at the closing session of a CPPCC Standing Committee meeting.  |
|                      | June 16 | Yu chaired a full meeting of the CPPCC Standing Committee.  |

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| <b>Liu Yunshan</b> | June 23 | Liu attended and spoke at a symposium on researching and developing Marxist theory.                         |
|                    | June 19 | Attended funeral for Qiao Shi.  |
|                    | June 17 | Liu met with a delegation of socialists from the European Parliament.                                       |
| <b>Wang Qishan</b> | June 23 | Wang attended and spoke at a meeting on discipline inspection tours.  |
|                    | June 19 | Attended funeral for Qiao Shi.  |
| <b>Zhang Gaoli</b> | June 29 | Zhang attended the opening ceremony for a national sports competition for central government employees.     |
|                    | June 25 | Zhang met with Kazakh Prime Minister Karim Masimov in Astana, Kazakhstan.                                   |
|                    |         | Zhang held talks with Kazakh First Deputy Prime Minister Bakytzhan Sagintayev in Astana, Kazakhstan.        |
|                    | June 24 | Zhang held talks with Serbian Prime Minister Aleksandar Vucic in Belgrade, Serbia.                          |
|                    | June 22 | Zhang met with Lithuanian President Dalia Grybauskaite in Vilnius, Lithuania.                               |
|                    |         | Zhang met with Serbian President Tomislav Nikolic in Belgrade, Serbia.                                      |
|                    | June 21 | Zhang held talks with Lithuanian Prime Minister Algirdas Butkevicius in Vilnius, Lithuania.                 |
|                    | June 19 | Zhang attended and spoke at the St. Petersburg International Economic Forum held in St. Petersburg, Russia. |
|                    | June 18 | Zhang met with Russian President Vladimir Putin in St. Petersburg, Russia.                                  |
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### **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. You can find out more about Trey and CPW in [this interview](#).

**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](mailto:info@chinapoliticsweekly.com). We look forward to hearing from you.

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