

China Politics Weekly

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National insecurity

As expected, the NPC Standing Committee passed a new National Security Law at the close of its weeklong meeting Wednesday. As feared, the law retains the sweeping definition of national security contained in earlier draft. The broad scope of the law makes almost any activity potentially subject to national security provisions.

The sweeping definition of national security is so broad as to be almost meaningless. Such vague and unfocused legislation is a disappointing sign for Xi Jinping's rule by law reforms that seek to standardize and systematize the business of government. Instead, the law gives little concrete guidance on the responsibilities of state and non-state actors regarding national security. This makes the law vulnerable to arbitrary enforcement, increasing uncertainty for those operating in China.

As mentioned in last week's newsletter, the NSL serves as an important litmus test for China's approach to foreign investment. Foreign businesses and governments lobbied aggressively to have various pro-state, anti-market language either removed or softened. These included provisions for national security reviews of foreign investment.

Unfortunately, it seems that none of the foreigners' suggestions were heeded; if anything, the final version of the law is even more expansive (and less pro-business) than earlier drafts. It reinforces an impression of growing anti-foreign sentiment that is present in several other pieces of legislation currently in drafting, including the Foreign Investment Law and Foreign NGO Management Law. The negative views towards foreign involvement in China's economy (and society more generally) call into question commitments to further opening of the economy. Hopes for conclusion of robust bilateral investment treaties (BIT) with the US and EU look increasingly misplaced.

The debates within China on the utility of open markets and foreign participation are far from over. But the NSL is evidence that, for the moment, conservatives are in the ascendant in Beijing.

I pledge allegiance

The NSL was not the only item on the legislature's agenda. The NPC also decided to require officials to pledge allegiance to the Constitution when taking power. The oath is as follows: "I pledge to be allegiant to the Constitution of the People's Republic of China, safeguard the Constitution authority, perform obligations given by the laws, be loyal to the country and people, be committed and honest when performing duties, accept people's supervision and work hard to build a socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious."

Power to the people (and their procuratorate)

The meeting also saw authorization of a two-year program that will allow the Supreme People's Procuratorate to institute public interest litigation in civil and administrative cases in 13 provinces.

Prosecutors will be allowed to file civil lawsuits where public rights and interests have been compromised by pollution or lack of food and drug safety. Administrative suits can be filed where administrative power has been abused in relation to environmental protection, state assets and state land use.

The new program marks the gradual expansion of public interest litigation in China. It builds upon a 2012 amendment to the Civil Procedure Law that first allowed organizations to bring litigation against those who undermined public welfare by polluting or infringing on consumers' interests. Public interest litigation was given a further boost by the amended version of the Environmental Protection Law passed in April that allowed environmental NGOs to file public interest suits.

What we need is another new bank, preferably one to fund investment in developing countries

Ratified an agreement on the agreement on the founding of BRICS New Development Bank. China's ratification paves the way for the bank to be officially established at the upcoming BRICS Summit to be held this week in Ufa, Russia.

The NPC also ratified a criminal transfer treaty with Kazakhstan and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

Green shoots

China's environmental protection agenda continues to gain momentum. Last week's meeting of the Leading Small Group on Comprehensively Deepening Reform (LSGCDR) focused on the issue. According to Xinhua, the meeting discussed "an environmental protection supervision plan for building a better monitoring network, a plan for independent auditing of officials of natural resource assets and a plan to hold officials who damage the environment responsible, among others." This follows on the heels of the recently released Opinions on Further Promoting the Development of Ecological Civilization, which promises increased incorporation of environmental performance in cadre evaluations.

China also submitted its commitments in advance of the UN climate change talks scheduled for Paris in December. More or less restating commitments that China has already made in other fora (most notably last November's joint statement with the US), the submission nonetheless positions China as an active proponent and global leader on climate change. This rising international profile will be used by officials at home to further advocate for aggressive pollution control and environmental remediation measures.

Investment-led growth: just what the global economy needs?

Premier Li spent much of the week in Belgium and France, where he continued to promote cooperation on production capacity. The policy attempts to export China's overcapacity in traditional industry while also developing more high-tech, high value-added industries.

The policy makes a lot of sense for other countries as well. Developed economies like that of the EU and North America are desperate for upgrades to their creaking infrastructure. With interest rates at historically low levels, it's a great time to borrow money. Nobody does infrastructure cheaper than the Chinese, so why not get a loan, buy some Chinese equipment and hire a Chinese firm to build some roads? As Li said in Brussels, "Infrastructure development is the point of entry for global cooperation on production capacity". I think he's probably on to something.

PBSC Week in Review

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| Xi Jinping | July 3 | Xi held talks with President of Singapore Tony Tan Keng Yam. |
| | | Xi approved the appointment of six new ambassadors. <i>Singapore, ASEAN, Hungary, Venezuela, Cote d'Ivoire and Luxembourg.</i> |
| | July 2 | Xi sent condolences to Indonesian President Joko Widodo over the crash of an Indonesian military plane. |
| | July 1 | Xi chaired a meeting of the Leading Small Group on Comprehensively Deepening Reform. |
| | June 30 | Xi met with outstanding county-level Party secretaries. |
| | June 29 | Xi attended the Asian Infrastructure Investment Bank (AIIB) articles of agreement signing ceremony. |
| Li Keqiang | July 3 | Li arrived back in Beijing. |
| | July 2 | Li attended and spoke at the China-France Economic Summit. <i>Full text of Li's speech (in Chinese).</i> |
| | | Li visited Airbus headquarters in Toulouse, France. |
| | July 1 | Li gave a speech at the OECD. |
| | | Li met with OECD Secretary General Jose Angel Gurría. |
| | | Li visited the CMA CGM Group in Marseilles, France. |
| Li met with French leaders in industry, culture, education, media and sport in | | |

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| | | <p>Marseilles, France.</p> <p>Li visited Arles, France.</p> |
| June 30 | | <p>Li met with French President Francois Hollande.</p> <p>Li held talks with French Prime Minister Manuel Valls.</p> <p>Li held a joint press conference with French Prime Minister Manuel Valls.</p> <p>Li met with Claude Bartolone, speaker of the French National Assembly.</p> <p>Li met with Gerard Larcher, president of the French Senate.</p> <p>Li met with Irina Bokova, Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO).</p> <p>Li visited the Rodin Museum.</p> |
| June 29 | | <p>Li co-chaired the 17th China-EU leaders' meeting.</p> <p>Li gave the keynote address at the EU-China Business Summit. <i>Full text of the speech is here (in Chinese).</i></p> <p>Li addressed the China-EU Urbanization Cooperation Forum. <i>Full text of his speech (in Chinese).</i></p> <p>Li met with President of the European Parliament Martin Schulz.</p> <p>Li held talks with Prime Minister of Belgium Charles Michel.</p> <p>Li held a joint press conference with President of the European Council Donald Tusk and President of the European Commission Jean-Claude Juncker.</p> <p>Li sent congratulations to the signing of the AIIB articles of agreement.</p> <p>Li flew to Paris, France.</p> |
| Zhang Dejiang | July 2 | <p>Zhang met with Martin Chungong, secretary general of the Inter-Parliamentary Union.</p> |
| | July 1 | <p>Zhang chaired and spoke at the closing meeting of the NPC Standing Committee.</p> <p>Zhang chaired an NPC Standing Committee chairmen's meeting.</p> <p>Zhang held talks with Colombian Congress President Jose David Name Cardozo.</p> |

June 30 **Zhang chaired a joint group session of the NPC Standing Committee.**
Focus was on implementation of the Vocational Education Law. Listened to reports by Vice Premier Liu Yandong, Minister of Finance Lou Jiwei and Minister of Education Yuan Guiren.

June 29 **Zhang chaired an NPC Standing Committee chairmen's meeting.**

Zhang delivered a report on implementation of the Vocational Education Law to a full meeting of the NPC Standing Committee.

**Yu
Zhengsheng**

July 3 **Yu met with Singaporean President Tony Tan Keng Yam.**

July 2 **Yu chaired a biweekly CPPCC symposium.**
Meeting focused on rural land rights.

July 1 **Yu met with Vice President Tong Yeu Tho of the Lao Front for National Construction (LFNC).**

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.

Liu Yunshan **July 1** **Attended meeting of Leading Small Group on Comprehensively Deepening Reform.**

June 30 **Met with outstanding county-level Party secretaries.**

**Wang
Qishan**

Zhang Gaoli **July 1** **Attended meeting of Leading Small Group on Comprehensively Deepening Reform.**

June 29 **Zhang attended and spoke at a ceremony to celebrate the start of construction on the Chinese portion of the China-Russia Eastern Natural Gas Pipeline.**
Russian Prime Minister Dmitry Medvedev attended via video.

Zhang attended the opening ceremony for a national sports competition for central government employees.

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](#).

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