

China Politics Weekly

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Enjoy it while it lasts

China's growth was strong in Q1 at 6.7%, and consequently the IMF and others have been revising upwards their 2016 forecasts for the economy. Unfortunately, we see nothing to celebrate in the recent data. The growth was fueled by an explosion of lending; total social financing (TSF) in the quarter was up by a staggering 43% over a year earlier (though admittedly from a relatively low base). Things look slightly better when you look at the growth in the outstanding stock of TSF, which was up "only" 13.4%. But this is still nearly twice nominal GDP (7.2%).

The upshot is that is that China's growth is increasingly unsustainable. Unfortunately, there are no credible plans to deal with the rising debt, and the structural reforms needed to put the economy on a more sustainable path are now secondary to goosing growth.

At a special meeting last week to discuss the economy, Premier Li offered no new thinking. He promised continued fiscal stimulus through a combination of government spending and tax cuts, but proposed no novel policy ideas.

Meanwhile, Xi continues to focus on politics to the exclusion of the economy. Monday's meeting of the Leading Small Group for Comprehensively Deepening Reform passed several documents aimed at limiting family members of officials from engaging in business. It would be much more helpful if Xi would focus on expanding economic activity instead of circumscribing it.

PBSC Week in Review

Xi Jinping

Party General
Secretary; PRC
President;
Chairman of
Central Military

Apr 18

Xi chaired a meeting of the Central Leading Small Group on Comprehensively Deepening Reform.

Meeting approved 15 documents, including several on regulating business operations by relatives of officials, in Beijing, Guangdong, Chongqing and Xinjiang. Also approved an implementation plan for reforms related to last year's 5th Plenum.

Commission

- Apr 17** **Xi sent condolences to the family of recently deceased rocket scientist Liang Sili.**
- Apr 15** **Xi met with Australian Prime Minister Malcolm Turnbull.**
- Apr 14** **Xi published a written instruction on national security education.**
The first national security education day is April 15.
- Apr 12** **Xi held talks with Nigerian President Muhammadu Buhari.**
During his visit, Nigeria and China signed agreements yielding US\$6 billion in investment for Nigeria in power, minerals, infrastructure, television broadcasting and housing.
- Xi sent a written instruction to a national meeting on protecting cultural relics.**

Li Keqiang
Premier

- Apr 18** **Attended Central Leading Small Group on Comprehensively Deepening Reform meeting.**
- Li held talks with Prime Minister of New Zealand John Key.**
- Apr 15** **Li went on inspection tours of Tsinghua University and Peking University.**
- Apr 14** **Li held talks with Australian Prime Minister Malcolm Turnbull.**
Turnbull is visiting China for the annual Prime Ministerial talks with a large business delegation.
Signed an agreement to build a \$100 million joint research and science precinct to be built at University of New South Wales in Sydney, Australia.
They witnessed the signing of five cooperation deals in areas such as technological innovation, tourism, industrial parks and mining.
- Apr 13** **Li chaired an executive meeting of the State Council.**
The meeting heard an investigation report on illegal sales of problematic vaccines in Jinan, passed an amendment of the Regulations on Management regarding the Circulation of Vaccine and Vaccine's Prevention and Inoculation, and also decided to gradually lower social security and housing fund payments for enterprises.
- Li met with Nigerian President Muhammadu Buhari.**
- Apr 12** **Li met with Israeli Parliament Speaker Yuli Edelstein.**
- Li extended condolences to Indian Prime Minister Narendra Modi over the fireworks disaster in Kerala, India.**

	Apr 11	Li chaired a State Council symposium to discuss China's economic situation with the heads of major provinces and cities. <i>Encouraged authorities to continue cutting red tape, implement tax breaks, build more platforms and provide better services for entrepreneurs; he also called for the elimination of excess capacity in coal and steel production.</i>
Zhang Dejiang <i>Chair of the National People's Congress</i>	Apr 15	Zhang presided over a meeting of NPC chairmen and vice-chairpersons. <i>The next NPC bimonthly session will be held April 25-28.</i>
	Apr 13	Zhang met with Nigerian President Muhammadu Buhari.
	Apr 12	Zhang chaired a plenary session of the food safety law enforcement and inspection group.
	Apr 11	Zhang held talks with Israeli Parliament Speaker Yuli Edelstein.
Yu Zhengsheng <i>Chair of the Chinese People's Political Consultative Conference</i>	Apr 17	Yu met with Chinese businesses in Accra, Ghana.
	Apr 16	Yu met with Cote D'Ivoire President Alassane Outtara in Abidjan, Cote d'Ivoire.
	Apr 14	Yu held talks with Cote d'Ivoire's Parliament Speaker Guillaume Soro in Abidjan, Cote d'Ivoire. Yu visited Chinese enterprises operating in Cote d'Ivoire, including Huawei. Yu attended a session with the local Chinese community and Chinese expatriates in Abidjan, Cote d'Ivoire. Yu visited the Culture Palace in Abidjan, Cote d'Ivoire.
	Apr 13	Yu travelled from Gabon to Cote d'Ivoire.
	Apr 12	Yu met with Gabonese Prime Minister Daniel Ona Ondo in Libreville, Gabon. Yu met with the president of the Gabonese National Assembly Richard Onouviet.
	Apr 11	Yu met with Gabonese President Ali Bongo Ondimba in Libreville, Gabon. Yu held talks with Gabon Senate Speaker Lucie Milebou in Libreville, Gabon.
	Apr 10	Yu met with Maltese Speaker of the House of Representatives Angelo Farrugia in Valletta, Malta. <i>Yu stopped in Malta on his way to Gabon, Cote d'Ivoire and Ghana.</i> Yu travelled from Beijing to Valetta, Malta.

Yu travelled from Malta to Gabon.

Liu Yunshan **Apr 18** **Attended Central Leading Small Group on Comprehensively Deepening Reform meeting.**

Head of Party Secretariat; Head of Propaganda

Wang Qishan

Secretary of the Central Commission for Discipline Inspection

Zhang Gaoli **Apr 18** **Attended Central Leading Small Group on Comprehensively Deepening Reform meeting.**

Executive Vice Premier

Apr 11 **Zhang attended a State Council symposium to discuss China's economic situation with the heads of major provinces and cities.**

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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