

# China Politics Weekly

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## Good news all around

The Politburo held its quarterly economic meeting today. The readout from the meeting was relatively rosy, reflecting the strong Q1 data that came out last week.

There were a few interesting lines amidst the usual boilerplate about “adjusting to the new normal” and “actively promoting supply-side structural reforms”. Of note were statements saying the Party must “ensure that a systemic financial crisis does not occur”, and that illegal and corrupt behaviour should be punished with more vigour.

Reading between the lines, it looks like the shakeout in the financial sector is just beginning. China Insurance Regulatory Commission (CIRC) Chairman Xiang Junbo and China Banking Regulatory Commission (CBRC) Assistant Chairman Yang Jiakai have recently been removed from their posts. More heads are likely to roll.

The Politburo meeting should give further impetus to newly appointed CBRC Chairman Guo Shuqing, who since taking over the regulator has issued a flurry of rules and regulations that attempt to clean up the banking system. This is good news, both for exposing risks (which can then be addressed) and creating a more efficient financial system.

It could also mean that the long-anticipated National Financial Work Conference is finally going to happen. If so, will the financial super-regulator finally be established? My guess (and it is just a guess) is yes, though I would feel more confident if there had been some more specific language about “improving the regulatory system” or some such in today’s readout.

Should a new regulator be formed, Guo looks in a strong position to lead it. Some have speculated that his recent actions might be ruffling feathers at the PBoC, but that seems more like people looking for a story than looking at the facts. Guo and PBoC Governor have known each other for over three decades, and have usually advocated for similar approaches to economic reform. They are both dedicated officials who share the goal of a well-functioning, market-led financial system. It is more likely that Guo’s attempts to clean up the banking system have Zhou’s blessing and encouragement.

## A Wang and winding road

So. In the past week a reasonably well-connected quasi-official in a semi-public setting said that Wang Qishan will definitely be made Premier next year. Meanwhile, somebody with knowledge of the matter said that the rumors about Wang's relatives being connected to HNA are correct. If those two bits of information are true, it will be interesting to see how they interact in the coming months....

Of course, it might be the case that both sources are ill-informed. Or spinning. Or outright lying. But that's the best we've got. Welcome to China watching!

## PBSC Week in Review

### Xi Jinping

Party General  
Secretary; PRC  
President;  
Chairman of  
Central Military  
Commission

- Apr 25** [Xi chaired a Politburo meeting.](#)  
*Analyzed Q1 economic performance and deliberated a report on inspections of politics and law (zhengfa) organizations.*
- Apr 24** [Xi spoke by telephone with United States President Donald Trump.](#)  
*Discussed bilateral ties and situation in North Korea.*
- [Xi sent a congratulatory message to the inaugural meeting of China-South Africa High-Level People-to-People Exchange Mechanism held in Pretoria, South Africa.](#)  
*First of its kind between China and an African country. Ministerial-level meeting on health will also be held as part of the mechanism.*
- Apr 21** [Xi inspected the Southern Theater Command of the PLA in Nanning, Guangxi.](#)  
*Xi said it "must be ensured that the PLA resolutely follows the command of the CPC Central Committee and the CMC at any time, in any circumstances". He urged officers to eliminate the impact of Guo Boxiong and Xu Caihou, and strictly observe political discipline and rules. Also advocated for accelerated building of the theater joint combat command system, vigorous development of a new-type fighting force and simultaneous improvement of national defense and economic development.*
- [Xi wrote a letter in reply to the International Committee of the Promotion of Chinese Industrial Cooperatives \(ICCIC\) and Beijing Bailie University.](#)  
*Letter commemorated 120<sup>th</sup> anniversary of the birth of Rewi Alley, founder of the Bailie Schools and the New Zealand China Friendship Society.*  
*Full text of the letter (in Chinese).*
- Apr 20** [Xi was elected delegate to the 19th National Congress of the CPC at the 12th CPC Guizhou provincial congress.](#)  
*By unanimous vote.*
- Apr 19-21** [Xi went on an inspection tour in Guangxi Zhuang Autonomous Region.](#)  
*Visited Tieshan Port in Beihai; vowed to promote the 21st Century Maritime Silk Road. Also visited Alnan Aluminium Inc., Nanning-Zhongguancun innovation demonstration base, mangrove conservation area in the Beihai Golden Bay, and*

a wetland park in Nanning. Met with grass-roots representatives and asked them to offer detailed and practical advice to central policymakers.

**Apr 18** **Xi chaired a meeting of the Comprehensively Deepening Reform Leading Small Group.**

Meeting passed opinions on promoting new business models in rural areas; opinions on supporting entrepreneurs; guiding opinions on building modern hospital management systems; implementing opinions regarding the mechanism to ensure adequate supply of medicines; rules on how to handle problems regarding illegal evidence in criminal cases; opinions on improving the systems to combat money laundering, terrorist financing and tax evasion; measures on evaluating provincial-level governments' fulfilment of educational responsibilities; and an implementation plan for reforms to prevent the import of solid waste. The meeting also deliberated a report on supervising bodies involved in implementing reforms.

**Xi met with leaders of newly established or adjusted corps-level units of the armed forces.**

Xinhua: Identifying the 84 units as crucial parts of a new system, Xi called on them to safeguard China's sovereignty, security and development interests ... Setting the goal of building "an indestructible combat force," Xi said major improvements should be made in fighting capability to adapt to integrative joint operations and the new military system.

**Li Keqiang**  
Premier

**Apr 19 – 21** **Li went on an inspection tour in Shandong Province.**

Visited Weihai and Jinan. Visited Port of Weihai; Shandong University; medical equipment company Weigao Group; Jinan Steel Group; Dishang Group garment company Dishang Group; Sunjiatuan Hospital; a market supervision office; a township health centre; and homes of shantytown residents.

**Apr 19** **Li chaired an executive meeting of the State Council.**

Focused on plans for new tax cuts to reduce the burden on businesses, support innovation and stabilize growth; and drafted law to strengthen public library resources such as digital resources and online services.

**Apr 18** **Li chaired a seminar on the new development concepts.**

"Innovative, coordinated, green, open and inclusive". Xi's pet theory – expect to see these play a big role in the 19<sup>th</sup> Party Congress report.

**Attended Comprehensively Deepening Reform Leading Small Group meeting.**

**Li spoke by telephone to Canadian Prime Minister Justin Trudeau.**

**Li met with Vice President of the European Commission and EU High Representative for Foreign Affairs and Security Policy Federica Mogherini.**

Said that China firmly supports European integration. Meeting was in relation to the seventh China-EU High-Level Strategic Dialogue held in Beijing on April 19<sup>th</sup>.

**Zhang Dejiang**  
Chair of the  
National People's  
Congress

Apr 24

**Zhang chaired the opening session of the NPC bimonthly session.**

*Legislators will continue to review the draft amendment to the surveying and mapping law, the draft amendment to the securities law, and the draft law on nuclear safety and review a draft amendment to the Standardization Law for its first reading.*

*Other bills, reports and documents will be deliberated at the bimonthly session, including a border defense cooperation agreement among members of the Shanghai Cooperation Organization, a report on advancing supply-side structural reform and a mid-term report on stock issuance system reform.*

*The session will also review a number of official appointments and dismissals.*

Apr 18-  
20

**Zhang visited Russia.**

*Met with Russian President Vladimir Putin. Also met with leader of the upper house of the Russian parliament Valentina Matviyenko and leader of the lower house of the Russian parliament Vyacheslav Volodin and co-chaired with them the third meeting of the China-Russia parliamentary cooperation committee. He also met with representatives of the Russia-China Friendly Association; laid a wreath at the Tomb of Unknown Soldiers; visited the Lenin Mausoleum and the offices of Russian media group Russia Today.*

Apr 16-  
18

**Zhang visited Belarus.**

*Zhang met with Belarusian President Alexander Lukashenko and Prime Minister Andrei Kobyakov; held talks with Belarusian Council for the Republic Chairman Mikhail Myasnikov and Belarusian House of Representatives Chairman Vladimir Andreichenko; visited the China-Belarus Industrial Park and Belarusian State Museum of the Great Patriotic War; and laid a wreath at the Victory Monument in Minsk.*

**Yu Zhengsheng**  
Chair of the  
Chinese People's  
Political  
Consultative  
Conference

April 17

**Yu met with Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh.**

*Xinhua: "China and Vietnam should enhance practical cooperation in the Belt and Road Initiative, industrial production capacity, transportation and infrastructure, said Yu...Yu called on both sides to expand investment, people-to-people and party-to-party exchanges and properly manage maritime differences to push forward the comprehensive strategic cooperative relationship. Minh said relationship with China is a diplomatic priority for Vietnam, and that Vietnam is ready to increase trade, investment and people-to-people exchanges with China."*

*China consolidating gains in SE Asia after already "winning" South China Sea debates.*

**Liu Yunshan**  
Head of Party  
Secretariat; Head  
of Propaganda

Apr 18

**Attended Comprehensively Deepening Reform Leading Small Group meeting.**

## Wang Qishan

Secretary of the  
Central  
Commission for  
Discipline  
Inspection

## Zhang Gaoli

Executive Vice  
Premier

Apr 17-  
19

### Zhang visited Kazakhstan.

Met with Kazakhstani President Nursultan Nazarbayev and Prime Minister Bakytzhan Sagintaev, and held the 8th meeting of China-Kazakhstan Cooperation Committee with First Deputy Prime Minister Askar Uzakbailiy Mamin in Astana, Kazakhstan.

### 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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