

China Politics Weekly

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Dear friends and colleagues,

Many thanks to all of you who have provided feedback on the newsletter. Unfortunately, this will be the last newsletter for a little while; I am suffering from some health issues that make it difficult to continue at this time. I hope to be back in a few weeks, but the recovery process and timeline are still uncertain. If you get nostalgic, you can peruse old issues at www.chinapoliticsweekly.com.

There was not a lot going on this week due to the weeklong Spring Festival holiday. The big event was Xi's visit to the Olympic Games in Sochi from February 6-8. The holiday ended on February 7; since then we have seen one State Council meeting and a meeting of the Mass Line Campaign leading small group, but not much else. We are less than a month away from the annual meeting of the National People's Congress; consequently, the focus of government work in the following weeks will be on preparing work reports to be delivered at the meeting.

Weekend at Vlad's

It was all smiles for the camera, but it is likely that Sino-Russian relations will remain fraught. Despite increased trade and cooperation on Syria, Russian leaders remain terrified of [Chinese encroachment on its sparsely populated Far East](#), and are also none too happy about China's [increased investment \(and economic leverage\) in the former Soviet Republics and satellites](#).

It should come as little surprise then that, at the same time that it touts friendship with China, Russia is also hedging by [strengthening ties with Japan](#) and [building up its Pacific Fleet](#). These should both help Russia to gain some leverage in a relationship in which the odds are heavily tilted in China's favor.

Equally unfunded

The big news coming out of Friday's State Council meeting was the announcement that China will unify its urban and rural pension systems. This should help to lay the groundwork for *hukou* reform, and should facilitate urbanization and increase domestic consumption.

It is a positive sign to see the top leadership addressing the issue, but China's pension system still faces a [raft of serious challenges](#), chief among them being how it will all be funded, especially as China's working age population continues to decline. The State Council stated that the central government will top up funds in western and rural regions, but did not otherwise address the funding issue. It would not be surprising to see

further pressure on businesses to contribute to pensions as the government looks to put social security funding on a more stable foundation.

More money in the pockets of China's elderly should be [good news for pharmaceutical and appliance manufacturers](#).

Top Leaders Week in Review

Xi Jinping	Feb 8	<p>Xi writes letter praising the construction of China's fourth Antarctic research base.</p> <p><i>And fifth base is in the works. Antarctic Treaty bans mining until 2048, but China already putting pressure on status quo, working with Russia and Ukraine to block creation of Ross Sea marine reserve in November 2013.</i></p> <p>Xi gave exclusive interview to Rossiya TV.</p> <p>Xi arrives back in Beijing.</p>
	Feb 7	<p>Xi met with UN General Secretary Ban Ki-Moon.</p> <p><i>While everyone else is talking about the 100-year anniversary of WWI, Xi and Chinese diplomats have really been harping on about the "Anti-Fascist War" (i.e. WWII) a lot lately, reminding world of Japanese aggression, but also explicitly comparing current Japanese efforts to build up the military to German re-armament in second half of 1930s.</i></p> <p>Xi met with Afghan president Hamid Karzai.</p> <p><i>China has been stepping up involvement in Afghanistan in last couple of years. Likely to increase as NATO forces withdraw at end of this year.</i></p> <p>Xi met with Greek president Karolos Papoulias.</p> <p>Xi met with Czech president Milos Zeman.</p> <p>Xi meets informally with Kazakh president Nazarbayev?</p> <p><i>No meeting was reported, but they appear to be seated together in this picture.</i></p>
	Feb 6	Xi arrived in Sochi, met with Russian president Vladimir Putin.
	Feb 10	Li solicited opinions from non-Party stakeholders regarding 2014 government work report.
	Feb 7	Li chaired executive meeting of State Council.
Zhang Dejiang		

**Yu
Zhengsheng**

Liu Yunshan Feb 9 **Liu presided over ninth meeting of Mass Line Education Campaign Leading Small Group**, stressed that second phase of the campaign would focus on grassroots officials.

**Wang
Qishan**

Zhang Gaoli Feb 7 **Zhang attended State Council executive meeting.**

China Politics Weekly aims to keep business leaders, diplomats, scholars and other China hands up to date on important trends affecting China.

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