

China Politics Weekly

Issue No. 28– September 23, 2014



Dear friends and colleagues,

This week's newsletter below. Your comments and feedback are always welcome. Old issues are always available at www.chinapoliticsweekly.com. Sign up or unsubscribe by sending an email to info@chinapoliticsweekly.com.

All roads lead to China

On Xi's recent trip across Central and South Asia he pledged major investments in infrastructure and industry at every stop. This included over USD 20 billion of investments in India, a major port and power plant in Sri Lanka, an airport and a bridge in the Maldives and a major road and power grid in Tajikistan.

The proposed investments are the latest examples of Xi's efforts to build the Silk Road Economic Belt and 21st Century Maritime Silk Road, first mentioned on his trip to Central Asia last year. The two initiatives seek to build a more connected Asia where all roads (literally) lead to China.

Vice Premier Zhang Gaoli was also busy promoting the Maritime Silk Road at the China-ASEAN Expo held in Guangxi. Connectivity was a key theme of Zhang's speech in which he encouraged "step[ping] up efforts to build networks of maritime and river transport, high-speed roads, high-speed railways, aviation and optical cable communications".

In addition to reducing the physical barriers to trade, China is also working to lower tariff barriers as well. Xi's trip to Sri Lanka has given further impetus to a bilateral FTA. Meanwhile Zhang pushed for upgrading the China-ASEAN Free Trade Area (CAFTA) and pushing forward on the Regional Comprehensive Economic Partnership (RCEP).

The Silk Road initiatives are first and foremost about economic development at home, and serve as a reminder that the Party's primary focus remains ensuring growth. Many of the promised investments will directly benefit the Chinese firms that will be hired to build the ports, roads, power plants and other projects. The Sri Lanka FTA is small and the ASEAN agreements will be slow-moving, but any reduction of trade barriers likewise will have beneficial effects across the economy, particularly for exporters and consumers.

That better trade relations also increase China's clout in the region is also well understood (and appreciated) in Beijing. The Middle Kingdom wants to reassert its traditional role as the dominant power in the region. Increasing economic integration in the region should help it to do just that.

Set them free

Last week Premier Li made his first visit to the Shanghai Free Trade Zone since it officially opened last September. After the sacking of the zone's head for corruption a few days before the visit, the move was meant to send a signal that the much-maligned FTZ still has strong central government support. It follows a trip by Xi to the zone earlier this year in May.

Reforms in the zone have progressed at a slower pace than many wanted, but it is far too early to call the zone a failure. The zone has instituted a negative list approach to foreign investment (even if the list remains rather long). There have been important legal and customs reforms as well.

More reforms are in the offing. There are currently three separate government-sponsored studies to evaluate the successes and failures of the zone. The studies will be presented and reviewed in the coming weeks and will foster a new round of reforms.

We do it our way

Xi delivered another important speech on China's political system Sunday on the anniversary of the founding of the Chinese People's Political Consultative Conference (CPPCC). He once again reiterated that China will follow its own distinctive path when it comes to governance saying, "There are various ways to realize democracy. We should neither stick to one model nor claim that there is a universal one". The upcoming Fourth Plenum will help to give a clearer picture to Xi's vision for China's model.

PBSC Week in Review

Xi Jinping	Sep 23	Xi met with Valentina Matviyenko, chairperson of Russia's Federal Assembly.
	Sep 22	Xi met with a delegation of Hong Kong business leaders led by Tung Chee-hwa.
		Xi met with Chief Executive of Macau Chui Sai On.
		Xi met with delegates attending a meeting of chiefs of staff of the People's Liberation Army.
	Sep 21	Xi attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People's Political Consultative Conference.
	Sep 19	Xi met with head of the Indian National Congress Party Sonia Gandhi and former Indian prime minister Manmohan Singh.
		Xi met with Sumitra Mahajan, speaker of the Lok Sabha, the lower house of India's parliament.

Xi awarded friendship awards to Indian groups and individuals.

Xi arrived back in Beijing.

Sep 18 Xi held talks with Indian Prime Minister Narendra Modi.

Xi delivered a speech at the Indian Council of World Affairs.

Xi met with Indian President Pranab Mukherjee.

Xi met with Indian Vice President and Chairman of the Upper House of Parliament Mamid Ansari.

Sep 17 Xi toured the state of Gujarat with Indian Prime Minister Narendra Modi.

Xi inspected the South Container Terminal of Colombo Port, a Sino-Sri Lankan joint project.

The South Container Terminal of Colombo Port is the largest Chinese investment project in Sri Lanka, with four container berths and a designed throughput capacity of 2.4 million standard containers. Completed in April of this year, as of August the terminal had served more than 450 ships and handled 473,300 standard containers.

Xi met with Prime Minister D. M. Jayaratne of Sri Lanka.

Xi met with Speaker of the Sri Lankan Parliament Chamal Rajapaksa.

Xi was seen off at the airport by Sri Lankan President Mahinda Rajapaksa as he left the country.

Sep 16 Xi held talks with Sri Lankan President Mahinda Rajapaksa.

Xi appointed Le Yucheng Ambassador to India and Li Baorong Ambassador to Chile.

Xi arrived in Sri Lanka.

Xi left the Maldives.

Sep 15 Xi held talks with President of the Maldives Abdulla Yameen.

Xi met with Abdulla Maseeh Mohamed, speaker of the Maldivian People's Majlis.

Xi met with former Maldivian President and president of the Progressive Party of Maldives (PPM) Maumoon Abdul Gayoom.

Li Keqiang	Sep 23	Li met with Kazakhstan's Defense Minister Serik Akhmetov.
		Li met with Valentina Matviyenko, chairperson of Russia's Federal Assembly.
	Sep 22	Li sent congratulations to John Key on his reelection as Prime Minister of New Zealand.
		Li formally appointed Chui Sai On as chief executive of Macau.
		Li sent a congratulatory message to the 58th general conference of the International Atomic Energy Agency (IAEA).
	Sep 21	Attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People's Political Consultative Conference.
	Sep 18-19	Li inspected the Shanghai Free Trade Zone.
	Sep 17	Li chaired an executive meeting of the State Council.
		Li chaired a full meeting of the State Council.
		Li signed an order appointing Chui Sai On as the fourth-term chief executive of Macau.
Zhang Dejiang	Sep 16	Li chaired a symposium on urbanization.
	Sep 15	Li attended and spoke at the China Quality Conference. He said the government should accelerate transformation of its functions and work to create a fair market which encourages firms to make high-quality products.
	Sep 23	Zhang held talks with Valentina Matviyenko, chairperson of Russia's Federal Assembly.
	Sep 22	Attended meeting with delegation of Hong Kong business leaders led by Tung Chee-hwa. Attended meeting with Chief Executive of Macau Chui Sai On.
	Sep 21	Attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People's Political Consultative Conference.
	Sep 19	Zhang met with Regina Ip, chair of Hong Kong's New People's Party.
	Sep 16	Zhang met with a delegation of the Hong Kong Federation of Trade Unions. Zhang said that the recent NPC Decision on electoral reform had "won support

and endorsement among the people of Hong Kong”.

Sep 15 **Zhang attended and spoke at a symposium on the People’s Congress system.**

**Yu
Zhengsheng**

Sep 23 **Yu presided over a CPPCC chairmen’s meeting.**

Sep 22 **Yu attended and spoke at a ceremony celebrating the 65th anniversary of the founding of the Chinese People’s Political Consultative Conference.**

Sep 21 **Chaired a ceremony commemorating the 65th anniversary of the founding of the Chinese People’s Political Consultative Conference.**

Sep 18 **Yu attended exhibitions commemorating the founding of the CPPCC in 1949.**

Sep 16 **Yu spoke at a meeting of the China Committee on Religion and Peace (CCRP).**

Sep 12-15 **Yu went on an inspection tour to Shandong.**
Called for more efforts to help students from Tibet and Xinjiang and urged schools and teachers to care for ethnic students like their own children.

Liu Yunshan Sep 23 **Liu spoke at a conference celebrating the 60th anniversary of the Xinjiang ethnic cadres training class.**

Sep 22 **Liu attended an awards ceremony for technical professionals.**

Sep 21 **Attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People’s Political Consultative Conference.**

Sep 20 **Liu celebrated China's 11th National Science Popularization Day at the China Science and Technology Museum.**

Liu chaired a meeting of the Mass Line Education Campaign Leading Small Group.

Sep 18 **Liu attended a ceremony to commemorate the 83rd anniversary of the 9.18 Incident in Shenyang, Liaoning.**

Liu sent a congratulatory letter to the China-ASEAN Internet Forum held in Guangxi.

Liu said China will work with the international community to build "a peaceful, secure, open and cooperative cyberspace and a multilateral, democratic and transparent management system for it."

Sep 15 **Liu attended and spoke at a seminar on the Mass Line Education Campaign.**
He said implementation should proceed through establishing systems and regulations to address people's demands and interests.

Wang Qishan	Sep 21	Attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People's Political Consultative Conference.
Zhang Gaoli	Sep 22	Zhang met with United Nations Secretary-General Ban Ki-moon in New York. <i>Zhang said that China will contribute USD six million to help Ban promote South-South cooperation on climate change.</i>
	Sep 21	Attended a ceremony commemorating the 65th anniversary of the founding of the Chinese People's Political Consultative Conference.
	Sep 18	Zhang chaired a meeting of the Economic Census Leading Small Group. <i>Census work started in January and is now completed. Economic census is conducted every five years and plays a key role in the Five Year Plan drafting process.</i>
	Sep 17	Zhang attended the State Council meeting.
	Sep 16	Zhang spoke at the opening of the 11th China-ASEAN Expo in Nanning, Guangxi. <i>Full text of the speech in English is here. And in Chinese here.</i>
	Sep 15	Zhang met with leaders from Singapore, Cambodia, Myanmar, Laos, Thailand and Vietnam. <i>All attending China-ASEAN Expo in Nanning, Guangxi.</i>

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.

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. We look forward to hearing from you.

Want more? We offer tailored briefings and research reports for senior management who need to know more about China. Our analysts and associates have experience across a range of sectors. Please email us to discuss your needs and get a quote.