

China Politics Weekly

Issue No. 46 –March 23, 2015



Dear friends and colleagues,

Greetings from Beijing! My arrival and the clear skies are no coincidence- this is the fabled “CPW blue”.

Again, I will be in town off and on until April 17, so anyone who wants to meet up should get in touch.

I am still in the process of planning the various CPW dinners. An Economists Dinner for April 2 looks to be fully booked, while a Diplomats Dinner on April 8 still has a few places open.

Other proposed dinners on the environment and the business climate are still in preliminary planning stages, but will most likely be during the week of April 13. Please let me know if you are interested in attending.

Apologies to those of you who have written and have not gotten a response- I’ve been a bit overwhelmed with travel, work and jet lag, but should get back to you in the next couple of days.

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.

Markets over the state

It was a slow week in Beijing as top leaders recuperated from the NPC’s annual session. The only major event of note was an executive meeting of the State Council held on Wednesday. The meeting confirmed the government’s 62 priority tasks in 12 areas for the year (compared to 55 tasks in 15 areas in 2014) and assigned these to relevant government bodies. Ironically, what exactly these 62 tasks are remains unclear, despite exhortations by Li at the same meeting for government ministers to be more transparent and responsive in their work.

While the exact content of the government’s primary tasks are unclear, the overall priority remains economic growth. “The development of the economy lays the foundation for our governance as well as the people’s good living conditions. It is moreover the key solution to all problems in China”, said Li at the meeting. He made clear that, if necessary, the government would use its wide array of “policy tools” to maintain growth.

The hope, of course, is that resort to these policy tools will not be necessary, and that instead the new “twin engines” of growth- mass entrepreneurship and provision of public services- will propel the economy forward.

To encourage mass entrepreneurship, the government will continue to institute reforms meant to benefit small businesses. These include further reduction of administrative approvals, tax cuts and reduction of fees.

Provision of public services will focus on the building out of railways in central and western China, large water conservation projects and shantytown renovations.

The “twin engines” approach is consistent with the Xi-Li administration’s efforts to let markets play a larger role in determining economic outcomes. This idea was laid out in November 2012’s 18th Party Congress Report as “we should follow more closely the rules of the market and better play the role of the government”, and has been elaborated on many times in the two and half years since, most prominently in a May 2014 Politburo meeting where Xi spoke of the important role to be played in the economy by the “two hands”- the invisible hand of the market and the visible hand of the state.

The important thing in all of these formulations is the fact that the market takes pride of place over the state. This marks an important shift from the Hu-Wen era, and shows that the bias of economic policymaking is tilted towards further liberalization.

All about the business

To hammer home his point about spurring entrepreneurship, Li followed up Wednesday’s State Council meeting with an inspection on Friday of the State Administration of Industry and Commerce (SAIC), the government body responsible for approving registration of new businesses.

Li’s visit will spur further simplification of the registration process. Specifically, Li called on the body to create a one-stop process for business registration by the end of the year. Under the new system, companies will be able to get their business license, tax registration and organization certificate in one step instead of the current three.

PBSC Week in Review

Xi Jinping Mar 17 **Xi met with former United States Secretary of State Henry Kissinger.**

Li Keqiang Mar 20 **Li inspected the State Administration of Industry and Commerce.**

Li sent instructions to the National Spring Agricultural Production and Preventing Wildfires Work Conference.

Mar 18 **Li chaired an executive meeting of the State Council.**
Meeting confirmed key government tasks for the year, passed the Sustainable Agricultural Development Plan and passed several measures to simplify customs procedures at ports.

**Zhang
Dejiang**

Yu Zhengsheng Mar 18 **Yu attended a symposium to mark the 100th anniversary of the birth of Seypidin Azizi, former CPPPC Vice Chairman and Chairman of Xinjiang.**

Liu Yunshan Mar 19 **Liu met with a delegation of the Popular Movement for the Liberation of**

Angola.

**Wang
Qishan**

- Zhang Gaoli** **Mar 22** **Zhang spoke at the opening of the China Development Forum.**
Full text of his speech [can be found here](#).
- Mar 17** **Zhang met with former United States Treasury Secretary Hank Paulson.**

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](#).

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 network of analysts and associates have experience across a range of sectors. Please email us to discuss your needs and get a quote.