

China Politics Weekly

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Dear friends and colleagues,

Happy New Year! Should be a quiet week next week as the whole country takes off for Spring Festival.

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Addition through subtraction

On Monday February 9th, Premier Li chaired a work conference on clean governance. Though technically a government meeting, it should be seen as a complement to the many high-profile Party-building activities that have taken place in Beijing in the past six weeks, including the CDIC's plenary session, the annual training for ministerial-level officials at the Central Party School and a new round of training for county-level cadres, among others.

The goal of all of these activities is to enhance the Party's governing capacity. The strategy laid out at Monday's work conference is simple and straightforward: 1) more clearly define government roles and responsibilities and 2) make government operations more transparent.

Government authority will become more circumscribed through abolition of non-administrative approvals and further devolution or abolition of administrative approvals. Government energies will instead turn to market supervision. Meanwhile, efforts to increase budget transparency will also increase, with Li saying that "every single penny of government expenses should be subject to auditing supervision". This should lead to more efficient governance by focusing officials' attention on their priority tasks, while increasing the ability of the center and the public to monitor and evaluate officials' performance.

This limited-government agenda would appear to be welcome news to business, but foreign companies need to also realize the risks inherent in more streamlined and accountable government. Going forward, businesses will have less leeway to negotiate tax breaks and other incentives. Regulatory risk will also increase as governments at all levels turn more attention towards enforcing laws and regulations.

In a broader sense, a more efficient and effective Party will better be able to implement the CCP's agenda. When one looks at the sector level, it is difficult to find sector development plans that don't call for the creation of national champions. Efforts to build national champions have been hindered in the past by local protectionism and the lack of a unified national market, but moves outlined above should help to ameliorate

these problems. Foreign companies should expect the emergence of bigger, stronger Chinese competitors that increasingly challenge them not just in China, but in foreign markets as well.

PBSC Week in Review

- Xi Jinping** **Feb 13-14** **Xi went on an inspection tour to Shaanxi.**
Visited Liangjiahe village, where he spent six years as “educated youth” during Cultural Revolution. Also visited Yan’an and Tongchuan.
- Feb 12** **Xi chaired a meeting of the Politburo.**
Purpose of meeting was to review Government Work Report. Reiterated that economic development is the primary task, while also making clear that anti-corruption and clean governance efforts will continue.
- Feb 11** **Xi spoke to American President Barack Obama by telephone.**
Xi spoke to General Secretary of the Vietnamese Communist Party Nguyen Phu Trong.
Xi attended a Spring Festival celebration for non-Party members.
Xi attended a Spring Festival event to celebrate unity between the government, military and the public.
Xi appointed four new ambassadors.
- Feb 10** **Xi chaired a meeting of the Central Economic and Finance Leading Small Group.**
- Feb 9** **Xi extended Spring Festival greetings to veterans at a special performance.**

- Li Keqiang** **Feb 13-14** **Li went on an inspection tour to Liping County in Guizhou.**
- Feb 12** **Attended Politburo meeting.**
- Feb 11** **Li chaired an executive meeting of the State Council.**
Li spoke to Greek Prime Minister Alexis Tsipras by phone.
Going to be interesting to see how the COSCO Piraeus Port deal plays out...seemed like strong ties with China were one of the few things the Greeks had going for them...China invested a lot of political capital in building ties- both Xi and Li have been to Greece in past year
Attended a Spring Festival event to celebrate unity between the government,

		military and the public.
	Feb 10	Attended meeting of the Central Economic and Finance Leading Small Group. Li held a symposium with foreign experts. <i>Said that China will lower the threshold for foreigners to come to the country and streamline procedures for them to invest and start businesses. Li also promised a simpler visa policy and an easier path to a permanent residency permit.</i>
	Feb 9	Li chaired a work conference on clean governance. Li hosted a symposium with members of the Central Institute of Culture and History and State Council counselors.
Zhang Dejiang	Feb 12	Attended Politburo meeting.
	Feb 11	Zhang chaired an NPC Standing Committee chairmen's meeting. <i>NPC Standing Committee meeting will take place Feb 25-27.</i>
Yu Zhengsheng	Feb 12	Attended Politburo meeting.
	Feb 11	Attended Spring Festival celebration for non-party members.
	Feb 10	Yu attended a CPPCC New Year gathering for spouses of late renowned figures and non-Party national political advisors.
Liu Yunshan	Feb 12	Attended Politburo meeting.
	Feb 11	Attended a Spring Festival event to celebrate unity between the government, military and the public. Liu visited renowned scientists to wish them a happy Spring Festival.
	Feb 10	Attended meeting of the Central Economic and Finance Leading Small Group.
	Feb 8-9	Liu visited various cultural workers to extend Spring Festival greetings.
Wang Qishan	Feb 12	Attended Politburo meeting.
	Feb 11	Wang attended and spoke at a work conference for CDIC inspection tours. <i>26 SOEs to be targeted in next round of inspections.</i>
	Feb 9	Attended clean governance work conference.

Zhang Gaoli	Feb 13	Zhang met with head of Gazprom Alexei Miller.
	Feb 12	Attended Politburo meeting.
	Feb 11	Spoke at Spring Festival event to celebrate unity between the government, military and the public.
		Attended Spring Festival celebration for non-party members.
	Feb 10	Attended meeting of the Central Economic and Finance Leading Small Group.
	Feb 9	Attended clean governance work conference.

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.

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