



2022 Two Sessions: Ensuring Stability Amid Global Uncertainty

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Introduction

An air of realism permeated this year's annual meetings of the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC)—collectively known as the Two Sessions. Compared to the guarded optimism exhibited at the meetings a year ago, the Chinese leadership painted a more somber picture of the myriad headwinds facing the country.

Premier Li Keqiang, delivering his final Government Work Report as premier, said China is under multiple pressures exerted by shrinking demand, disrupted and vulnerable supply chains, and weakening expectations. "This year our country will encounter many more risks and challenges," Li stated. Although praise was given to the accomplishments of the past year, the government identified challenges ahead that spanned economic development, price inflation, investment, logistics, climate change, technology supply chain, food security, energy supply, employment, and innovation.

In what was arguably the most downbeat national assessment since the global financial crisis, the reports released this year underscored a heightened alertness to threats posed by an increasingly volatile, grave and uncertain external environment. Domestically, China is also grappling with a sluggish recovery in consumption and investment. At the same time, after a significant period with the Chinese mainland effectively Covid-free, the country in recent weeks is witnessing a series of outbreaks that is testing its "dynamic zero" Covid strategy.

Even with these very real challenges, the government surprised many observers by setting the target for GDP growth at "around 5.5%" for this year. As we note on page 4, many provincial targets have been set significantly higher. Maintaining growth to ensure stability was an underlying focus of the Two Sessions. The target will be reached with a ramp-up of financial stimulus measures, including tax incentives and business support policies together with commitments to move ahead with key infrastructure projects.

Beyond external uncertainties, the wild card is the pandemic—should the increase in cases in the Chinese mainland in recent

weeks produce a significant outbreak similar to the current situation in Hong Kong, achieving the economic goals will become more challenging and will bring increased disruption to business.

This year's Two Sessions arrived at a critical moment, wedged between significant milestones. The 100th anniversary of the Communist Party of China (CPC) was celebrated last July, and the 20th Party Congress will convene later this year, which is expected to see Xi Jinping confirmed for a third five-year term at the helm of the country. It also came on the heels of Beijing hosting the Winter Olympic Games, despite the global pandemic and a national zero-Covid policy, and a diplomatic boycott of the Games led by the US and a handful of other Western governments.

Although the political gathering mostly focused on domestic affairs, looming in the background is the war in Ukraine, which has amplified themes of concern. Discussions around national security and self-sufficiency featured prominently, including technology, energy and food security, amid concerns over commodity inflation and supply chain vulnerabilities. At a press conference, Li called the situation in Ukraine "disconcerting" and pledged "utmost efforts" to support negotiations for peace, but he also refrained from condemning Russia. As China walks a diplomatic tightrope while mitigating potential collateral impact of Western sanctions, the unfolding crisis will test Beijing's resolve over its "no limits" friendship with a country that has become isolated under international censure.

For decades, Chinese leaders have sought to balance the perpetual and sometimes conflicting objectives of economic growth, reform, and stability. From this year's meetings, it is clear that stability is paramount. All other goals, including growth and reform, will be seen through the prism of ensuring economic and social stability and national security. With tension with the US and its allies expected to continue, if not escalate, Beijing's efforts to become more self-reliant and resilient will only intensify.

Key 2022 development targets:

- around 5.5% GDP growth
- ≤5.5% urban unemployment
- growth in personal income to match economic growth
- basic equilibrium in balance of payments
- further improvement in environment & reduction in major pollutants
- > 11 million new urban jobs
- around 3% CPI increase
- steady increase in volume and quality of imports and exports
- >650 million tons grain output
- "energy consumption per unit of GDP to be assessed with appropriate flexibility within the framework of the 14th Five Year Plan"





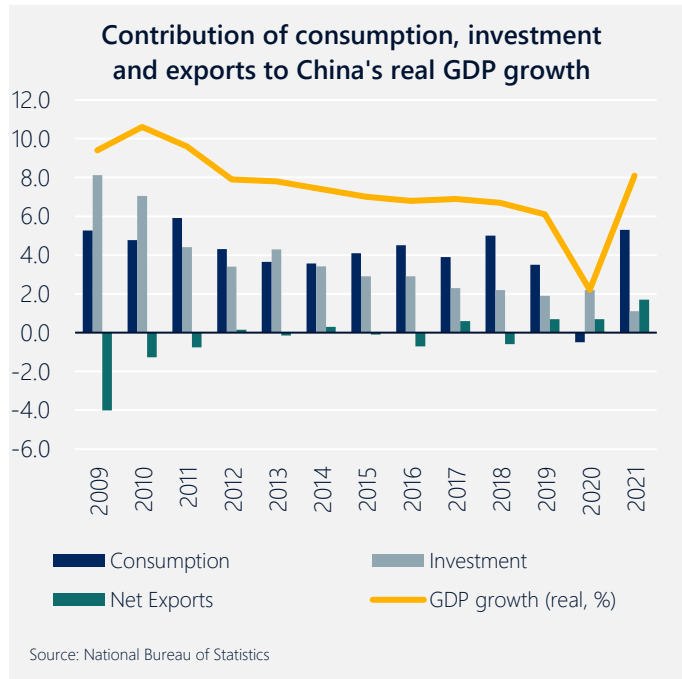
Key Takeaways

- **Stability, stability, stability:** Focus on ensuring stability permeated the Two Sessions. Growth and reform will be seen through the prism of stability in the year ahead. As a result, expect near-term reform plans, including environmental goals, to be pulled back in the interest of maintaining stability and economic momentum.
- **Self-reliance at the fore:** Trade tensions and fractured supply chains have drawn the importance of self-sufficiency into stark relief for central policymakers, who emphasized the principle throughout the meetings, with special attention paid to core technologies like chips and as well as food security. Expect investment decisions to be strongly influenced by the imperative to secure supply chains, from inbound and outbound investments through to merger reviews.
- **Challenging growth target:** The target of "around 5.5%" GDP growth in 2022 exceeded expectations, and will be challenging to achieve given continuing headwinds from a weak property market, rising commodity prices and ongoing economic volatility associated with Covid-19.
- **Financial stimulus to increase:** To support economic growth this year, the government has increased business tax incentives and other business support measures, together with commitments to move forward on significant infrastructure projects. Having avoided major financial stimulus over the past two years, these measures are designed to boost growth and prevent urban unemployment from exceeding 5.5%.
- **Employment first:** Creating jobs remains a structural priority to both ensure the full workforce is leveraged for economic development, and to ensure stability. The government aims to create more than 11 million new jobs this year.
- **Consumption under pressure:** Domestic consumption remains a vital economic pillar, yet while spending has remained robust through much of the pandemic it is evident that confidence is waning and not evenly spread across the country. Expect actions to boost consumption and demand.
- **Common prosperity:** Despite minimal mention in the annual government reports, the emphasis on improving equity and quality of life came through clearly in the Two Sessions' focus on expanding social services and working to enhance social mobility.
- **Carbon commitments:** The ambitious environmental commitments made in the 14th Five-Year Plan remain—including to hit peak emissions before 2030 and carbon neutrality by 2060—but expect the transition to renewables to be pushed back in the near term, in the interest of stability and energy security concerns. The 2030 and 2060 targets still stand, but coal usage may not decrease as fast as many hoped.
- **Border controls:** While many parts of the world look to resume travel, do not expect any change to China's strict border controls in the near term, as Premier Li committed to "strengthen epidemic controls in port-of-entry cities." The commitment to a dynamic zero-Covid policy remains unwavering. All signs point towards the borders remaining largely closed until at least after the 20th Party Congress later this year. This will put further pressure on companies in China hiring and retaining international staff, as well as vital cross-border team engagement.
- **Decoupling challenges continue:** In recent years companies have been forced to navigate policies and calls to decoupling critical sectors. The war in Ukraine adds new pressures for companies to navigate as China walks a tightrope between its recently declared "no limits" to friendship with Russia, while avoiding violating increasing sanctions imposed on the country.
- **New leadership, same path:** Later this year the 20th Party Congress will usher in China's new leadership team, many of whom will be in key roles for at least the next five years or longer. Understanding who rises in this round, and who is set to rise further underneath, is critical to understanding China's direction. But do not expect a change in the fundamental near-term policy orientation, given the expectation that Xi Jinping will take a third five-year term.
- **Covid outbreaks:** Having been largely Covid-free through last year, one of the most significant uncertainties is the potential for Covid to spread across the Chinese mainland this year, causing periodic and even significant lockdowns as the country continues to employ its "dynamic zero" playbook. Businesses must be prepared for disruption to business continuity and internal travel. The impact on economic growth in China would be consequential, as it would be to other economies as they focus on getting back on their feet after their own pandemic challenges.

Macroeconomy

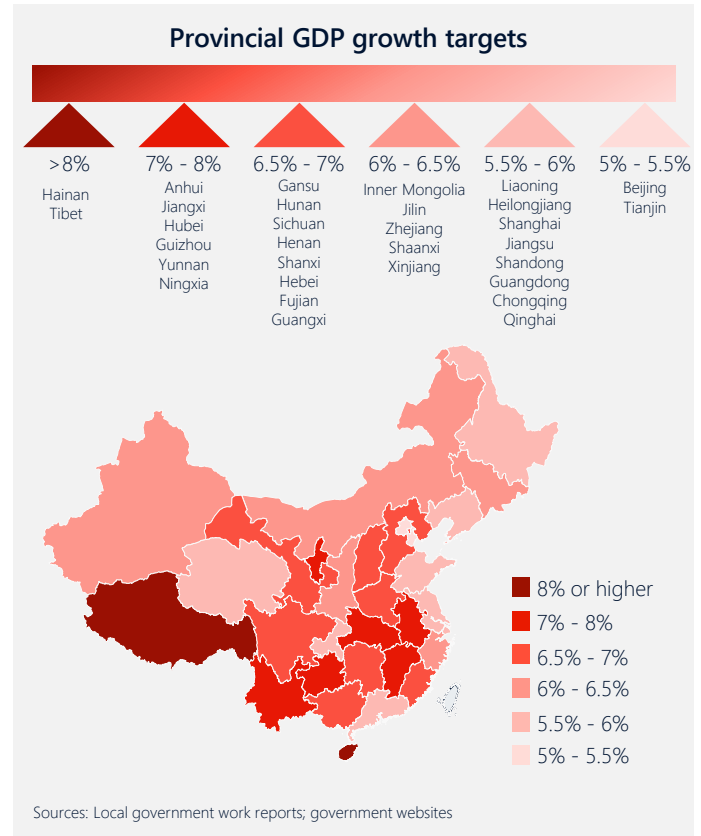
The official outlook for 2022 was stern. Premier Li Keqiang acknowledged that China's economy faces "triple pressures of shrinking demand, disrupted supply and weakening expectations."

The Covid-19 pandemic continues, and China remains cut off from the world with near-zero international travel; the global economy faces a sluggish and volatile recovery; and commodity prices and inflation have been rising. Domestically, consumer spending is weakening with poor consumer sentiment due to slow income growth and continuing sporadic Covid-19 outbreaks, while public and private sector investment are also lagging. Foreign trade, which grew 21.4% in 2021, also faces uncertainties due to Covid-19 and supply chain challenges.



But despite these challenges, Premier Li announced an ambitious growth target, exceeding many expectations by aiming to achieve "around 5.5%" growth in 2022. The official explanation was that China needs to accelerate growth to ensure people can make ends meet and fend off risks, while stabilizing employment and providing jobs for the country's next 10 million college graduates. However, one reason that may be more salient to economic planners is that relatively slow average annual growth of 5.1% over the past two years means China needs to accelerate growth if it will meet the targets set in the 14th Five-Year Plan. While that plan did not set a formal growth target for the 2021-2025 period, government-affiliated economists have said average annual growth of 5.5% to 6% would be ideal to achieve its objectives.

Particularly given the private business community's increasing pessimism, the target feels bullish. Fiscal policy will be key—while government spending is not set to expand significantly, central policymakers said they will target spending more precisely. Infrastructure investment is still important but will not be as aggressive as in the past, for example with less railway construction as focus shifts to water conservancy projects, power plants and integration of existing transit networks. In the meantime, monetary policy remains "prudent," but official economists are quick to note that the central bank has an ample toolbox at its disposal.



The state also moved to address market concerns and help dampen recent shocks to market sentiment, including efforts to stabilize power supply, with measures to limit the coal volatility that led to widespread power shortages in the latter half of 2021. Regulatory tightening on the property market, which contributes about a third of China's GDP, will also ease slightly as lending requirements for homebuyers and developers loosen, providing some relief to the industry.

Officials and domestic economists alike believe that the target, while difficult, is obtainable. The local consensus view holds that stable, precise policy support, combined with correction of some 2021 missteps, can drive the recovery of market sentiment and consumption necessary to fuel a strong rebound through the second quarter and hit the target.

Tech & Innovation

Last year saw a tectonic shift in the policy environment for China's internet tech giants, who scrambled to become compliant after growing accustomed to a relatively laissez-faire approach in preceding years. Renewed political focus on "disorderly expansion of capital" among other factors drove a spate of crackdowns from antitrust campaigns to restructuring of risk-generating fintech businesses.

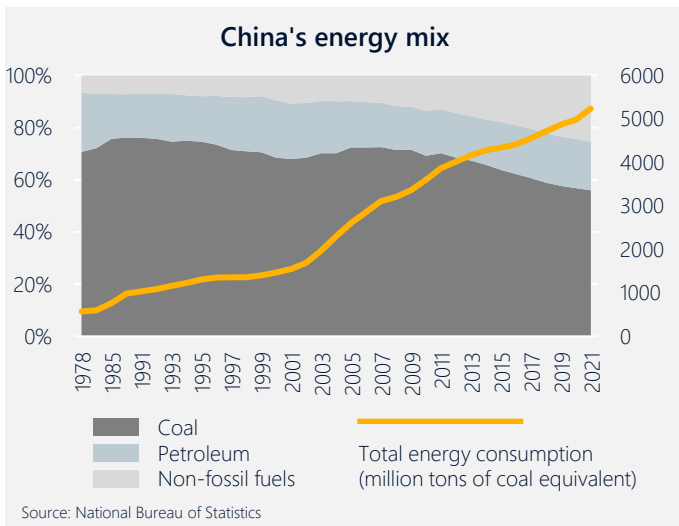
There have been some signs of abatement—prominent economist Liu Shangxi proposed at the Two Sessions to promote development over regulation and improve transparency. While last year's regulatory reset will not be rolled back, regulators may think twice about taking such abrupt hard turns in the future, given the market turbulence they fueled in 2021.

The Two Sessions called for platforms to lower their fees and lighten the burden on SMEs, as well as for regulators to continue working to ensure fair competition, but such measures are not meant to destroy internet firms, nor are they an example of the government favoring "hard" tech like chips over "soft" tech like consumer platforms. China is interested in ensuring healthy development of its "platform economy" at the same time it fosters self-sufficiency in so-called hard tech, a much longer-term goal than the recent correction in soft tech regulation.

The overarching goal remains accelerating the economic transition and turning innovation rather than investment into the primary growth driver. Central leadership acknowledged that the country's "capacity to support innovation is lacking in key areas" and is working to address weak points. The National Development and Reform Commission (NDRC) set a goal to "strengthen science and technology for greater self-reliance and give better play to the supporting role of scientific and technological innovation" in 2022. The state planner is aiming for faster breakthroughs in core technologies in key fields like biomedicine and energy, achieved via stronger support for innovation centers like Beijing and Shanghai, as well as so-called "strategic emerging industry clusters" which are home to the industrial chains that support growing fields like new materials. The central government also announced a 10-year action plan for basic research, facilitating application of sci-tech advances by improving use of funds and encouraging more private investment with tax breaks.

Climate Change

China is slowing its phase-out of coal-fired power, after widespread power shortages due to coal volatility in 2021 made it clear that energy security is a higher priority in the near-term than a rapid transition to renewables. In a meeting with Two Sessions delegates from Inner Mongolia, Xi stressed that the green transformation can't be achieved overnight, and the country "can't throw away its meal before it's found the next one."



This year's meetings scrapped the yearly target for energy consumption per unit of GDP, which the country failed to achieve last year, and localities have been instructed to prioritize stable power supply over targets. Instead, energy targets will be evaluated on a five-year basis with new renewable capacity and consumption of fossil fuels for purposes other than power generation excluded from audits, offering more flexibility to balance energy security and transition needs.

China's 2030 carbon peak and 2060 carbon neutrality goals still stand, but will be achieved more gradually than previously anticipated. The Government Work Report made clear that regulators will not pull the plug on coal projects until new renewable capacity has proven fully adequate. In the meantime, the medium-term solution will be to apply clean coal technology wherever possible.

Bureaucrats are still working out specific quantitative goals and implementation plans by sector—it will be up to lower-level officials to determine how to implement central directives without moving too quickly or slowly.

Property

The property sector is set to benefit from moderate regulatory loosening as policymakers seek to keep the industry afloat after unprecedented restrictions on borrowing put systemically important developers like Evergrande Group into default in 2021.

Since October, restrictions on house purchases and lending to developers have softened slightly, but the measures have thus far failed to reverse a sharp decline in sales.

The Two Sessions indicated that this cautiously dovish approach will continue in the coming months as the "healthy development" of the industry remains under stress. Economically struggling local governments may seek to promote sales with measures such as cutting minimum down payment requirements. Property tax failed to appear on the government work agenda this year, suggesting that pilots originally slated to start this year will likely be postponed.

Regardless of such softening, the years of high-speed growth driven by generous bank lending and ever-rising home prices are gone for good. The paramount principle that "houses are for living in, not for speculation" still applies, as the Government Work Report reiterated. Property will remain a key economic sector, but developers must transform their business models to cater to consumers rather than market speculators.

Subsidized housing is one way the government is seeking to support the industry while improving housing equity. The Ministry of Housing and Urban-Rural Development set a goal in February to build 2.4 million subsidized apartments this year, more than twice as many as in 2021. This will lift investment, but the planned scale over the next five years is still only a third of previous shanty town renovation initiatives.





Urbanization and Rural Revitalization

Cities are playing an increasingly significant role in China's economic growth—the top 24 richest cities recorded GDP of more than RMB 1 trillion in 2021, accounting for about 40% of China's economy. In addition to the traditional powerhouses on the east coast, inland provinces and the Chengdu-Chongqing mega city cluster in western China are new growth engines and hubs of migration. Li encouraged foreign businesses to invest in the central and western regions in an effort to further foster their development.

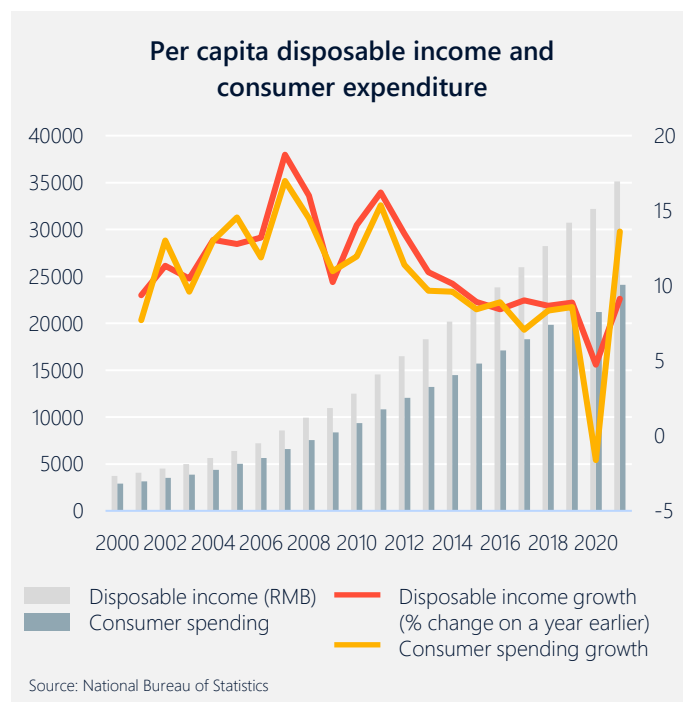
China hopes to narrow inequality by making county towns the new centers of urbanization and links between the rural countryside and larger megacities. The central government allocated RMB 2.67 trillion directly to the city and county levels last year to support investment in education, healthcare, elderly care, and basic housing, and the Ministry of Finance said it will further expand the scope this year. Such spending, alongside a suite of reforms encouraging people to move into urban areas such as loosening of the *hukou* household registration system, means 64.72% of Chinese had moved into cities or towns as of the end of 2021, just shy of the 65% urbanization target China set for 2025. County towns are also becoming centers of consumption, including for new energy vehicles, home appliances, local services, logistics, and e-commerce.

But rural areas have also gained political importance, as the country's leadership seeks to achieve common prosperity and ensure the countryside isn't left behind. China achieved both its goals of building a "moderately prosperous society" and eliminating extreme poverty in 2020—"holy grails" achieved after decades of effort. However, the risk of sliding back into poverty still remains, and last year, 2.4 million people struggling to make a living were included into special financial support programs to prevent them from falling back under the poverty line. This year's meetings also put a "10,000 businesses help 10,000 villages" program in place to encourage rural people starting agriculture and animal husbandry businesses.

Self-Reliance

In recent years, trade tensions with the US have accelerated Beijing's efforts to become more self-reliant and resilient to external shocks. The Two Sessions saw a heightened focus on self-reliance and security, which underlie every topic on the government's agenda. The increased emphasis underscores growing concerns over geopolitical uncertainties, from the state of the US-China relationship to the evolving Ukraine crisis, with implications for energy security, agricultural commodities, and supply chains.

Dual circulation: Self-reliance has been a key pillar of China's "dual circulation" strategy, formulated in 2020 to respond to what is seen as an increasingly hostile and uncertain global environment. Through the strategy, China wants to increase international reliance on China's markets and make domestic consumption its own primary economic pillar, while reducing the country's dependence on international supply chains and demand, thereby making the economy more resistant to external shocks. Although the reports released at the Two Sessions made no explicit reference to "dual circulation," policies to increase "internal circulation" by boosting domestic market and demand remain a top priority.



Food security: Food self-sufficiency has long been a priority for Chinese policymakers and featured strongly last year in the 14th Five-Year Plan, but market turmoil from the Ukraine crisis has made ensuring food supply and supporting agricultural production even more important. "Who will feed China? China must feed itself by being self-reliant," Xi said at a meeting with advisors from the agriculture, welfare and social security sectors, while emphasizing the need to "fill the rice bowl of Chinese people mainly with Chinese grain." The target for annual grain output was kept at over 650 million tons, despite severe challenges after flooding delayed 2021 wheat planting. Agricultural tech was highlighted as "the ultimate solution to safeguarding food security," and officials called to double down on efforts to make technological breakthroughs in agriculture and strengthen the seed industry.

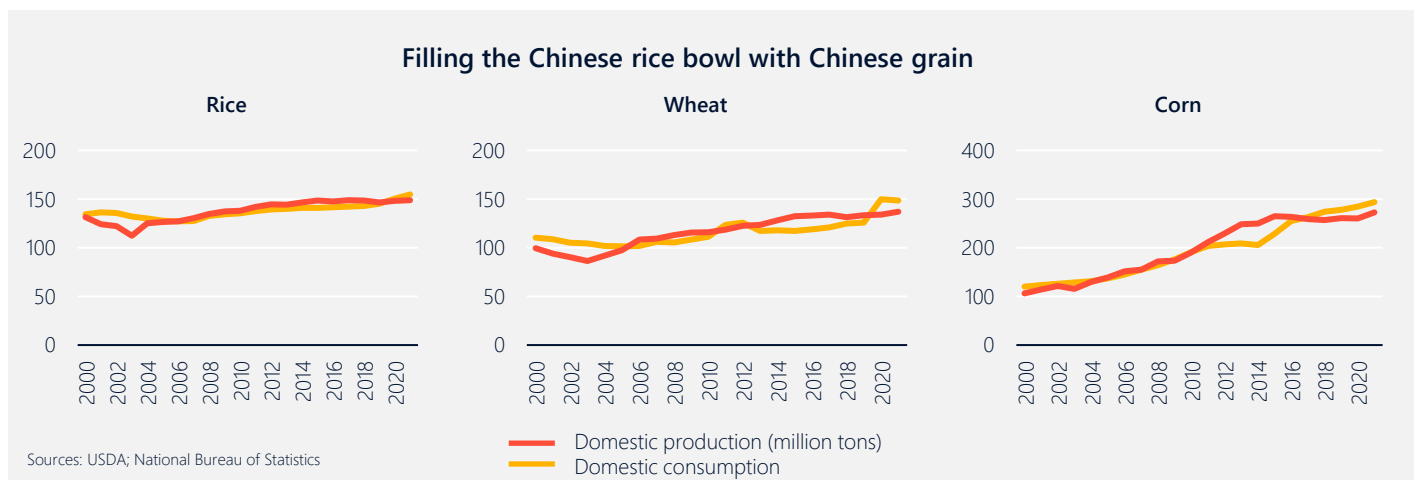
Manufacturing and technology: China has accelerated its efforts to boost self-reliance in technology and manufacturing amid frictions with the US, particularly following US sanctions against Chinese technology companies and restrictions on the sale of critical technologies. Cognizant of supply chain disruptions like chip shortages not abating due to geopolitical complexities, there was a greater emphasis on self-reliance in core technologies, with the government pledging to increase tax cuts for R&D spending, ensure supply of raw materials and key parts, and increase lending to manufacturers. In particular, with the US's recent passing of the America COMPETES Act, which is aimed at increasing US competitiveness vis-à-vis China with a proposed investment of \$52 billion to support US production of semiconductors, there were also growing calls from delegates at the Two Sessions to accelerate Chinese chip production self-sufficiency. Domestic innovation remains a key priority, and the government will pour more resources into strategic sectors such as semiconductors, AI, and 5G, as well as emerging industries including biotechnology, new materials, aviation and aerospace, and new energy. Expect securing supply chains to strongly influence investment decisions.

Common Prosperity

Since its rekindling by Xi Jinping in August 2021, the concept of "common prosperity" has become a topline mantra for policymakers to encourage social equality. When Deng Xiaoping famously said in 1985 that "we should let some people and some regions get rich first," he went on to clarify that the goal was to "gradually achieve common prosperity." The CPC sees achieving common prosperity as a core part of socialism. After China declared a "comprehensive victory in the battle against poverty" last year, the drive to achieve that goal has accelerated.

The slogan's egalitarian undertones initially led to market speculation and confusion last summer, sending concern through the luxury market, and prompting officials to clarify that it does not mean "robbing the rich to give to the poor." While this year's reports made very few references to common prosperity and Premier Li mentioned it only once in his speech, it is premature to conclude that the phrase's lack of prominence suggests a policy rollback. Its underlying principles still came through strongly in the Two Sessions, with a clear emphasis on strengthening the social fabric and addressing weak links in people's wellbeing.

Measures were laid out to open channels for social mobility—an import element to common prosperity—such as efforts to boost incomes, enhance education equality, improve social services, stabilize employment, expand vocational skills training, improve access to public services for migrant workers, and relax *hukou* restrictions. During the Two Sessions, Xi also called for more attention and care for the elderly and children in rural areas. Eldercare and childcare will continue to grow in importance as the country grapples with population ageing and attempts to rebalance its demographics, with a new promise of tax write-offs for expenses incurred in caring for children under three as part of its program to encourage families to have a third child.



Hong Kong

Discussion of Hong Kong at the Two Sessions was overshadowed by the city's raging Covid-19 outbreak, which has forced the Special Autonomous Region (SAR) government to delay its Chief Executive election originally slated for this month. While Premier Li Keqiang said Beijing supports the choice to delay, he noted that the election should be conducted in "strict accordance" with the Basic Law, which some observers interpret as a signal that Beijing prefers the polls not be delayed any further. The remark has also drawn questions on whether Beijing will bring incumbent Carrie Lam back for a second-term bid, given the central government's failure to indicate any other preferred candidate.

Li noted "firm commitment to the letter and spirit of the policy of One Country, Two Systems," a consistent annual refrain. Yet this year he added that Beijing "will ensure that the central government exercises overall jurisdiction" over the two SARs and the importance of upholding the "principle that Hong Kong and Macao should be governed by patriots."

Premier Li and the NDRC in their reports called out steps to support the further integration of Hong Kong and Macao into the Greater Bay area, including the ability "to study, work and live in the mainland cities of the Greater Bay Area."

Li further spelled out the central government's expectations for the next administration. The Government Work Report called on the SAR to enhance its status as a center of international finance, trade and shipping, though omitting its role as a center for international legal services despite their inclusion in the 14th Five-Year Plan.

Hong Kong is also expected to see tightened supervision of senior officials' appointments following the city's electoral overhaul and imposition of the National Security Law. Li Zhanshu, chairman of the National People's Congress, pledged to "improve" the system under which Beijing exercises its comprehensive rule over Hong Kong. Analysts interpret the phrase as underscoring concerns about the process for appointing senior officials outlined in a communiqué issued at the height of the city's social unrest in 2019.

Xia Baolong, director of the State Council's Hong Kong and Macau Affairs Office, added at meetings with Hong Kong CPPCC members that the "One Country, Two Systems" principle would not need to change after 2047, stressing that Beijing would not govern Hong Kong directly, but instead instruct its leadership during times of uncertainty.

China and the World

While the Two Sessions mostly focus on domestic affairs, much of the discussion on domestic policy was grounded in a profound understanding of the challenges posed by a rapidly evolving global environment. The political gathering took place at a critical juncture, as China celebrated its smooth organization of the Beijing Olympic Winter Games while confronting significant geopolitical headwinds and worsening criticism over Beijing's policies related to Xinjiang, Hong Kong, Tibet, the South China Sea, and Taiwan.

External observers watched closely for signs of a firmer line on the unfolding Ukraine crisis. China is walking a tightrope trying to balance its close partnership with Russia against growing calls in the West for Beijing to play a bigger role as peacemaker. Official rhetoric has so far tried to maintain a relatively neutral stance to the extent possible with a lean towards Moscow's "legitimate security concerns," refraining from criticizing Russia or referring to its actions as an invasion. In a press conference during the Two Sessions, State Councilor and Foreign Minister Wang Yi reiterated that China respects the sovereignty and territorial integrity of all countries, which include both Russia and Ukraine, before going on to reaffirm China's commitment to its friendship with Russia. "No matter how precarious and challenging the international situation may be, China and Russia will maintain strategic focus and steadily advance our comprehensive strategic partnership of coordination for a new era," Wang said. One thing is for sure: as Moscow grapples with an unprecedented scale of Western sanctions, China is contemplating what an isolated Russia means for its own position while trying to mitigate the sanctions' secondary impacts.

On the trade front, multiple countries have joined the EU's case at the WTO accusing China of blocking goods from Lithuania due to its relationship with Taipei. The China-EU Comprehensive Agreement on Investment (CAI), initially celebrated domestically, was put into a deep freeze by the European Parliament in May last year. Meanwhile, the Chinese government promised to deliver on the Regional Comprehensive Economic Partnership (RCEP) and make "earnest endeavors" to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement (DEPA). Trade tensions between China and the Western world show no sign of abating.



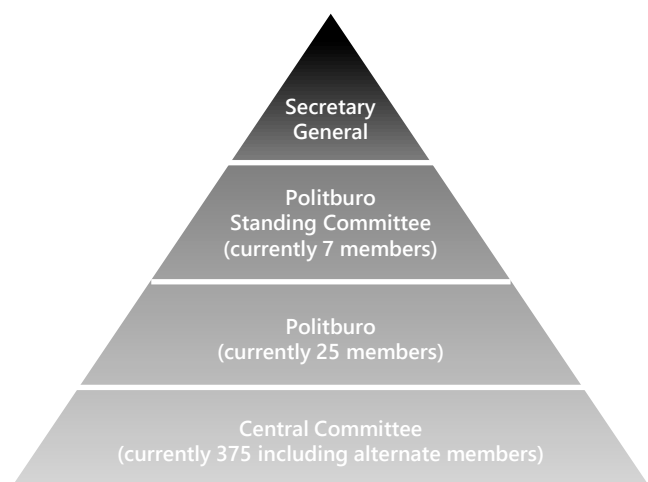
Looking Ahead: 20th Party Congress

The Two Sessions are an important annual event in the political calendar. But the real focus this year is the 20th Party Congress, which is expected to be held in October or November, when the Communist Party of China will unveil its new leadership team for the next five years. All signs point to Xi Jinping securing a third five-year term as head of the Party. A third term would be unprecedented in the reform and opening-up period, and was set in motion as a possibility with the removal of the presidential term limit in 2017.

Beyond Xi's third term as Secretary General of the Party, predicting future Party leaders has become more challenging since long-standing norms and patterns that have governed the rise of leaders since the 1990s were brought into question over the last five years. Age, experience and affiliation were previously seen as reliable criteria. Politburo members younger than 67 were usually expected to retain seats, while those 68 and older typically retired, but that rule no longer strictly applies. Affiliations, for example to politically prominent families or the Communist Youth League, have seen significantly diminished influence. Extensive provincial leadership experience, especially in poorer provinces, while still valued, is also no longer as strong an advantage.

Functional considerations, however, are still important for promotions. Since Zhou Enlai served as the first Premier of China, all Premiers have been promoted from Vice Premiers. A new Premier with strong capacity to manage socioeconomic policy will sit on the Politburo Standing Committee as Li Keqiang completes his two five-year terms (the term limits for administrative functions are defined by law, unlike Party positions). Another functional personnel decision keenly watched by the international community will be selection of the Politburo foreign affairs lead, as 72-year-old Yang Jiechi will most likely retire.

In Xi's "new era," senior leaders have been promoted from more diverse backgrounds. Expertise in science and engineering, now national strategic priorities, are especially well regarded. Many with previous working relationships with Xi have also been fast-tracked for promotions, indicating that Xi can more freely place favored officials in key positions, a trend likely to continue and influence the reshuffling of the Party's Central Committee.



Rising Stars to Watch from the Politburo



Ding Xuexiang (丁薛祥)

Xi's chief of staff, thus one of his most trusted confidants and a frequent companion on official trips, 60-year-old Ding combines a sci-tech background and experience in most Party departments, but has no experience running a province or major city.



Li Xi (李希)

The Guangdong Party Secretary has solid leadership experience across diverse geographical regions, including Gansu, Shaanxi, Shanghai, Liaoning and Guangdong. Despite having no previous direct overlap with Xi, Li is widely considered a Xi loyalist. Li is turning 66.



Li Qiang (李强)

Li is Shanghai Party Secretary, historically a strong position to become Politburo Standing Committee member. In 2007, Li, then Wenzhou municipal Party Secretary, was chosen to be Xi's chief of staff in Zhejiang. Li carries a solid track record governing regions critical to the Chinese economy (Zhejiang, Jiangsu and Shanghai). Li is turning 63.



Chen Quanguo (陈全国)

Chen's tenure as Xinjiang Party Secretary ended in December, but he has not yet received subsequent appointments. Prior to Xinjiang, he led Tibet for five years. Previously, Chen worked closely with Li Keqiang in Henan as his deputy governor. Chen is turning 67.



Chen Min'er (陈敏尔)

The Chongqing Party Secretary spent five years on the Zhejiang Party Standing Committee under Xi's leadership. After notable achievements governing the poverty eradication bottleneck in Guizhou, he was entrusted to take over Chongqing when its Party chief Sun Zhengcai was investigated months before the 19th Party Congress in 2017. Chen is turning 62.



Hu Chunhua (胡春华)

The Vice Premier currently oversees the important economic portfolio. Hu worked in Tibet for almost 20 years after graduating from Peking University and was a top leader in the Communist Youth League. He was appointed a provincial governor at 45 and remains one of the youngest members of the Chinese leadership at 59.



Cai Qi (蔡奇)

The Beijing Party Secretary served with Xi in Fujian and Zhejiang in the 1990s and 2000s. In Beijing, Cai oversaw the Winter Olympic Games and led the restructuring of the city with manufacturing, commerce and non-core government functions to outside of Beijing. Cai is turning 67.

Rising Stars to Watch from the Central Committee



Ma Xingrui (马兴瑞)

Appointed Party Secretary of the Xinjiang Autonomous Region in December 2021, Ma entered politics as Vice Minister of Industry and Information Technology in 2013 after working at China Aerospace Science and Technology Corporation. He was soon sent to Guangdong and later became governor of Guangdong. Ma is turning 63.



Zhang Guoqing (张国清)

The Liaoning Party Secretary spent most of his career in Norinco, China's largest defense manufacturer. From 2013, Zhang took political office in Chongqing and Tianjin municipalities, where he rose to the positions of mayor. Zhang is turning 58.



Wang Yi (王毅)

The Foreign Minister will be 69 in October, but the Party continues to need experienced hands to navigate heightened geopolitical tensions. He is a career diplomat for almost 40 years and previously served as ambassador to Japan.



Yuan Jiajun (袁家军)

Yuan was a chief architect of China's Shenzhou spaceships before entering politics in the Ningxia Hui Autonomous Region in 2012. He was transferred to Zhejiang in 2014 and is now running the province's designated "Common Prosperity Demonstration Zone." Yuan is turning 60.



Yin Li (尹力)

The Fujian Party Secretary is a public health expert with extensive leadership experience in health-related central government bodies. Since 2015, Yin has broadened his governance capacity in Sichuan and Fujian. As Covid-19 has become an unavoidable consideration in policymaking, Yin's expertise could be valuable. Yin is turning 60.



Shen Yiqin (谌贻琴)

The Guizhou Party Secretary is the only current female provincial Party chief. Shen rose through the ranks in her native Guizhou province from a teacher at the provincial Party School to governor and finally Party Secretary of the province. Her gender and identity as a Bai ethnic minority makes her stand out among peers. Shen is turning 63.



He Lifeng (何立峰)

The National Development and Reform Commission Chairman oversees the country's macro-economic planning including realizing the ambitious carbon peak and neutrality targets. He was Xi's secretary in Xiamen. He is turning 67.



Chen Yixin (陈一新)

The Secretary General of the Central Political and Legal Affairs Commission has been instrumental in the reshuffling of the police and legal system in the past two years. Chen served under Xi in Zhejiang in the early 2000s, after which his promotions sped up. Chen is turning 63.



Ying Yong (应勇)

The Hubei Party Secretary was President of the Zhejiang Provincial High Court when Xi was Party Secretary of the province. After the Covid-19 outbreak in Wuhan, Ying, then mayor of Shanghai, was sent to lead Hubei through the crisis. Ying is turning 65.



Two Sessions Backgrounder

What are the Two Sessions?

The Two Sessions, or *Lianghui* (两会) as the sessions are commonly known in China, are the annual gathering of the National People's Congress (全国人民代表大会) and the Chinese People's Political Consultative Conference (中国人民政治协商会议). Typically held during the first two weeks in March, they took place this year from March 4 to 11.

What is the NPC?

The National People's Congress (NPC) is China's highest legislative body and has sole responsibility for enacting legislation in the country. The full NPC meets once a year and enacts and amends basic laws relating to the Constitution, criminal offences, civil affairs, state organs and other relevant matters. When the NPC is not in session, the Standing Committee of the NPC is tasked with enacting and amending laws, except for basic laws which must be enacted by the NPC.

The NPC is also responsible for electing and appointing members to central state organs—including the Standing Committee of the NPC, the President of the People's Republic of China (currently Xi Jinping) and the Premier of the State Council (currently Li Keqiang). Based on nominations by the Premier, the NPC is also responsible for appointing China's vice premiers, state councilors and ministers. This year was the 5th Session of the 13th NPC. The 13th NPC was formed in March 2018 and will serve a five-year term.

What is the CPPCC?

The Chinese People's Political Consultative Conference (CPPCC) is a political advisory body that consists of representatives from industry, academia, business, entertainment, politics, and other areas. The National Committee of the Chinese People's Political Consultative Conference (中国人民政治协商会议全国委员会) meets on an annual basis in parallel with the NPC. This year was the 5th Session of 13th CPPCC.

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