

# Sixth Plenum of the 18<sup>th</sup> Party Congress in review



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# Introduction

On Thursday 24 October the Central Committee of the Communist Party of China (CCCPC) concluded the Sixth Plenum in Beijing. The Sixth Plenum has traditionally focused on ideology and internal Party issues and this year was no exception. Key topics set at the outset of this meeting were to review “key issues involving political life within the Party” and “intra-Party supervision”.

Meetings of the CCCPC are closed door and the release of information from the gathering is closely controlled. At the close of the meeting an official communiqué was released.

Two important issues were reported in the communiqué:

- **President Xi Jinping was elevated to “core” leader. The designation is an important signal that President Xi stands above his peers.**
- **Two documents were approved focused on discipline of the Party. These included the norms of political life in the Party under current conditions and regulations on intra-Party supervision.**

For those operating in China little changes as a result of this year’s political gathering. The leadership remains firmly committed to changing behavior inside the Party and across the country. As a result, anticipate the authorities to continue to closely monitor for corrupt activities and to punish wrongdoing.

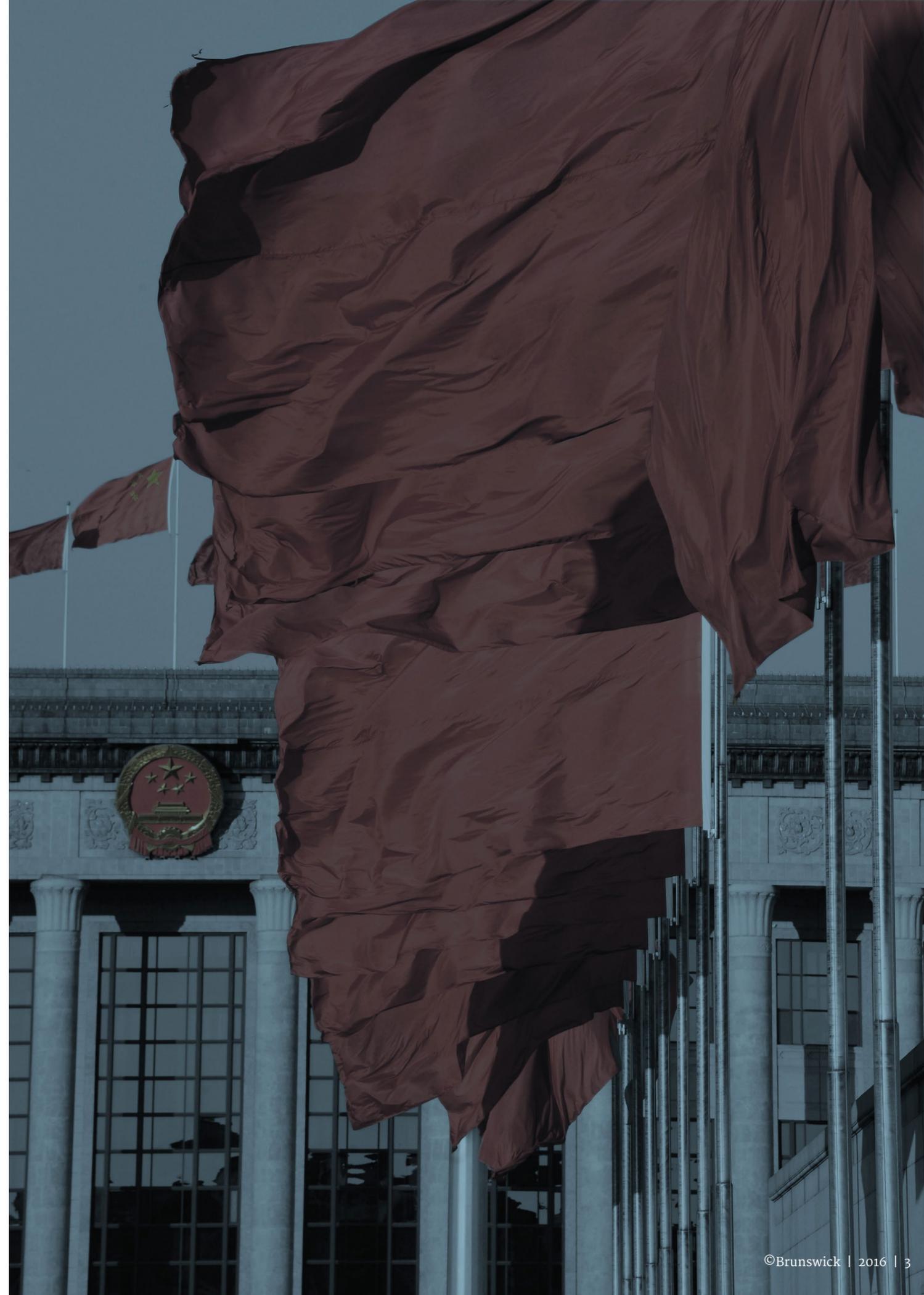
An important outcome from this year’s gathering is that it sets the scene for next year’s 19th Party Congress. The meeting is expected to be held in October or November next year and, based on past precedent, may see five members of the seven person Politburo Standing Committee retire plus a number of the Politburo members. Some of those who rise may succeed Xi Jinping and Li Keqiang and be in office till 2032.

In this note we look in more detail at the Sixth Plenum and what we can expect in the months ahead. We look at what “core” means and whether the Plenum changes the direction set over the last four years since President Xi Jinping took office?

## What is the Plenum?

The Central Committee of the Communist Party of China typically meets once each year and brings together the most senior members of the Party. This year’s meeting included 197 “full members” and 151 “alternative members” of the Central Committee of the Communist Party of China plus members of the Central Commission for Discipline Inspection and special guests.

The current term is the 18th Party Congress (2012–2017) and during the five-year period there will typically be seven plenum meetings.



# State of the Party

*“If we cannot manage the Party well and govern the Party strictly, leaving problems within the Party unsettled, our Party will sooner or later lose its qualifications to govern and will unavoidably be consigned to history,”* warned President Xi Jinping in a recent speech marking the 95th anniversary of the founding of the Party.

The just-concluded Sixth Plenum followed tradition and focused on internal Party issues. At its simplest, senior officials recognize that the Party’s ability to continue to rule requires the support of the people. Delivering economic growth, improving people’s lives, and addressing pollution are just some of the issues that the leadership must grapple with.

In addition, when Xi Jinping took the helm of the Party four years ago there was growing public frustration with the conduct of many holding office. In the last four years much of Xi’s focus has been on resetting the Party, cutting out bad behaviors and elaborating his vision of governance. There has been a shift from a long standing attitude of ‘do as I say, not as I do’ to an imperative of leading by example.

## The Four Comprehensives

The Plenum set out two new sets of rules regulating conduct. This included the *“norms of political life in the Party under current conditions”* and the *“regulation on intra-Party supervision”*.

The documents are the culmination of work undertaken since the start of 2014 when Xi Jinping stated that the Party must strengthen governance and standardize political life within the Party to match today’s environment.

This mission was part of Xi Jinping’s *“Four Comprehensives”*, a strategy to comprehensively build a moderately prosperous society; comprehensively deepen reform; comprehensively govern the nation according to law; and comprehensively strictly govern the Party.

The third, fourth and fifth plenary sessions over the past three years focused on the first three “Comprehensives”. The latest has focused on the remaining “Comprehensive”.

In March this year a team led by Xi Jinping was assembled to develop these two documents. Deputies to Xi in the drafting process were Liu Yunshan and Wang Qishan, members of the Politburo Standing Committee.

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## Strengthening Party Governance

These documents aim to institutionalize anti-corruption efforts bringing them under the broader “discipline” umbrella, require senior Party members within the central committee to lead by example, strengthen top-down control over officials and extend the Party’s reach.

*“Party discipline should be thoroughly enforced with no exceptions made for any organizations or members. Every individual or organization is equal before Party discipline,”* read the rule on intra-Party supervision, reem-

phasizing that no one is above Party discipline. The pronouncement has shifted the key Party rhetoric from “anti-corruption” to “discipline”.

The norms of political life in the Party were originally released in 1980 and were designed to set expectations of Party officials as the country opened up. This revision is designed to reflect today’s environment. Officials have noted that many of the issues and challenges of the early 1980s are no longer relevant, yet new issues must be addressed.

The communiqué also stated that as part of the norms of po-

litical life, the Party will continue its collective leadership system and that senior leadership will consult Party members on major policies, referring to an internal check-and-balance mechanism on the ‘core’. It also made clear that officials were forbidden to leverage their position for personal gain and must report major changes in their personal lives.

Further, the norms of political life in the Party stated that while discipline is central, it cannot lead to indecision among officials worried that their actions may be misconstrued.

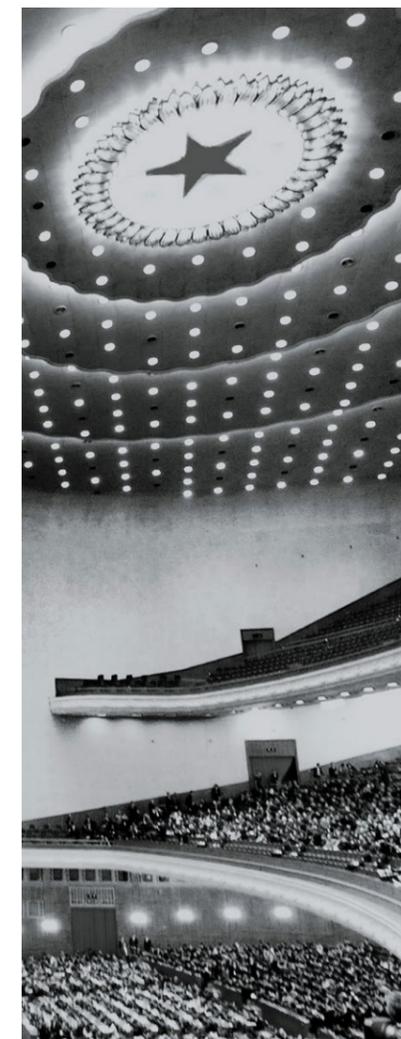
## Changing Behavior, Resetting Expectations

Rather than an end to the anti-corruption campaign, the Sixth Plenum has shown that internal Party governance will become ever stricter. The Party has stated it must guarantee that officials dare not, cannot, and do not want to be corrupt. The Central Commission for Discipline Inspection (CCDI), which is leading the anti-corruption drive, will continue its focus on showing that there are severe consequences to corrupt actions.

Beyond catching more low-level “flies” and high-ranking “tigers”, the CCDI is adopting new methods to demonstrate the consequences of corruption. In the lead-up to the Plenum, CCTV, the State broadcaster, in partnership with CCDI, broadcast an eight-episode TV documentary entitled “Always on the Road”. The show featured the details of more than 70 officials caught for corruption over the last four years. The final episode coincided with the opening of the Sixth Plenum leaving no question as to the focus of this year’s meeting and the continuing resolve to eliminate corrupt behaviors and violation of the Party’s rules.

On Wednesday November 2nd, soon after the close of the Plenum, Wang Qishan, head of the CCDI, announced the launch of the 11th round of inspections. This latest round will inspect 27 top-level judicial organs, government agencies, institutions, and state media organizations, including the Supreme People’s Court, the Supreme People’s Procuratorate, the Party School of the CPC Central Committee,

CCTV and the Red Cross Society of China. In addition, teams will re-examine the work of Beijing, Chongqing, Guangxi and Gansu. The inspection teams will focus on shortcomings in the implementation of Party rules and disciplines, anti-corruption work, and promotion of Party officials.



The intolerance for graft established during the first four years of the 18th Party Congress stopped being a campaign long ago and is now part of the broader new normal environment. Past behavior that was regarded as the status quo is no longer tolerated, regardless of position, background, Chinese, or foreign.

## The Party at the Center

The last four years have seen a systematic strengthening of the Party’s role in the system. The two documents re-affirm the Party’s position at the helm.

The documents encourage discussion among officials—including views counter to the central leadership. But, they stress that once a decision is made officials must implement it resolutely and unequivocally.

The rules also urge that all branches of the system—including among others the National People’s Congress, the State Council, the Chinese People’s Political Consultative Conference, and the judiciary—report their work regularly to the central Party leadership. In addition, they must seek approval from the central Party leadership before making any important decisions. What constitutes an important decision is not specified.

A black and white photograph showing two men in suits. The man in the foreground is seen from the side, looking towards the right. The man behind him is Xi Jinping, looking forward with a serious expression. The background is slightly blurred, suggesting an indoor setting with other people.

# Xi as “Core” of the Party

With the Party at the center, at the Plenum Xi was anointed “core” leader of the Party. This cements his position at the helm and confirms his consolidation of power. The term was originally coined by Deng Xiaoping in 1989 and was used to strengthen the appointment of Jiang Zemin to lead the Party. Deng stated that every leadership team must have a core and that if this is undefined the team will be weakened. On November 9th 1989, Jiang was officially confirmed as core of the third generation of leaders with Mao Zedong and Deng Xiaoping considered core of the first and second generation, respectively. President Xi’s predecessor, Hu Jintao, sought to rule as first among equals and his two terms as president were defined by consensus driven leadership.

While the latest communiqué stated Xi Jinping was “core” and effectively stood above his

peers, it also acknowledged the importance of “democratic centralism”, or ensuring that all senior officials have a voice. In addition, it stated that officials must come from the “five lakes and four seas” meaning that diversity of background is important among the leadership and in the Party.

Some have opined that the designation of Xi as “core” is a step backward and that it shows Xi’s ambitions span little further than building his own power. In reality the title is largely symbolic. Xi has already attained all key top posts in the country. Yet the designation is an important signal and will allow Xi’s leadership to push via a unified voice through reforms it believes are priorities and that have met resistance.

A Politburo meeting held just one day after the close of the Plenum signaled that with his

place at the center of the leadership cemented, President Xi intends to get on with the business of economic reform. The meeting, chaired by Xi, focused on economic matters including the need to curb asset bubbles, safeguard against economic and financial risks, and the adoption of prudent monetary policy.

While the anti-corruption drive and the nature of Xi’s leadership have dominated headlines, this was a timely reminder that China’s leaders understand they will ultimately live and die by the economic performance of the country. With a streamlined Party, expect the state of the economy to be a critical focus in the coming years.

# The Road to the 19th Party Congress

The communiqué released at the end of the Sixth Plenum last week confirmed that the 19th Party Congress will be held in Beijing during the second half of 2017. Based on past precedent the meeting will happen in October or November and will mark the start of President Xi's second five-year term as head of the Party and President.

Next year's gathering is important as it will see a significant number of senior officials retire. Some of those that rise into the vacant seats may be potential successors to President Xi and Premier Li Keqiang and lead the country till 2032.

In recent years the Party has operated an informal rule that senior leaders can be appointed into the Politburo if they are 68 years old or younger at the time of a new Party Congress. If they are older they must retire. Based on age and past precedent five members of the seven person Politburo Standing Committee will retire next year along with at least six additional members of the broader 25-person Politburo.

Based on precedent stretching to the 1990s, successors to the country's two most senior leaders effectively shadow them for at least one term in the Standing Committee. In 2007 Xi Jinping and Li Keqiang were appointed straight into the Standing Committee before being appointed President and Premier, respectively, in 2012/2013. The successors would then serve two five-year terms before retiring.

There is growing debate as to whether President Xi will ignore this recent tradition next year with senior colleagues and also five years later when he is currently expected to retire. Deng Maosheng, a director at the Party's Central Research Office, stated at a briefing on Monday October 31st that age limits are "Party practices that can be sometimes adjusted".

The first test will happen next year. There is a growing sense that Wang Qishan, who has led the anti-corruption drive and will turn 69 in July next year, may be re-appointed into the Standing Committee for a second term.

Wang has spearheaded an unprecedented assault on corrupt practices within the Party and beyond since he was appointed in 2012 to lead Central Commission for Discipline Inspection. Over the last four years more than 150 Party and government officials, military officers and state sector business executives ranked vice-minister or higher have been punished and more than 90,000 people given administrative punishments for graft.

If Wang remains in the Standing Committee at the 19th Party Congress it will be a strong validation of his work and also a clear indication that there will be no stepping back from the commitment to clean the Party and the broader system.

If Wang remains, then it will add credibility to the debate that President Xi may choose to stay for a third term as the "core" leader guiding the Party.

