



British Embassy  
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## China Politics Update – April 2014

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Premier Li Keqiang delivered his first address to the National People's Congress (China's legislature) on the opening day of its annual meeting in March. Li's speech replayed the leadership's ambition to deliver "comprehensive reform" and included more specific commitments than previous government work reports. Analysts said the Premier came across as the "technocrats' technocrat", offsetting Xi Jinping's bold vision of a Chinese Dream with a plan for slow but sure delivery. Li was able to announce that 16.5 million rural Chinese were lifted out of poverty in 2013, supported by a 9.3 percent rise in real rural incomes. Idle factories will be shut, private investment encouraged, government red-tape cut and work on a new environmental protection tax speeded up to create a greener economy powered by consumption rather than investment, said Li.



Premier Li acknowledged challenges ahead, including: debt ("risks and hidden dangers still exist in public finance and banking"); excess capacity; employment; low rural incomes; and pollution. He name checked a series of keenly felt popular concerns relating to public services, land requisition, public order and corruption. With 13 days of last month monitored as "heavily polluted," Li also stressed China's environmental challenges and declared a "war on smog and pollution." According to official data, 77.7 per cent of Chinese citizens are worried about the effects of climate change and expected the government to take serious actions.

Days before the political gathering in Beijing, 29 people were killed with knives and machetes in a terrorist attack in the South-western city of Kunming. Domestic media described the attack as China's 9/11 and blamed Uighur separatism from the Western region of Xinjiang. Two weeks later four people were killed in a knife attack at a market in Changsha, the capital of Hunan Province. Authorities did not link the incident to terrorism.

China was at the heart of attempts to locate missing Malaysian Airline flight (MH370) which disappeared shortly after its departure from Kuala Lumpur carrying 153 Chinese passengers. Chinese authorities urged Malaysia to step up international cooperation and mobilise all available resources in the continued search for missing flight. There were shows of outrage by netizens at the delay in

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releasing the correct information by Malaysian government and some, including celebrities, called on Chinese people stop visiting Malaysia or buy anything from the country.

President Xi Jinping began an official tour to Europe on 22 March. He attended the Nuclear Security Summit in the Netherlands, followed by State Visits to France, Germany and Belgium. First lady Peng Liyuan accompanied Xi on the tour which was seen as a sign to strengthen China's soft power on the international stage. Xi vowed to boost China's ties with Europe and called to build partnerships for peace, growth, reform and civilization between the two regions. While in Holland, Xi also met with Prime Minister David Cameron, calling on the two sides to work together to launch exemplary flagship projects in nuclear power, high-speed rail and finance, deepen cooperation in education, science and technology, and media, and facilitate people-to-people exchanges.



China's National Urbanisation Plan was published on 16 March. The plan forecasted another massive expansion in the cities, with the urban population reaching 837 million by 2020. Policymakers promised a new "people-centred" form of urbanisation with access to urban public services opening up to 100 million rural migrants. Meanwhile, the World Bank and State Council Development Research Centre (China's most influential think tank) published a report covering similar ground but with a more ambitious agenda for change: embracing land reform and fiscal transfers between central and local government.

Finally, the use of two major taxi booking apps during rush hours was banned in Shanghai after heavy complaints from people having increasing difficulty hailing cabs on the streets. The market is dominated by Didi Taxi and Kuaidi Taxi, backed by Tencent and Alibaba respectively, which together held almost 90 percent of the market by daily taxi app orders last year. The apps allow users to "bid" for cabs by adding an additional fee, essentially allow drivers and passengers to cooperate to break through government price controls on fares and negotiate a market price for transportation. The sector attracted more than \$43 million investment over the past two years, Shanghai's stance is likely to concern industry insiders, as China's commercial centre and most populous city was widely viewed as a good seeding ground for the market-driven business.

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