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British Embassy  
Beijing

## China Politics Update – August 2014

July saw another busy month for President Xi Jinping's anti-corruption campaign as more high ranking officials were stripped of their positions. Zhang Tianxi was dismissed as Party Secretary of Kunming (capital of Yunnan Province) for suspected "violation of Party discipline" (a common euphemism for corruption). The Chief of Inner Mongolia's United Front Work Department, Wang Suyi, was removed from office after his mistresses reportedly accused him of accepting bribes and nepotism. Meanwhile, the Communist Party finally ended months of speculation when it announced on 29 July that a Party disciplinary investigation was underway into the former Politburo Standing Committee member and security czar, Zhou Yongkang.

State news agency Xinhua reported that Zhou will be probed for "serious disciplinary violations", making him the highest ranking official netted for graft since the founding of the People's Republic of China. His family members have close ties with the state-owned China National Petroleum Corp., which he headed before being promoted to the Party's inner leadership circle, and have reportedly accumulated holdings in the investment, petroleum and media sectors valued in the tens of millions of dollars.

Zhou last appeared in public in October 2013 to celebrate the 60<sup>th</sup> anniversary of his alma mater, China University of Petroleum. Rumours spread that he had been put under house arrest in December for potential corruption related allegations. A number of his political allies and associates were subsequently detained. His son has also been

arrested on charges of illegal business operation. Zhou was a protégé of former President Jiang Zemin, and a close ally of disgraced Chongqing Party chief Bo Xilai. Some analysts believe Xi's move on Zhou shows his determination to purge potential rivals from the Party's upper ranks, particularly those



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associated with Bo. It remains unclear whether Zhou's case will be transferred to the criminal justice system, or whether the Party authorities will deal with it behind closed doors.

President Xi Jinping paid a two-day state visit to South Korea (3-4 July), seeking to strengthen commercial and diplomatic ties in the region. It was the first time a Chinese leader has visited Seoul before Pyongyang. During a joint press conference with President Park Geun-hye, Xi expressed his concern over the nuclear situation in North Korea and called on the countries involved in the SixParty Talks to resume negotiations.

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On 14 July, President Xi arrived in Brazil for a state visit coinciding with the 6<sup>th</sup> BRICS Summit (15-16 July), followed by state visits to Argentina, Venezuela and Cuba. The two-day summit reached agreement to establish the New Development Bank (NDB) which will be headquartered in Shanghai with an initial authorised capital of \$100 billion. In the margins of the BRICS Summit, Xi and leaders of eleven Latin American and Caribbean states jointly announced the establishment of a new cooperation forum to strengthen cooperation between China and the Community of Latin America and Caribbean States (CELAC). The BRICS Summit was also the forum for Xi's first meeting with Indian Prime Minister Narendra Modi. Xi's state visits to Venezuela and Argentina saw China's ties with both countries officially upgraded to the level of comprehensive strategic partnerships.

7 July marked the 77<sup>th</sup> anniversary of the beginning of the Chinese People's War of Resistance against Japanese Aggression in 1937. Senior Politburo Standing Committee members and war veterans attended an unusually high-profile commemorative gathering. In a nationally televised speech at the commemoration, President Xi Jinping condemned Japan for denying and distorting the historical record, saying that "Chinese people who made great sacrifices during the war would never allow anyone to play down Japan's wartime atrocities". The anniversary came a week after the Japanese government announced a reinterpretation of Japan's pacifist Constitution, as tensions continue with China over the islands known as the Diaoyu in China and the Senkaku in Japan.

The end of Ramadan saw renewed outbreaks of violence in the Xinjiang Uyghur Autonomous Region. Over 100 people were reported to have died in within a week in three separate incidents. At least 96 people reportedly died in violent clashes with the security forces on 28 July in a rural area near Shache (also known as Yarkand). State media alleged that a mob of knife-wielding terrorists had attacked a police station and government offices, killing 37 civilians before police "gunned down 59 terrorists" and arrested a further 215 people. Uyghur exile groups claimed that police had used live fire on Uyghurs protesting the deaths of a family shot during a police house raid. The state-backed imam of Kashgar's Id Kah mosque was stabbed to death on 30 July. And nine people were killed when police shot suspected "terrorists" near Hotan on 1 August.

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Another food scandal outraged consumers in China as a national TV station revealed that suppliers of fast food chains such as KFC and McDonald's have used expired meats in their products. A clip originally sourced from Shanghai Hushi, a subsidiary of the US food supply chain OSI Group, showed staff using expired meat and adding meat which had fallen onto the floor back into the mix. Five people were detained for investigation in Shanghai, accordingly to local authorities. Food safety remains a major concern for Chinese consumers after the 2008 tainted milk powder scandal, which caused the deaths of six infants and sickened thousands more.

Finally, China's State Council announced new measures on 24 July that would relax the *hukou* system (household registration). The new guidance will be implemented by provincial and municipal governments which aim to create 100 million new urban residents by 2020. Reform of the system is a key pillar of the country's overall economic restructuring; however, many believe it will be a challenging process.

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