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British Embassy
Beijing

China Politics Update – October 2014

UK and China successfully held the **6th Economic and Financial Dialogue (EFD)** in London 11-13 September. Vice Premier Ma Kai held bilateral meetings with the Prime Minister and the Chancellor to promote deeper cooperation in urbanization, energy, culture and tourism. The EFD saw £2.4bn worth of deals in investment and a big step forward for London's role as an international RMB centre. The Chancellor welcomed China



Development Bank's (CDB) announcement to issue a RMB 2 billion bond (£200 million) in London, a first outside Greater China. (See [here](#) for the factsheet and policy outcomes paper)

President Xi Jinping attended the **Shanghai Cooperation Organization (SCO) summit** in Dushanbe, Tajikistan, on 12 September. Xi urged member states to focus on combating religious extremism and internet terrorism. Some analysts see the evolution of the SCO (India and Pakistan are moving towards joining) as potentially significant for the geostrategic balance of the region. While in Tajikistan, President Xi attended the ceremony of the China-Central Asia Gas Pipeline which is expected to transfer 30 billion cubic meters of national gas to China every year upon its completion in 2016. Xi also paid state visits to Maldives, Sri Lanka and India. In New Delhi, Xi announced USD 20 billion of new investment, but some saw incidents on the disputed border during the visit as highlighting the complexities of the relationship.

Premier Li Keqiang gave a keynote speech at the **Annual "Summer Davos" meeting** in Tianjin on 10 September. Li emphasised the need to both push ahead with structural reform and to avoid shortterm stimulus: "we won't be distracted by short-term fluctuations in individual economic indicators and will

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maintain focus on structural adjustments and dealing with long-term issues". Meanwhile, he noted that China still expects to reach its 7.5 percent growth target for the year, although he stressed he does not see this as an absolute goal: Beijing will be satisfied if China's economic growth "is within the proper range".

Premier Li Keqiang made his first visit to the Shanghai Free Trade Zone to mark its first anniversary on 18 September. He stressed the importance that foreign firms to be treated the same as Chinese

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firms. Li urged ministries to do more to support the reform in the zone. At the same time, Chinese authorities confirmed that Dai Haibo, the man in charge of the FTZ, has been removed. Some suggest corruption allegations will follow. Dai's removal comes at the end of a year of what many commentators, both Chinese and foreign, have described as lacklustre performance of the zone. It is not yet clear who will replace Dai, or the impact his removal will have.

China marked the 69th anniversary of Victory Day in the Anti-Japanese War for the first time since the National People's Congress (China's Parliament) declared 3 September as an official commemoration day. **Politburo members attended a special event in Beijing** and other large scale events were held in other cities. This is the second time within 2 months that high level leaders have in public condemned Japan for denying and distorting the historical record. The history dynamic continues to complicate Sino-China relations, as do tensions over the islands known as the Diaoyu in China and Senkaku in Japan.

A court in Southern China **sentenced three people to death** and one to life in prison on 12 September for organising the gruesome knife attack at Kunming railway station in March which killed 29 people and injured 141. Prosecutors charged all four suspects with intentional homicide and the verdict was widely praised among netizens online. Although the state news agency Xinhua did not explicitly state the defendants' ethnicities, it is strongly implied that they were of Uighur ethnicity.



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Meanwhile, **prominent Uighur scholar Ilham Tohti was sentenced to lifetime imprisonment** after a two-day trial in Urumqi found him guilty of separatism. Mr. Tohti was taken in January from his home in Beijing, where he taught economics at Nationalities University. Prosecutors argued that Tohti had “internationalised” the Uighur issue by giving interviews to foreign reporters, and had incited separatism by criticising China's ethnic, religious, economic and family planning policies, and by translating related foreign articles to be posted on his Uighur Online website. Many foreign governments have called for Tohti to be released. The UK's statement can be found [here](#).

Finally, pharmaceutical giant **GlaxoSmithKline(GSK) has been found guilty of bribery** by a Chinese court and has agreed to pay a fine of 3bn yuan (£297m) to the government in Beijing. The former head of GSK's China division also received a three year sentence suspended for four years, and will be deported from China.

Enquiries and feedback are welcome. Please contact:

Nick Douse | Political Section | nicholas.douse@fco.gov.uk | +86(0)10 5192 4220

Stephanie Shi | Political Section | shi.zhenyi@fco.gov.uk | +86(0)10 5192 4492

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