

The Chinese People's Political Consultative Conference and the National People's Congress 2009

March 2009

Background

The Second Session of the 11th Chinese People's Political Consultative Conference (CPPCC), China's policy discussion and advisory body, was in session from 3 March to 12 March. At the same time, the Second Sessions of the 11th National People's Congress (NPC), the country's legislative body, met from 5 March to 13 March to pass legislation.

The agendas for both the CPPCC and the NPC included hearings of the government and government organs' reports on their work guided by the roadmap agreed on at the 17th Communist Party of China (CPC) National Congress in October 2007. Analysts did not expect many surprises from this year's sessions, however rumours that China was to double the amount of the close to US\$600 billion stimulus package have, disappointingly, proved to be false.

In addition to the focus on the economy due to the global financial crisis this year, the government is also faced with a host of anniversaries in 2009, which will require special efforts in maintaining social stability. The anniversaries include the 50th anniversary of an uprising in Tibet that led to the flight of the Dalai Lama to India on 10 March; the 20th anniversary of the crackdown on student demonstrations at Tiananmen Square on 4 June; the 10th anniversary since the banning of the spiritual group Falun Gong on 22 July; and the 60th anniversary of the founding of the People's Republic of China on 1 October.

The Chinese People's Political Consultative Conference (CPPCC) 2009

The Chinese People's Political Consultative Conference (CPPCC) is a policy discussion and advisory body, headed by a member of the Politburo and composed of representatives of the Communist Party of China, other political parties, personages without party affiliation, non-governmental organisations, ethnic minorities, returned overseas Chinese, as well as representatives from Hong Kong, Macau and Taiwan. The CPPCC acts as a forum for policy debate and make suggestions to government and this year met from 3 March to 12 March.

The 11th CPPCC National Committee has 2,236 members who serve for a five-year term and hold meetings annually. The Committee's Standing Committee chairman is **Jia Qinglin** and the Standing Committee has 25 elected vice-chairpersons, including five representatives from China's ethnic minorities and four women.

The National People's Congress (NPC) 2009

The National People's Congress (NPC), the country's legislative body, met from 5 March to 13 March to pass legislation. In addition, it scrutinises and ratifies State Council decisions, though it is frequently seen as a 'rubber stamp' mechanism for such decisions. The Premier and other senior officials also delivered working reports to the 3,000 or so delegates and the media. As expected no surprising personnel changes or major policy shifts were announced. Major issues discussed were macroeconomic regulation,

the rural economy, industrial growth, creation of jobs, social welfare, opening up, and capital and real estate markets.

The NPC is composed of deputies selected from the provinces, autonomous regions and municipalities directly under the central government and from the armed forces. Its term of service is five years. Between the annual congresses work is carried out by a standing committee of 175 members.

Standing Committee of the 11th National People's Congress Work Report

Wu Bangguo, China's top legislator, delivered the National People's Congress' Standing Committee Work Report to the NPC's Second Session on 9 March.

The report listed the laws the NPC Standing Committee enacted in 2008, including:

- The Law on State-Owned Assets in Enterprises
- The Law on Food Safety
- The seventh amendment to the Criminal Law
- The Law to Promote a Circular Economy

The NPC Standing Committee revised the following laws:

- The Law on Protecting Against and Mitigating Earthquake Disasters
- The Law on Security for Disabled Persons
- The Fire Protection Law
- The Insurance Law and the Patent Law

The report included a list of new laws that the NPC Standing Committee will formulate, including

- Social security law
- Social welfare law
- Law on tort liability
- Law on administrative coercion
- Law on arbitration of disputes concerning contracted rural land
- Law on mental health
- Law on national defence mobilization

The NPC Standing Committee will also revise the following laws:

- The Law on State Compensation,
- The Law on Protecting State Secrets
- The Electoral Law
- The Organic Law of Villager Committees
- The Land Administration Law
- The Postal Law
- The Statistics Law

Government Work Report

While the NPC is more a formalised clearing house for government policy than an active parliament, plans and declarations around the NPC are of interest as they show the general direction of government

thinking. This was clear from the topic line up of the 2009 NPC, which focused on plans and policies to cope with the tough economic situation and stimulate the economy. More specifically, the work report highlighted managing macro-economic policy, boosting consumer demand, stimulating the agricultural industry, restructuring the economy, reform and opening up, social welfare net, and improving public administration.

The full report is 44 pages long, studded with statistics and laden with government-speak. Main targets are listed here, though it is worth remembering that Chinese government targets are just that – targets, and it is rarely possible to determine exactly to what extent these are (or are not) translated into action.

Key successes in 2008

- China's GDP topped 30 trillion yuan, up 9% from the year before.
- Total government revenue was 6.13 trillion yuan, an increase of 19.5%.
- Imports and exports totalled US\$2.56 trillion, an increase of 17.8%.
- A total of 11.13 million more urban residents entered the workforce.
- Urban per capita annual disposable income reached 15,781 yuan, an increase of 8.4% in real terms, and rural per capita net income reached 4,761 yuan, up by 8% in real terms.
- Central government budgetary spending on agriculture, rural areas and farmers was 595.5 billion yuan for the whole year, a year-on-year increase of 37.9%.
- The central government invested 116.3 billion yuan in science and technology, an increase of 16.4%.
- The central government allocated 42.3 billion yuan to support development of ten key energy conservation projects and environmental protection facilities.
- A total of 814 million people, accounting for 91.5% of the rural population, benefited from the new type of rural cooperative medical care system.
- Energy efficiency per unit of GDP was up 4.6% and by 10% over the last 3 years (government target was 12%).
- The daily urban sewage treatment capacity was increased by 11.49 million tons, 65% of urban sewage was treated and 64% of urban household waste was safely handled, an increase of about two percentage points year on year in both cases.
- Desulphurizing devices were installed in more thermal power plants with nearly 100 million kilowatt capacity, raising the percentage of the total capacity of the coal-fired plants equipped with such devices to around 60%.

Key economic targets for 2009

- GDP will grow by 8%, while the rise in the CPI will be held around 4%, and the urban registered unemployment rate will be held under 4.6%.
- This year's central government deficit has been set at 750 billion yuan, 570 billion yuan more than last year, plus 200-billion yuan worth of government bonds issued by the local government, making the total deficit up to 950 billion yuan.
- The government will increase the broad money supply by about 17% and grant over five trillion yuan in additional loans.
- Central government funding for agriculture subsidies will total 123 billion yuan, an increase of 20 billion yuan over last year.

- Central government funding for supporting the development of small and medium-sized enterprises will increase from 3.9 billion yuan to 9.6 billion yuan.
- The central government will allocate 42 billion yuan for implementing a more proactive employment policy.
- Foreign loans and foreign direct investment in China in 2009 are expected to reach 25.8 billion and \$92.4 billion respectively.
- China's direct investment overseas is expected to grow by 13.2%.

Key scientific targets for 2009

- The central government will allocate 146.1 billion yuan to the science and technology sector, up 25.6% from last year.

Key social targets for 2009

- The central government will allocate 130 billion yuan for recovery and reconstruction in regions affected by the 12 May earthquake last year.
- The central government plans to spend 293 billion yuan on the social safety net this year, up 17.6% or 43.9 billion yuan over the estimated figure for last year.
- The central government will spend 12 billion yuan and local governments will also increase funding to raise salaries for the 12 million primary and secondary school teachers at the nine-year compulsory education stage.

Key environmental targets for 2009

- The percentage of treated urban sewage is expected to reach 69% and percentage of urban household waste safely handled should reach 67%.
- Shut down backward iron foundries with a total capacity of ten million tons, backward steel mills with a total capacity of six million tons, backward paper mills with a total capacity of half a million tons and backward power plants with a total capacity of 15 million kilowatts.
- Water consumption per 10,000 yuan of value-added by industry is expected to drop by 5.6%, while the percentage of industrial solid wastes that are comprehensively utilized will reach 65.9%.

Conclusions

The annual sessions of the Chinese People's Political Consultative Conference and the National People's Congress concluded mid-March 2009 and predictably followed the roadmap carved out during the 17th National Party Congress in October 2007 and the Central Economic Working Conference in December 2008. Key points over the two weeks were the plans and policies to cope with the tough times and stimulating the economy, and key targets for 2008.

The year ahead will include increased efforts to stimulate the economy and control the drop in the GDP. Social unrest is also a major challenge for the government, not only because of the number of controversial anniversaries in 2009, but also due to the heightened urban-rural divide. The government will also be tackling the lack of a properly working social services network and chronic environmental degradation.

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