



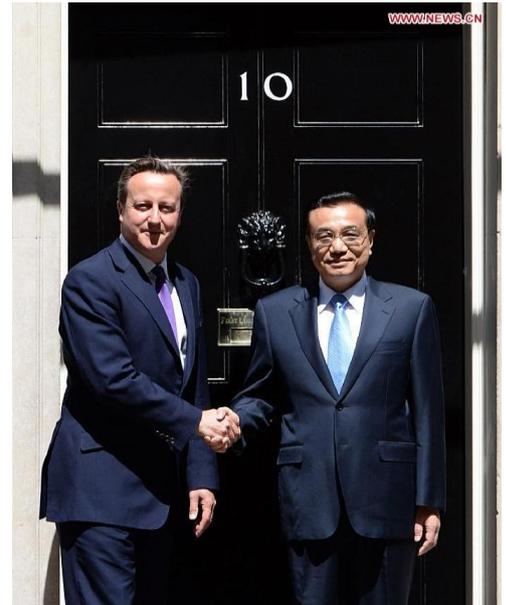
British Embassy
Beijing

China Politics Update – July 2014

Premier Li Keqiang paid his first official visit as Premier to London, 16-19 June for the annual UK-China Summit. Li was received by the Queen and held wide ranging talks with Prime Minister David Cameron covering bilateral, prosperity and global issues.

They discussed improvement to [UK visa services](#). There was a discussion of economic cooperation covering Chinese investment in UK infrastructure; a clearing bank in London for the RMB; and the concept of EU/China FTA. On foreign policy they discussed Iraq, Iran and Ukraine and regional security in Asia Pacific. They also covered climate change, cyber issues and Hong Kong. A wide range of agreements were signed during the summit from a £12Bn LNG deal between CNOOC and BP to a £400m joint venture on solar energy. The total commercial value was £14Bn. During his speech at Chatham House, Li said “China will work more closely with the UK in infrastructure, manufacturing, urbanization and other areas to increase two-way trade and investment.”

In a joint conference, the Prime Minister acknowledged the commitment with China to ensure the growing economic and political ties of the two countries also contribute to much stronger links between the people.



General Secretary Xi Jinping presided over a meeting of the Central Leading Group on Financial and Economic Affairs, urging greater efforts to improve energy technology. Analysts said Xi’s leading role in the body implies he has further consolidated his powers. In recent years the key policy coordinating body has been run by the Premier not Party Secretary.

At least 113 people were jailed mostly on terrorism-related offences in the Xinjiang Uyghur Autonomous Region. Xinjiang is the focus of a year-long counter-terrorism campaign announced following the 22 May terrorist attack in the regional capital of Urumqi. After the Muslim holy month of Ramadan began on 28 June, overseas media reported that some Muslim students and government employees in Xinjiang were prevented from fasting.

4 June saw the 25th anniversary of the violent suppression in 1989 of the Tiananmen protest movement. Mainland authorities remained silent about the anniversary, although tens of thousands gathered to participate in a remembrance vigil in Hong Kong. In the weeks leading up to the anniversary dozens of activists were detained. Many have since been released, but others, including prominent rights lawyer Pu Zhiqiang, remain in custody.

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Ten days later, China's State Council issued a 'White Paper' on the Hong Kong Special Administrative Region for the first time since its return in 1997. The document reiterated the "one country, two systems" as the fundamental policy and claimed comprehensive jurisdiction over Hong Kong. Demonstrators took to the street expressing their anger towards the 'White Paper'. Some claimed the concept of "one country, two systems" has become an "empty shell." However, according to the People's Daily, "patriotism to the country should be important for Hong Kong's residents."

1 July marked the 17th anniversary of Hong Kong's return to China. Turn-out numbers were disputed, but organisers claimed that over half a million people took part in the demonstration in the business district in favour of democracy and against China's governance. Police arrested 511 participants for illegal gathering and obstructing traffic. The day also coincided with the Communist Party anniversary, though celebrations in China were low key.



June saw a busy month for the anti-corruption campaign as several 'tigers' (senior officials) representing the full spectrum of the political system fell victim to investigations. Former top military general Xu Caihou was expelled from the Communist Party for accepting bribery. A Politburo member in Hu Jintao's administration, 71-year old Xu retired from the Central Military Commission in early 2013. He will become the most senior military figure to appear in court for corruption case since the founding

of the People's Republic of China in 1949.

Three other high profile figures were also expelled from the Party on the same day-- former head of the State-owned Assets Supervision and Administration Commission Jiang Jiemin, former deputy head of China National Petroleum Corporation Wang Yongchun and former Vice Minister of Public Security Li Dongsheng. Jiang was removed from office last September for suspected serious discipline violations when the Central Commission for Discipline Inspection (CCDI) found Jiang guilty of taking advantage of his position and conducting bribery acts.

Meanwhile, Wan Qingliang was sacked as the Party Secretary of Guangzhou on corruption related charges. Wan was the most senior official of the prosperous Tier 1 city, the position is usually regarded as a stepping stone to higher office. Wan held vice-ministerial rank and is one of 171 alternate members of the party's 205 strong Central Committee. Having a reputation for frugality, Wan was seen as a rising star before his dramatic fall.

Finally, China's online retail giant Alibaba will list on the NYSE this summer. Analysts say the listing is expected to raise somewhere around \$15 billion, which would make it the technology industry's largest IPO since Facebook's in 2012. The Hangzhou-based company has an estimate value of \$168 billion, its founder, Jack Ma was reported to have more than \$231 million active buyers across its three virtual marketplaces last year.

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