

## Weekly Update

No.167 - March 4, 2016

### Politics

#### "Two sessions" launched in Beijing

A highlight of the Chinese political agenda, the period of the "Two sessions" began on Thursday, March 3, in Beijing. The designation includes the annual meetings of the Chinese People's Political Consultative Conference (CPPCC), the country's primary consultative political institution with 2,200 civilian members and 3,000 members of the National People's Assembly, China's legislative body. The National People's Assembly (NPA) meeting will begin on March 5. The two sessions will be all the more scrutinized this year, as they will be officially approving the main political orientations of the 13th Five-Year Plan. Premier Li Keqiang will present the text at the opening of the NPA. The economic reform will be at the heart of the debate. This time is also an opportunity for a government reshuffle and nominations for certain key positions.

#### Ren Zhiqiang crosses the red line

Ren Zhiqiang, former real estate businessman, member of the Communist Party and vehement political social media commentator, has had his accounts closed by China's cyberspace regulation authority. The decision was reportedly made after he published comments denouncing the Party's control over the media, shortly after Xi Jinping's official visits to the country's major news outlets (Xinhua, CCTV and the People's Daily). "Since when did the people's government become the party's government? Does the money they spend come from party dues?" Ren had over 35 million followers and was famous for an attitude that was often virulent, but which had been tolerated until now. This disciplinary measure confirms the Chinese authorities' increasing rigidity towards comments that are considered "anti-Party."

### Diplomacy

#### Singapore's Foreign Minister visits China

Singaporean Foreign Minister Vivian Balakrishman paid his first official visit to Beijing from February 28 to March 3, during which he met his Chinese opposite number Wang Yi and State Council for Foreign Affairs Yang Jiechi. Vivian Balakrishman repeated that the city state was neutral regarding the thorny issue of the South China Sea and that he intended to act as a special mediator to improve dialogue between China and the ASEAN. Bilateral relations were also on the agenda, with a focus on the question of reinforcing the free trade agreement between the two countries and the arrangements in terms of industrial and commercial cooperation as part of the "China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity" launched in January 2015.

## Economy & Finance

### First required reserve rate cut of the year

The People's Bank of China has reduced the required reserve rate (-0.5%) for large banks for the first time this year. This is the fifth consecutive cut since February 2015, bringing the total cut rate to 17%. The operation comes down to injecting 685 billion yuan (\$105 billion) into the economy and is also intended to reassure investors on the People's Bank's leeway to stimulate growth and the markets. It comes as the Shanghai Composite Index is continuing its downward trend, reaching a level since January 2016 that is less than the entire year 2015. Several commentators have underlined the fact that the People's Bank would have delayed using this solution to January 2016 for fear of encouraging capital flight.

## Industry

### Wanda teams up with Auchan for real estate project in France

Chinese real estate group Wanda, whose business activities now include the culture, entertainment and tourism industries, has announced its intention to invest €3 billion in a project to build a shopping mall and business and leisure center in France, near Charles de Gaulle Airport. In partnership with the Auchan group via its real estate subsidiary Immochan, the project is called Europa City and is Wanda's largest investment in Europe. The complex is expected to open in 2024 and construction should begin in 2019. Europa City could attract up to 30 million visitors per year and create 14,000 jobs.

## Social

### Difficult times ahead for employment in China

On the eve of the annual National People's Assembly session on March 5, the government intends to raise employment to a priority. Premier Ma Kai declared on March 1 that the upcoming reform and restructuring would lead to quite some disruption. The Ministry of Human Resources and Social Security is expecting 1.8 million layoffs in the coal and steel industries, those that are the most affected by overcapacities. "Layoffs are an unpleasant but necessary side effect," comments Xinhua News Agency. The government plans to spend 100 billion yuan (\$15.4 billion) to compensate employees affected by the future redundancy schemes. Several anonymous sources claiming to be close to the government have estimated that close to 5 to 6 million people will be affected over the next two to three years.

### China to increase age of retirement

The Ministry of Human Resources and Social Security is beginning work on increasing the age of retirement, which will be progressively postponed until a "reasonable" age is reached, according to a statement given by Minister Yin Weimin on February 29. The current policy sets the age of retirement at 60 for men and between 55 and 50 for women, but these dispositions are deemed "outdated" by the Minister. While the active population continues to decrease, that of citizens over the age of 60 should reach 40% of the population by 2050, vs. the current 16%. The draft law is expected to be submitted for public review at the beginning of 2017. In December 2015, the Chinese Academy of Social Sciences had already made several proposals, including increasing the retirement age by one year every three years for women and one year every six years for men.

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