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A terrorist attack in Kunming, allegedly committed by members of the Uighur minority, killed 29 people. Evidence suggests mixed global and local motives.

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A Message from the Editor

THE JAMESTOWN FOUNDATION’S UPCOMING CHINA DEFENSE AND SECURITY CONFERENCE

On March 25, The Jamestown Foundation will hold its Fourth Annual China Defense and Security Conference in Washington, D.C. The conference will be a unique opportunity to hear about cutting-edge research on Chinese thinking from Jamestown analysts, who will introduce fresh evidence and perspectives to challenge conventional wisdom about the strategic planning of the PRC. Experts, many of whom rarely visit the capital, will be flying in from England, Taiwan, Honolulu and Australia. The agenda, and tickets, are now available online at: <<http://www.eventbrite.com/e/china-defense-and-security-conference-2014-tickets-10589191557>>

While conferences and events covering China have proliferated in recent years, Jamestown’s conference remains unique in its rigorous coverage of developments in Chinese security and foreign policy, deeply grounded in Chinese sources and beginning from examinations of Chinese interests as they are understood and expressed by analysts and policymakers in Beijing.

The conference is a must-see for analysts interested in understanding Chinese strategy and foreign policy. Among our fourteen featured speakers, a few highlights:

- Admiral Timothy Keating, (Ret.), former commander of the U.S. Pacific Command, will discuss the role of the United States in responding to Chinese assertiveness in territorial disputes.
- Bonnie Glaser will present the results of her recent research into the Central Committee's October Work Forum on Peripheral Diplomacy, presenting evidence about the leadership's attempts to pursue closer relations with Southeast Asian states even as it continues to intimidate them over territorial disputes.
- Dennis Blasko will discuss the PLA's shift to winter training, a major step forward in operational readiness—and show that the recent exercises in the South China Sea were not simply intended to send a message.
- Andrew Chubb will present recent survey data about popular views of territorial disputes, and challenge the idea that nationalism is an uncontrollable constraint on Chinese foreign policy-making.
- The four presenters on the cyber panel will present a comprehensive overview of China's cyber strategy, examining PRC views of escalation and deterrence in the cyber domain, the role of cyber in China's intelligence practices, and China's own views of its cyber threats and vulnerabilities.

I look forward to learning from all of our presentations, and the discussions that will follow them. I will hope to see many of you there!

Sincerely yours,

David Cohen
Editor

[View Agenda and Register Here](#)

In a Fortnight

WITH ALLIES LIKE THESE, WHO NEEDS RIVALS?

CHINA MAINTAINS STUDIED AMBIGUITY ON UKRAINE AS RUSSIA CLAIMS 'CONCORDANCE OF VIEWS'

By David Cohen

In a statement that has been widely interpreted as signifying Chinese support for the Russian position on the ongoing crisis in Ukraine, the Russian Foreign Ministry announced on March 3 that the foreign ministers of the two countries had expressed “broadly coinciding views” in a telephone conversation (*South China Morning Post (SCMP)*, March 4). While we do not know what Chinese Foreign Minister Wang Yi told his counterpart on the phone, China has studiously avoided endorsing Russia's views in public, and rather appears to be pursuing a neutrality that will permit it to deal easily with any government that establishes power in Kiev. Nor has Chinese media coverage been favorable to Russia.

The Chinese Foreign Ministry's terse official description of the call says only that “The two sides believed that properly handling the Ukrainian crisis is very important to safeguarding regional peace and stability”—a sentiment with which Washington and Kiev no doubt agree (Chinese Ministry of Foreign Affairs website (MoFA), March 3).

At the Foreign Ministry's daily press briefings, Chinese spokespeople have repeatedly described the change in government as a legitimate choice made by the Ukrainian people. Two days after deposed Ukrainian President Victor Yanukovich fled Kiev, spokesperson Hua Chunying said that China “respects the independent choice made by the Ukrainian people in keeping with Ukraine's national conditions and stands ready to foster strategic partnership with the Ukrainian side on an equal footing for win-win progress” (MoFA daily briefing, February 24).

The speed with which China came to accept the revolution in Ukraine stands in sharp contrast to its handling of the events of the Arab Spring, in which Chinese spokespeople repeatedly endorsed the legitimacy of regimes even as they were collapsing, leading to a situation in which China had

to scramble to establish relations with new governments in order to protect oil concessions and other economic interests in these countries. There are several possible explanations for this change:

1. Chinese leaders clearly remain deeply uncomfortable with democratic change, frequently expressing the fear that Western governments are trying to bring about a “Color Revolution” in China modeled on Ukraine’s 2004–2005 Orange Revolution, among others. However, they may have learned a tactical lesson from the Arab Spring.
2. As many Chinese newspaper accounts have noted, China has strong interests in maintaining a relationship with any government in Kiev: Ukraine is a major supplier of grain to China, as well as military technology. Most famously, China’s prototype aircraft carrier, the *Liaoning*, is a refurbished ship purchased from Ukraine. Furthermore, Ukraine could serve as a vital transport link in China’s effort to build a “New Silk Road” across Central Asia to Europe.
3. Finally, the circumstances are different. China’s opposition to the Arab Spring emerged during discussions of Western military intervention at the United Nations, where Security Council votes forced China to take a side. In contrast, the crisis in Ukraine has so far not raised the specter of pro-democratic military intervention.

While authoritative statements have not endorsed Russia’s position, they have offered minimal recognition of some of its views, and, despite questions from journalists at the daily briefing, spokespeople have declined to apply the principle of non-interference with a condemnation of Russian military activity in Crimea. On the whole, spokespeople have expressed impatience with these questions, directing journalists to a March 2 statement:

China is deeply concerned about the current situation in Ukraine. We condemn the recent extreme and violent acts there and have been urging the relevant parties in Ukraine to resolve their internal disputes peacefully within the

legal framework so as to safeguard the lawful rights and interests of all ethnic communities in Ukraine and restore normal social order at an early date.

It is China’s long-standing position not to interfere in others’ internal affairs. We respect the independence, sovereignty and territorial integrity of Ukraine. There are reasons for why the situation in Ukraine is what it is today. China will follow the development of the situation closely and call on relevant parties to seek a political resolution of their differences through dialogue and negotiation based on respect for international law and norms governing international relations in order to uphold regional peace and stability (MoFA press briefing, March 2).

In response to a March 4 question about whether Russian actions violated the non-interference principle, spokesperson Qin Gang also made what appears to be a veiled accusation that Western meddling lay behind the recent collapse of Yanukovich’s government:

We uphold the principle of non-interference in others’ internal affairs and respect international law and widely recognized norms governing international relations. Meanwhile we take into account the historical facts and realistic complexity of the Ukrainian issue. You may also analyze why the situation in Ukraine is what it is today based on activities and behaviors of relevant parties in the past months (MoFA press briefing, March 4).

On March 4, Chinese President Xi Jinping spoke directly with Russian President Vladimir Putin about the situation. According to Chinese accounts, both leaders stressed the quality of their relationship, and exchanged views on the crisis. Reports of Xi’s views accord with the general ambiguity of other official statements—he said that the crisis, “among elements of chance, had elements of inevitability,” and expressed confidence that Russia could work with the international community to resolve tensions and achieve a political settlement (Xinhua, March 5).

Looking at “market” media coverage, the Chinese propaganda system appears to be tolerating a range of interpretations of the crisis. The reliably hawkish *Global Times* has expressed pleasure at seeing Russia “stand up to the intervention of the West,” and published a poll claiming to show that 46 percent of the Chinese public supports Russia’s intervention in Crimea (March 5). Meanwhile, more popular online outlets have relied mostly on “he-said, she-said” style reporting, repeating accounts of the Russian invasion of Crimea alongside Russian denials, and on predictions of war—one of the most widely-reprinted headlines was “Russia Sends Troops to Ukraine; Is War Inevitable?” (*Beijing News*, March 2).

Finally, more official ideological media have mostly relied on variations of a “pox on both their houses” interpretive line, describing the crisis in the Ukraine as a cautionary tale about the evils of great power politics. Most articles on the crisis that have been reprinted on the websites of core ideological journals *Seeking Truth* and *People’s Daily* have blamed both Western and Russian meddling for causing the crisis, describing it, in the words of a commentary written by a Europe specialist at the Chinese Academy of Social Sciences, as “the result of a game between Russia and the West” which has “tormented” Ukraine (*Seeking Truth (Qinshi)* online, reprinted from *Global Times*, March 5). Largely directed at an internal audience, these publications appear to be using the crisis largely as a chance to hold forth on the evils of Cold War-style alliance politics, using it as a foil to stress the importance of China’s declared distaste for alliances and Xi Jinping’s model of “a new type of international relations.”

David Cohen is the editor of China Brief.

For more on the overall state of China-Russia relations, see “Symbolism over Substance: Sochi Showcases China-Russia Pragmatic Partnership,” in this issue.

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INDIA UNSETTLED BY PROPOSED CHINA-PAKISTAN ECONOMIC CORRIDOR THROUGH KASHMIR

By John C. K. Daly

On February 26, Pakistani officials announced a step forward in China’s plans to construct a transportation corridor through Kashmir to the Pakistani port of Gwadar. Gwadar Port Authority chairman Dostain Khan Jamaldini briefed the Senate’s Ports and Shipping committee after attending the second meeting of the CPEC Joint Cooperation Committee in Beijing, saying that China has approved nine projects worth \$1.8 billion in a bid to develop Gwadar port over the next 2–3 years (*The Business Recorder*, February 26).

China and Pakistan are finalizing plans to construct an \$18 billion, 2,870 mile China-Pakistan Economic Corridor (CPEC) linking Kashgar in Xinjiang to Pakistan’s Gwadar port on the Arabian Sea, in Balochistan province. CPEC will be a skein of highways, railways and oil and natural gas pipelines, transforming Pakistan into a giant highway conveying Chinese goods to the Arabian Sea, while Middle East and African oil is shipped eastwards.

India has expressed reservations about the project, particularly as CPEC is likely to transit Pakistan-Controlled Kashmir (PCK). Pakistani President Mamnoon Hussain, currently visiting China, discussed the CPEC with President Xi Jinping and Premier Li Keqiang (Ministry of Foreign Affairs of the People’s Republic of China, February 20).

Seeking to allay Indian concerns, on February 20 Chinese Foreign Ministry spokesman Hua Chunying told a press briefing, “With regard to whether the economic corridor passing through Kashmir, as far as I have learnt a joint committee for the construction [of CPEC] has been established and a second meeting has been held coinciding with the Pakistan President’s visit. I don’t know if they have talked about whether this corridor will pass through this region [PCK] but I can tell you that we hope the Kashmir issue can be properly resolved through consultation and negotiations between India and Pakistan” (*The Hindustan Times*, February 21).

Kashmir has been in dispute since India and Pakistan were created in 1947. All three nations maintain de

facto administrations; India (Jammu and Kashmir), China (Aksai Chin), and Pakistan (Azad Kashmir and Northern Areas). India has persistently refused to acknowledge either Pakistani or Chinese sovereignty in Kashmir.

But impediments remain before the CPEC is fully realized. At a Sino-Pakistani track-two meeting in Beijing in August 2013, National Development and Reform Department of International Cooperation vice director general Lin Dajian highlighted “the security issues and challenges that could impede the speed of (the) project.” (*The News International*, August 7, 2013). A month later, Chinese Ambassador to Islamabad Sun Weidong bluntly stressed Beijing’s expectations of the Pakistani government “safeguarding the security of Chinese institutions and citizens in Pakistan” during CPEC construction (*Newsbrief*, Royal United Services Institution, January 2014, Vol. 34, No. 1.)

Territorial disagreements with China have become an issue in India’s upcoming general elections. Opposition Bharatiya Janata Party’s (BJP) candidate for Prime Minister Narendra Modi referred to India’s ongoing territorial disputes with China in Arunachal Pradesh and Kashmir, telling a February 22 rally in Pasighat, “No power on earth can take away even an inch from India. China should give up its expansionist attitude and adopt a development mindset” (*The Diplomat*, February 25). Two days later Chinese Foreign Ministry spokesperson Hua Chunying told reporters, “You mentioned expansionism by the Chinese side. I believe all of you can see that China has never waged a war of aggression to occupy an inch of land of other countries” (*The Assam Tribune*, February 24).

Even as India remains concerned about CPEC’s transit through Kashmir, there are indications that Kashmiri political leaders are increasingly looking to China to help break the political impasse. The All Parties Hurriyat Conference (APHC), formed in March 1993, is a political alliance of 26 Kashmiri organizations, formed to achieve Kashmiri self-determination according to United Nations Security Council Resolution 47. APHC leader Abdul Gani Bhat believes that China could be influential in resolving Kashmir’s final political status, noting, “China is a growing power. It has strategic interests in the South Asia region. So, it is natural that China seeks a role in the

resolution of Kashmir dispute” (*The Daily Mail*, February 22).

If China is to realize the CPEC, it will need India’s cooperation. As in many other countries, China’s preferred diplomatic technique involves cash. In February, a Chinese working group submitted a five-year trade and economic planning cooperation plan to India, offering to finance up to 30 percent of the targeted \$1 trillion investment in infrastructure during India’s 12th Five-Year Plan (2012–17) (*The Economic Times*, February 20). China’s \$300 billion would be used to upgrade India’s decrepit rail, road and power infrastructure and buy into India’s telecom market.

Pakistan has a strategic geo-political location at the intersection of many of the world’s major maritime oil supply lines and is in close proximity to energy rich Central Asian countries, South Asia and the Middle East. As CPEC would have dramatic impact on Pakistan’s economy, Islamabad fully supports the project.

China, hedging its bets, has invested substantially beyond Pakistan, as Afghanistan, Central Asia and India are all both potential trade partners and natural resource sources needed by China both to secure economic growth and enhance Xinjiang’s development.

Accordingly, China will need to bring India onboard in supporting CPEC. At the moment, Beijing’s policy seems to be a mix of \$300 billion investment and diplomatic flexibility along the 2,520 mile-long Line of Actual Control (LAC) delineates the Indian-Chinese border. Whether commerce can succeed in resolving Kashmir territorial disputes remains to be seen.

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National Security Trumps Reform at the NPC

By Willy Lam

Domestic and international security concerns have dominated the on-going session of China's legislature, the National People's Congress. This is despite high expectations that Premier Li Keqiang will unveil thorough-going economic reforms in his maiden *Government Work Report* (hereafter Report), which was delivered at the Great Hall of the People on March 5. A substantial portion of the Report was devoted to issues relating to foreign-policy, military and *weimen* ("uphold stability") measures, which fall within the purview of President Xi Jinping. Following supremo Xi's oft-repeated dictums, Li indicated that the People's Liberation Army (PLA) and the People's Armed Police (PAP) "must ceaselessly raise their deterrent and actual combat ability under conditions of informatization" (Xinhua, March 5; China News Service, March 5). The *weimen* imperative has also been thrust into the limelight in the wake of the terrorist attack in Kunming on March 1, in which 29 Chinese residents were killed by a handful of suspects that Beijing has identified as Uighur extremists (*People's Daily* March 4; *Ming Pao* [Hong Kong], March 4). "We must speed up the construction of a modernized armed police capacity," Li said in the Report, adding that this force would be deployed to fight terrorism, maintain stability and tackle emergency incidents at home.

It was announced at the parliamentary session that the 2014 defense budget would be RMB 808.2 billion (\$132 billion), or 12.2 percent over that of 2013. By contrast, military expenditure in 2013 rose at the slightly lower rate of 10.7 percent. While Premier Li's portfolio is the economy, not military affairs, his Report methodically laid down the rationale for a leap forward in defense modernization. Li put priority on modernizing the PLA's logistics facilities and military R&D, especially "the development of high-tech weapons and equipment." Most significantly, the premier noted that a strengthened military capacity was needed to defend China's expanded core national interests. "We will resolutely safeguard China's sovereignty, security and development interests," Premier Li said. "We must place war preparations on a regular footing and boost ... the defense of [land]

borders, as well as maritime and air boundaries." The premier also highlighted China's ambitions to become a "strong maritime power" and the commensurate goal of "protecting China's maritime rights." Li's emphasis on "developmental interests"—which include a reliable supply of oil and gas—as well as "maritime rights" seems to indicate that Beijing will substantially boost its hard power projection in the East China Sea and the South China Sea. Equally significant is the fact that the Premier has highlighted China's role as a responsible player on the world stage. "China will fulfill the function of a responsible major power in [handling] important international and regional affairs and flashpoints." Li further pledged to "earnestly safeguard international equality and justice." One example cited by Li is that Beijing would "safeguard the victory of World War Two and the post-war international order, and will not allow anyone to reverse the course of history." While the reference to the Second World War appeared to be a self-serving swipe at what Beijing regards as Prime Minister Shinzo Abe's efforts to "re-militarize" Japan, Li's statement about China's global responsibility reflects President Xi's belief that the PRC's enhanced international footprint must be backed by solid defense forces (Phoenix TV News [Hong Kong], March 5; Reuters, March 5).

Senior officials and NPC deputies in Beijing have further elaborated on Beijing's emphasis on using military force to back up its diplomatic efforts. NPC spokesperson Fu Ying pointed out that while Beijing would stick to the overall principle of good neighborliness, it would not hesitate to employ tough tactics to uphold its rights. "If some countries wish to provoke or wish to damage ... regional peace and the regional order, then we must make a response, and an effective response at that," said Fu, who is a former vice-foreign minister. Also speaking on the sidelines of the NPC, Major-General Yin Zhuo, a popular TV commentator, argued that military personnel should "draw up a strategy on cyberspace to guard national security." Pointing to the newly set up Central Internet Security and Information Leading Group, whose purpose was to defend China's Cyberspace, Yin hinted that more resources would be spent on improving the PLA's cyber-warfare capacity (*People's Daily*, March 4; China News Service, March 4).

At the opening of the NPC session, the 3,000-strong delegates observed a minute's silence to show their

solidarity with the victims of the Kunming attacks, which some domestic media have dubbed “China’s 9/11.” Li indicated that the party and state apparatus would boost social management and improve law enforcement. “We will crack down hard on violent crimes of terrorism, safeguard China’s national security, create good public order and work together to ensure public security in China,” he said. In impromptu remarks about the Kunming incident, Li indicated that the authorities would “resolutely crack down on violent criminals who have challenged the base line of human civilization... so that a peaceful China can be built.” Unlike previous years, the Li cabinet did not release the full *weiwén* budget for 2014. In 2013, this outlay was RMB 769.08 billion (\$125 billion), which was even bigger than the PLA budget of RMB 740.62 billion (\$121 billion) for that year. An item called “appropriation for public security” was publicized at the opening of the NPC, which came up to RMB 205.07 billion (\$34 billion). This figure is believed to be only part of the expenses incurred by the national law-enforcement apparatus (RTHK News, March 6; Radio Free Asia, March 5; BBC Chinese Service, March 6, 2013). More details about the Xi-Li administration’s strategy on combating destabilizing social elements may be made public after the newly established Central National Security Commission—China’s highest *wei-wen* organ which is headed by President Xi—begins operation after the NPC. Whatever the total budget for *wei-wen*, the establishment of the NSC likely completes the process of sidelining the Political-Legal Commission, formerly China’s top authority for stability preservation (see “Binding the Baton: Expanding Police Power, Improving Accountability,” in *China Brief*, May 9, 2013).

Given that the broad goals and measures of economic reform were dealt with at the watershed Third Plenum of the 18th Central Committee held last November, Li’s Report contains precious little on initiatives in areas ranging from retooling China’s growth model to reforming state-owned enterprise (SOE) groupings. The economic sections of the Report, however, have confirmed widely-held beliefs that President Xi has arrogated to himself ultimate decision-making powers over the economy. Premier Li, who is known for his pro-market inclinations, has trimmed his sails to accommodate the more conservative philosophy of his more senior PBSC colleague (See “Members of the Xi Jinping Clique Revealed,” *China Brief*, February 4).

Like many of his previous speeches, Li pointed out that reform had entered a “critical stage and a deep-water terrain.” “We must closely rely on the people and summon the determination of a warrior cutting his wrist... to smash mental shackles and break through the barriers set up by vested interests,” Li noted. The key, he said, was to “break down hindrances that constrain the vigor of the market” and to “allow the potential creativity of society to be fully released.” The Premier, who heads the Communist Youth League Faction in party politics, however, made a big concession by paying tribute to the role of the government. “We must untangle the ‘invisible hand’ of the market and use well the ‘visible hand’ of the government,” Li said. In addition to reiterating the “decisive role” that the market should play in the distribution of resources, Li underscored the imperative of “developing well the functions of the government.”

In his own speeches on the economy, President Xi has put emphasis on the “top level design” of reform plans—and their meticulous execution—under the close supervision of the party-state apparatus. The Third Plenum document on reform, which was drafted by a team headed by Xi, argued that the comprehensive deepening of reform was predicated upon “strengthening and improving party leadership.” “We must develop the core leadership function of the party taking charge of the whole situation, and coordinating the [interests of] different aspects [of the polity],” the document said (Xinhua, November 16, 2013). In an interview last month, Xi also noted that reform involved “10 percent design and 90 percent implementation,” meaning that the roll-out of reforms must be closely monitored by the authorities (CCTV, February 9, China News Service, February 9). Xi’s cautious approach is reflected by the composition of the newly established Leading Group on the Comprehensive Deepening of Reform. The LGCDR is a huge bureaucracy chaired by Xi. The three vice-chairmen are Premier Li, together with two other PBSC members, Liu Yunshan and Zhang Gaoli. Also sitting on the humongous Leading Group are ten ordinary Politburo members as well as ministerial-level cadres from both party headquarters and the State Council. The fact that sub-units of the LGCDR have been set up in China’s 31 administrative districts testifies to President Xi’s insistence on an elaborate top-down chain of command for implementing reform measures (Phoenix TV, January 13; *Ming Pao*, January 13).

It is perhaps not surprising that Li's Report contains little new information regarding the next stage of reform. As steps to liberalize the economy, the premier cited widening the trading band of the exchange rate of the yuan, fostering Internet-based financial services, and allowing private capital to establish small and medium-sized banks. Most of these measures, however, had already been discussed in the run-up to the Third Central Committee Plenum. Major initiatives unveiled at the plenum—including setting up free trade zones and restructuring SOE conglomerates—have seen very little development. Equally significant is the fact since the growth rate this year is fixed at a relatively high 7.5 percent, the State Council has to resort to familiar strategies such as massive government injections into infrastructure projects that will do little to advance Li's goal of restructuring the China model of growth (*Ta Kung Pao* [Hong Kong], March 5; *South China Morning Post*, March 1).

However, NPC members—particularly those from the poorer provinces—seemed reassured by the concrete pledges made by the premier to improve the livelihood of peasants and other disadvantaged sectors. For example, the central government this year has earmarked 457.6 billion yuan for programs including housing for the urban poor, water and energy conservation projects, as well as social-welfare benefits. More than 7 million units of subsidized housing will be built this year. Government subsidies for medical insurance for rural residents will be raised to RMB 320 (\$52.30) per person. Premier Li received the most sustained applause when he mentioned steps to combat smog—particularly PM10 and PM2.5 particulates that pose the most danger to the health of urban residents. Steps include banning 6 million old vehicles from the roads, shutting down 50,000 small coal-fueled furnaces and installing desulfurization facilities in thermal power plants (*Wen Wei Po* [Hong Kong], March 6; *Hong Kong Economic Journal*, March 6).

Given that all of the 3,000 deputies are handpicked by the authorities, criticisms of Li's report—as well as other policy agendas unveiled before the NPC closes on March 14—are expected to be subdued. Since President Xi came to power in late 2012, he has succeeded to some extent in selling the populace the “Chinese dream” of an economically vibrant and militarily strong motherland. The emphasis on state-security concerns at the NPC will

at least provide the authorities with hard tools to promote national cohesiveness—and to divert public attention from unresolved socio-economic problems which threaten to undermine the country's much-enhanced stature on the global stage.

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Terrorist Attack in Kunming Reveals Complex Relationship with International Jihad

By Jacob Zenn

On March 1, at least six men and two women equipped with daggers stormed a train station in Kunming, the capital of China's southwestern Yunnan Province, and murdered 29 people. Within two days of the attack, China released the photos and names of four suspects who the police killed during the attack, and four suspects who the police arrested in the post-attack search and investigation (*South China Morning Post*, March 3). All of the suspects were Uighurs from China's Xinjiang Province, which confirmed suspicions that this “premeditated and organized” attack had political motives, including a combination of jihadism, separatism and revenge (Xinhua, March 2).

Awaiting TIP commendation

Most likely, the Pakistan-based and Uighur-led Turkistan Islamic Party (TIP) will issue a statement commending this attack. The TIP's leader, Abdullah Mansour, who seeks to become the “spokesman” for Uighurs in Xinjiang, often uses online jihadist forums to commend attacks, including those that Uighur militants carry out independent of the TIP in China (see *Militant Leadership*

Monitor, Volume 5, Issue 2). For example, Mansour commended an attack in October 2013, when a Uighur family, including a husband (the driver), wife and mother, crashed a car into the main gate of Tiananmen Square in Beijing, killing several tourists and Chinese civilians, as well as the entire family, in the post-crash explosion (<http://www.youtube.com/watch?v=cMzZA3g32oA>), see also “Tiananmen Attack: Global, Local, or Both,” in *China Brief*, November 2, 2013).

Mansour also commended a “military operation” in Kashgar that he said “mujahidin of Turkistan” carried out against the “dogs of the Chinese government” on April 2013 (SITE Monitoring, January 15). In that attack, 21 people were killed in a fight after a government community patrol uncovered a group of Uighurs making explosives (*China Daily*, April 30, 2013). In both the Tiananmen Square and April 2013 Kashgar attacks, Mansour did not claim TIP participation, but in other attacks, the TIP has shown evidence of its involvement. In an attack in Kashgar in July 2011, for example, Uighur militants rammed trucks into Chinese police marching on a street and stabbed to death nearly 20 officers. Weeks later, the TIP showed videos of TIP fighters involved in the attack training in a mountainous area (presumably Pakistan) and the flyers that the Chinese police released of these TIP militants before the militants were “martyred” when the police tracked them down on the outskirts of Kashgar (*Times of India*, September 8, 2011).

If the TIP is able to inspire Uighurs in Xinjiang to—in the words of the TIP—“use weapons and not words” to fight for an independent “East Turkistan,” which is the name Uighur separatists use to refer to Xinjiang, it would be a victory for the militant group (*Tourism of the Believers* 7, May 7, 2013). The attack in Kunming may be an example of Uighur militants with local grievances following the TIP model, if not orders from Mansour or other Pakistan-based militants. The Chinese security forces showed evidence after the attacks that the attackers in Kunming displayed a black flag like the one used by al-Qaeda with the Islamic *shahida* (testimony of faith), but that also bore the Islamic crescent and star symbol of “East Turkistan.” This suggests both religious and nationalistic inspiration, reflecting the influence of the TIP, which also uses al-Qaeda’s flag, and separatist sentiments.

Motivations and New Tactics

While the TIP and international jihadist ideology may have played a role in inspiring this attack, the attackers may also have had revenge foremost in their minds. In September 2013, up to 100 Uighurs were reportedly arrested on the border between Yunnan Province (whose capital in Kunming) and Laos (Radio Free Asia, October 3, 2013) They may have been fleeing to Laos after a June 2013 incident in Hotan, in which several dozen Uighurs were killed during a fight between police and locals after the police broke up a sermon at a mosque and arrested the imam. This led to large protests in the town’s main square and the killing of several Chinese police officers with daggers (Radio Free Asia, June 30, 2013).

Nonetheless, the targeting of a public location such as a train station is a new tactic in Uighur militancy in China. Previous attacks in Xinjiang involved ramming cars and stabbings of civilians in pedestrian restaurants and streets, but never major transportation hubs (sina.com, August 16, 2011). This attack in Kunming also featured women among attackers, which is common with militants in the North Caucasus but not in Xinjiang. Similarly, the targeting of a train station may suggest influence from abroad, such as the Caucasus, where militants frequently target Russian transportation hubs, such as the “black widows” who attacked the train station and a trolley car in Volgograd in the run-up to the Sochi Olympics (smh.com.au, January 22).

Even if the militants were acting in revenge for arrests at the border with Laos, it appears they still were part of a broader network of Uighur militants in Xinjiang. The use of daggers to carry out mass stabbings in the Kunming train stations is an attack style that has occurred several times in 2013. The most infamous incident occurred in Turpan, near Urumqi, on June 26, 2013, when more than 40 people were killed when a group of about 15 Uighurs attacked a police station with daggers and petrol bombs (*China Daily*, July 8, 2013). The attack in Kunming therefore was consistent with the Turpan attack and other incidents and may have been influenced or organized by the same network in other dagger attacks.

An Attack of Opportunity or Organization?

An attack in Kunming is distinct because it is one of the

few examples of Uighur militancy taking place outside of Xinjiang. However, if the militants were connected to the Uighurs who were arrested at the border between Yunnan and Laos, this may have been an attack of opportunity more than an attempt to strike “inner China.” Kunming is the closest major city to Yunnan’s border with Laos, and the train station is a convenient target because it is located near the district of Kunming that hosts Kunming’s Uighur community (Muslims, including Uighurs and other ethnic groups, comprise about 10% of Yunnan’s overall population).

At the same time, the attack in Kunming and the attack in Tiananmen Square in Beijing in October 2013 suggest that there may be an organized plan among Uighur militants to strike eastern China’s majority ethnic Han areas, which, unlike remote Xinjiang, gain the attention of the whole country in China. In an April 2012 video, a Turkish TIP fighter issued a video statement presaging attacks in eastern China, while also showing the TIP’s international agenda. The militant, named Nururddin, was “martyred” in 2013 in a suicide attack on U.S. forces in Afghanistan. Nuruddin said in the video, which was titled “Advice to Our Muslim Brothers in East Turkistan,” that “Islamist flags will soon be raised at the White House and Beijing’s Tiananmen Square” (Ansar al-Mujahidin Network, October 17, 2012).

Conclusions

The attack in Kunming is symptomatic of new trends in Uighur militancy. Like the Tiananmen Square attack and this Kunming attack, Uighur militants may be inspired to carry out future attacks in eastern China, especially at symbolic sites like Tiananmen Square or sites that attract large gatherings of people, such as transportation hubs. Due to the difficulty of obtaining guns in China, the weapons of choice for such militants will likely continue to be daggers, Molotov cocktails and vehicles that can be used to ram into civilians or police. Because China will likely implement heightened security and intelligence gathering in Xinjiang and Uighur communities in eastern China, future militant cells may seek to employ women or even foreigners from other Muslim countries to carry out attacks, who will likely be under less scrutiny than Uighur men from Xinjiang.

In addition, future attacks, like this one in Kunming, may

be impossible to label strictly as a “global jihadist” attack or a “locally rooted” attack. Most attacks will feature tactics, symbolism and propaganda with influence from abroad even while many militants have local motivations and grievances. However, if Uighur militants in Xinjiang hope to shift from sporadic violence that exists now into a consistent insurgent movement, they will need to deepen their contacts beyond China’s borders. They could reach into Pakistan, where groups like the TIP and other Central Asian militant groups are active and can provide Uighur militants with greater access to international funding streams. Abu Zar al-Burmi the spiritual leader of one such group, the Islamic Movement of Uzbekistan (IMU), promised the TIP that China will replace the U.S. as the “number one enemy” (To the Muslims of Turkistān: We Have To Prove Islam Is In Our Hearts, Islam Awazi, July 10, 2013). In addition, Uighur militants from Xinjiang may be able to seek funding from sympathetic Muslim or diaspora Uighur populations in Kyrgyzstan and take advantage of lightly governed spaces in that country for training.

The ultimately victory for the Uighur militants would be if China internalizes this attack as its own “9/11”—as some China media have done—and reacts to the militant crisis in a disproportionate way that generates more recruits for the militants and validates the propaganda claims of militants that the Uighurs are suffering oppression. Therefore, any Chinese security forces operations into Pakistan, Kyrgyzstan or other countries or investigations of suspects within Uighur communities must be taken with great precision, coordination and sensitivity to sources of potential backlash.

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Symbolism over Substance

SOCHI SHOWCASES CHINA-RUSSIA PRAGMATIC PARTNERSHIP

By Richard Weitz

President Xi Jinping's February 6–8 trip to the 22nd Winter Olympics in Sochi again shows how China uses symbolism to promote its pragmatic partnership with Russia. PRC rhetoric and actions suggest that Beijing considers relations with Russia important enough to warrant pursuing a variant of the “New Type of Great Power Relations” approach with Moscow, marked by comprehensive engagement and high-level attention. Although their substantive cooperation is in most cases far below what their rhetoric would lead one to believe, as is seen at present by Beijing's standoffish approach toward Russia's invasion of Ukraine (see “With Allies Likes These, Who Needs Rivals?” in this issue), Beijing's goals regarding Moscow are largely negative—seeking to keep relations with Russia from becoming as adversarial as those with most of China's other neighbors. With a quiet northern front that extends to Central Asia, Chinese policy-makers can concentrate on expanding China's influence towards the west, east and south.

For the most part, Chinese leaders appear satisfied with their current Russian ties, which have remained non-confrontational and pragmatic. In calling for a “New Type of Great Power Relations” with the United States, Xi might aspire to the same type of relationship with Washington, in which the United States would adopt a more neutral stand regarding China's territorial conflicts with its neighbors, and in which the public rhetoric would move away from mutual criticism towards a discourse marked by more mutual respect and understanding. But the United States is not contemporary Russia. U.S. policy-makers will invariably contest Chinese territorial assertiveness in Asia and challenge Beijing to elevate its human rights policies towards Western standards.

Much Symbolism

The Sochi summit, like previous high-level China-Russia gatherings, was marked by anodyne comments about bilateral ties being their “best ever.” The PRC Ambassador

to Russia, Li Hui, told the Chinese media that Xi's visit demonstrates the “high level and uniqueness” of Sino-Russian ties, manifested by a good working relationship and friendship between their leaders, and by close cooperation between their countries regarding important issues (Xinhua, January 25). In an interview with Russian television, Xi said he was “very satisfied” with their bilateral ties, which he stated had achieved “the most solid foundation, the highest level of mutual trust and the greatest regional and global influence ever” (Xinhua, February 9).

Chinese and Russian diplomacy has been skilled at using symbolic gestures to highlight the value of this connection. Only eight days after becoming president last March, Xi went to Moscow, where he called Putin “a good friend,” and was the first foreign leader to the Kremlin greeted by an honorary cavalry escort that Putin had created a decade earlier (Reuters, March 22, 2013). Since that March 2013 visit, the two leaders have met in person half a dozen times and exchanged more than a dozen letters (*China Daily*, February 8). Xi and Putin have already scheduled five high-level meetings for this year (RIA Novosti, February 7).

Xi's trip to Sochi represented the first time that a Chinese head of state had attended a major international sporting event outside China (People's Daily Online, February 10). Terming their countries “good neighbors, good partners and good friends,” Xi said that hosting the Games was yet another sign that “Russia is on its way to prosperity under the leadership of Putin” (Xinhua, February 7). As the Chinese media noted, Xi's high-profile participation and meeting with Putin helped negate the *de facto* U.S. and European political leadership boycott of the Olympics over human rights and security concerns (*China Daily*, February 8). Xi called his Sochi trip a “good start” for Russia-China relations in 2014 (Global Times, February 9). The Chinese media ran interviews with Russian scholars praising Xi's knowledge of Russia's culture and history (Xinhua, February 4). Russian leaders also regularly stress their knowledge and admiration of Chinese culture and history in their interviews with the Chinese media (Xinhua, October 22, 2013).

In addition to advancing their mutual interests, Chinese writers state that “a more robust and productive China-Russia partnership... meets both the economic and

the political needs of the world” by promoting global economic development, strengthening the United Nations and offering other nations “an alternative path aside from the Western way” at a time when global diversity is an unavoidable imperative (Xinhua, October 22, 2013). In his New Year’s message to Putin this January, Xi said that “a strong, high-level China-Russia relationship is a blessing for both peoples and also the peoples of the whole world” (Xinhua, February 6) At Sochi, Xi told Putin that, “China and Russia should from this day forward continue deepening our consultations and cooperation on major international issues and together maintain world and regional peace, security and stability” (Associated Press, February 7). Highlighting their claims to be making major contributions to maintaining international security and averting Western military intervention in Syria, Putin and Xi at Sochi jointly spoke by videoconference with the captains of their two warships that are supporting the international mission to remove chemical weapons from that country (Xinhua, February 7).

The Chinese media cite the Sino-Russia partnership as a model for relations between great powers—the kind PRC leaders say they want to achieve with the United States. “With each being the other’s most important strategic partner, the China-Russia relationship has grown into a paragon of major-country relations on today’s world stage,” a Xinhua commentary opined last October. “It is distinguished for high mutual trust, fruitful bilateral cooperation, and deep sentimental attachment between the two nations” (Xinhua, October 22, 2013). Ambassador Li said that, “China-Russia relations have become a model of harmonious coexistence and win-win cooperation between neighboring countries, major powers as well as emerging economies” Xinhua, January 25). According to Xing Guangcheng, an expert on Russia with the Chinese Academy of Social Sciences, “China and Russia set a new model of relations between major powers after the end of the Cold War and found a way of treating each other with respect and cultivating sustainable cooperation” (Xinhua, February 2). Arguing that Xi’s going to Sochi “manifests the importance of the China-Russia comprehensive strategic partnership of coordination,” You Sui, a professor at the China Center for Contemporary World Studies, explicitly argued that, “based on the principle and spirit for constructing the new type of big-power relationship between China and the U.S., President Xi Jinping would do the same thing

if the Winter Olympics were held in the United States” (China-U.S. Focus, February 17).

That the Chinese believe that Russia, like the United States, also warrants a “new type great power relations” marked by high-level personal diplomacy by Chinese leaders is unsurprising given the strong mutual interests both countries share, and the disaster that could befall Beijing should it alienate what is its arguably least hostile neighbor. Following Vladimir Putin’s early observation about Russia’s expecting to benefit from China’s rise, Foreign Minister Sergey Lavrov said last year that his government had no “concerns about this trend” since Russians “believe that it is always better not to try to restrain the growth of someone’s influence, but to find common ground. In that respect, we have complete mutual understanding with China” (csis.org/files/publication/1203qchina_russia.pdf).

Less Substance

One must be careful to distinguish between style and substance in analyzing the China-Russia relationship. It is probably true that the relationship is now “the best ever.” The current lack of conflict between the two countries is historically atypical; in the past, China and Russia have engaged in major wars; numerous border clashes; and ideological and racial confrontations. This year marks the 65th anniversary of the establishment of diplomatic relations between Beijing and Moscow, but it was only after the Cold War that the two countries restructured their previously hostile relationship. During the past two decades, China-Russia relations have seen numerous high-level political exchanges, lengthy joint declarations, and meetings at international gatherings; foreign policy coordination in the UN and elsewhere regarding various regional issues; and comprehensive, if not always deep, economic and security cooperation (http://www.npc.gov.cn/englishnpc/Special/ZhangDejiangVisits/2013-09/13/content_1806741.htm). But when one looks below the surface, and places the China-Russia relationship in comparative context, it appears that bilateral substantive cooperation is not great in many areas and that, in many cases, Beijing and Moscow have more important partners elsewhere.

For example, Russian Prime Minister Dmitry Medvedev recently asserted that, “China-Russian relations stand

at an unprecedented height driven by trade and energy cooperation” (Xinhua, October 22, 2013). China has been Russia’s leading trade partner since 2008. Under Hu, two-way commerce had reached \$88 billion by 2012; but last year, the figure was only one percent higher, reflecting the figures’ close association with volatile world energy prices (Associated Press, February 7). Both governments have reaffirmed the goal of bilateral trade reaching \$100 billion by 2015 and \$200 billion by 2020, but China’s bilateral commerce with the United States, Europe, and even Japan is already much higher (Xinhua, October 22, 2013). Chinese investment in Russia, which currently amounts to little over \$5 billion (Xinhua, October 22, 2013), is laughably small compared with the volume of PRC capital flowing to Western countries. Russian investment in China is even less.

The unbalanced terms of trade between the two countries remains an area of mutual concern. At present, their economic exchanges mostly involves China’s buying oil, gas and other natural resources from Russia, while selling consumer goods and other high-value products—a source of resentment in Russia, whose economic managers want to increase the share of machinery and high-technology exports to China. To counter Russian anxieties about becoming a raw materials appendage to China, Xu and other Chinese officials join their Russian colleagues in calling for increased high-tech investment and trade (RT, March 24, 2013). In practice, China continues to obtain most of its advanced technology from Western and other Asian countries.

A new focus of Chinese reassurance has been Xi’s concept of a “Silk Road economic belt,” which he highlighted during his triumphal September 2013 trip through Central Asia. PRC writers insist that the concept is not directed against Russia or other countries. Feng Yujun, director of the Institute of Russian Studies at the China Institutes of Contemporary International Relations, recently argued in a *Global Times* editorial that “the concept is not a geopolitical strategy, but more a grand economic vision that promotes the development of China’s western areas and further opens Eurasian inland or even European markets.” Feng further insists that, “The Silk Road economic belt is not like regional organizations like the EU or Russia’s Customs Union... it can find common ground with these projects and seek a win-win way of cooperation” (*Global Times*, February

17). At Sochi, Xi again welcomed Russian participation “in the construction of the Silk Road economic belt and a maritime silk road, so as to make them new platforms for the development of the China-Russia comprehensive strategic partnership of coordination” (Xinhua, February 7). Russian policy has instead focused on developing a Customs Union and, more recently, an expanded Eurasian Union as a means of ensuring that the former Soviet republics remain close economic and security partners of Moscow.

The modest cultural and social ties between ordinary Chinese and Russians has remained a source of concern to both governments. They have made a concerted effort to strengthen mutual ties. In addition to various student scholarships and state-sponsored foreign language programs, they have been promoting annual reciprocal theme years to showcase each other’s achievements. The reciprocal China-Russia National Years of 2006–2007 were followed by the China-Russia Years of Language 2009–2010 and of Tourism in 2011–2012. This and next year will see each country host a Youth Year of Friendship Exchanges (Xinhua, February 2). Some 1.3 million Russian tourists visit China each year, while almost one million Chinese nationals enter Russia annually (<http://www.carnegieendowment.org/2013/03/18/why-xi-is-going-to-moscow-first/fres>). Chinese writers note parallels between Xi’s “China Dream” and Putin’s own vision for Russia’s future socioeconomic development (People’s Daily Online, February 10). Nonetheless, their cultural ties, like their economic relations, remain heavily oriented towards other partners. Most Chinese and Russians still see Europe and the United States as their preferred locations for foreign study and business.

Conclusion

Despite their sometimes lofty rhetoric, Chinese leaders hold modest expectations regarding the substantive benefits of cooperation with Moscow. PRC energy managers want to obtain more Russian oil and gas but strive to limit their dependence on any single external energy source. PRC leaders remain wary about how Russia’s attempts exploit its oil and gas exports for political leverage, as in the case of Ukraine and other European countries, and of Moscow’s effort to leverage Japanese, South Korean and other Asian customers in price negotiations with China. PRC policy makers would

like Russia's support in managing their territorial disputes with other Asian countries, but Moscow has carefully balanced sustaining good ties with China with parallel outreach efforts regarding Japan, India, Vietnam and other Asian countries. Though Putin agreed at Sochi to hold joint commemorative activities with China on the 70th anniversary of their joint victory over Japan in 1945, he again declined to comment on the China-Japanese maritime dispute (Xinhua, February 7). Japanese leader Shinzo Abe also attended the Sochi Games, and the Russia-Japan relationship is on the rebound (Stephen Blank, *Eurasia Daily Monitor*, February 24)—something that would concern China more if its leaders actually saw Moscow as a close regional security partner, which is not presently the case.

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The Humbling of the NDRC

CHINA'S NATIONAL DEVELOPMENT AND REFORM COMMISSION SEARCHES FOR A NEW ROLE AMID RESTRUCTURING

By Peter Martin

It's been a tough year for the National Development and Reform Commission (NDRC). The Chinese government's central economic planning ministry dominated economic policy-making in the Hu-Wen era, and came to epitomize the model of state capitalism associated with their decade in office. The organization's approach to economic management, however, is in direct conflict with the vision laid out by Xi Jinping's administration which has promised to give a "decisive" role to market forces. Much uncertainty remains over NDRC's future although the organization shows signs

of positioning itself for a new role as a macro-economic coordinator that is relevant to a more market-driven Chinese economy.

The Making of a Super-Ministry

The NDRC has been through several incarnations. It began life in 1952 as the State Planning Commission, a Soviet-style central planning authority. It lost influence over the reform and opening era as markets assumed a greater role in the economy, before being renamed the State Development Planning Commission in 1998. In 2003, it took on extra responsibilities when it merged with the State Council Office for Restructuring the Economic System (SCORES) and part of the State Economic and Trade Commission (SETC). At that time, it was renamed again, emerging as the National Development and Reform Commission, reflecting the combination of market-led economic reform and state-led developmentalism which had characterized China's approach to reform until that point.

Under the stewardship of directors Ma Kai (2003–8) and Zhang Ping (2008–13), the NDRC gradually expanded its powers over the next decade through both the administrative reorganization of the State Council in 2008, and through a series of top-down delegations of responsibility from the State Council and the centralization of some powers previously held by local governments (*China Newsweek*, May 14, 2013). As one Chinese magazine described the process, "the more it was reformed, the greater its power became" (*Shidai Zhoukan*, May 30, 2013). The organization's power unquestionably peaked, however, following the Chinese government's 2009 RMB 4 trillion (\$654 billion) stimulus package, which involved numerous investment projects across the country, the most important of which were approved and coordinated by the NDRC.

The NDRC that emerged from this process of power accumulation was a tremendously influential economic planning ministry involved in virtually every aspect of China's economy. Dubbed China's "mini State Council" and "number one ministry," its roles included macro-economic planning (including coordinating China's 5-year plan process), project and investment approvals, resource pricing and the allocation of investment funds. One Chinese media outlet summarized its role as "heavy

on micro, light on macro; heavy on approvals, light on planning; heavy on development, light on reform” (*Huaxia Shibao*, December 28, 2013).

Fall from Grace

Things didn’t bode well for the organization, then, when the Xi administration began with strong symbolism about the role of the market and expressed a desire to promote wide-ranging economic reform. Speculation about the NDRC’s role began almost immediately, but significant change was slow at first. Many expected the organization to see its powers significantly curtailed in the 2013 National People’s Congress (NPC) (Duowei, March 4, 2013). This did not materialize, however, and the NDRC in fact marginally increased its powers, taking on additional responsibilities for the policy aspect of family planning and regulating electrical power use.

This was a source of some controversy at the time. Liberal economist Xu Xiaonian registered his frustration, writing on his Weibo account: “In order to ensure the independent development of the market economy, we should abolish the NDRC.” Even government sources acknowledged the frustration. Wang Feng, deputy head of the State Commission Office for Public Sector Reform, commented, “The NDRC has always been at the center of debate during reforms because it shoulders more responsibilities for project approvals, leading to claims of ‘power concentration’ ” (*Global Times*, March 12, 2013).

Government appointments at the NPC also sent mixed signals about the future of the organization. Firstly, Ma Kai—a former NDRC Director closely associated with the organization’s particular brand of technocratic planning—was made a vice premier with an economics and industry portfolio (*Xinhua*, March 21, 2013). Secondly, the NDRC’s new leadership included a total of four CPC Central Committee members (most government departments have just one), suggesting NDRC’s ongoing importance (*China Economic Daily*, March 20, 2013). However, of these four central committee members, two left the organization’s future role open to question. Xu Shaoshi—the new Director and previous Minister for Land and Resources—was an outsider to NDRC, never having held a post there, leading to speculation about his willingness to embrace reform (both Ma Kai and Zhang Ping had previously served as NDRC Deputy Directors)

(*Shidai Zhoukan*, May 30, 2013). More intriguingly, Liu He was named a Deputy Director. As a prominent economic reformer closely associated with the World Bank’s *China 2030* report and a close advisor to Xi through his role as director of the Office of the Central Leading Group for Financial and Economic Affairs, many rumored however that Liu was installed less to contribute to the organization than to keep an eye on it.

The government’s first substantive policy announcements immediately following the NPC left less room for ambiguity. Li Keqiang, in his first public appearance as China’s Premier in the NPC press conference, pledged to cut the existing 1,700 administrative approval items by at least one third within five years. The reforms announced by Li cut right to the heart of NDRC’s power and threatened a substantial reduction in its influence. Aware of the practical difficulties of restructuring bureaucratic power on this scale, Li described this as “a self-imposed revolution,” saying “it will require real sacrifice and will be painful” (*Xinhua*, March 17, 2013).

Rumors that the NDRC’s new leadership was not committed to maintaining its previous status also seemed validated. Xu Shaoshi made his position extremely clear in May when he told an all-staff meeting to fall into line with guidance from the Party leadership: “Don’t wait and see, don’t hesitate, and don’t delay in understanding what the center says” (NDRC website, May 13, 2013). Sources familiar with the NDRC in Beijing also reported that Liu He did not seem overly engaged in his NDRC role, commenting that “he’s never there.” Indeed, whereas the NDRC profiles of Xu Shaoshi and the organization’s other top leaders feature lengthy lists of public engagements on behalf of the ministry as well as their working responsibilities, Liu He’s public engagements page featured only two engagements at the time of writing and his responsibilities page had been left blank (NDRC website, March 5).

Rumors about the future

The ongoing mismatch between the Xi administration’s agenda and NDRC’s role led to widespread speculation about the future of the super ministry. Speculation was fueled further after the dismissal of one of the organization’s Deputy Directors, Liu Tienan, on corruption charges (*Xinhua*, May 14, 2013). A headline in

one magazine asked readers “How much power does Liu Tienan’s fall suggest that the ‘mini State Council’ NDRC has?” (*China Newsweek*, May 14, 2013).

Chinese media outlets also began reporting on a drastic reduction in the number of project approvals issued by the NDRC. An article in *Beijing Business Today* reported that between January 1 and May 21 2013, the NDRC had approved just 37 projects; in contrast, it had approved a total of 40 projects in a single day (April 19) the previous year (*Beijing Business Today*, May 21, 2013). Journalists also reported significantly reduced numbers of cars with non-Beijing license plates parked outside the NDRC’s offices, as provincial officials stopped making their regular visits. As one official from Anhui explained, “we don’t need to visit the NDRC so much anymore; we can spend the extra time visiting the Ministry of Finance and the Ministry of Land and Resources” (*Huaxia Shibao*, December 28, 2013).

Rumors reached their crescendo, however, in response to a Reuters story that claimed that Li Keqiang had rejected the NDRC’s urbanization plan, an accusation vigorously rejected by Li Tie of the NDRC’s City and Town Development Center, who described the story as “completely rootless” (*Caijing*, May 24, 2013).

The Third Plenum

Then came the Third Plenum. In terms of Party ideology, the Plenum document announced what was, in the arcane world of CPC terminology, a watershed moment in economic policy by spelling out the need for market forces to play a “decisive” role in the allocation of resources. As such, the Plenum signalled the leadership’s resolve to move away from the economic model that had underpinned the NDRC’s influence over the last decade. It also spelled out the need for reforms in specific areas of NDRC power, including the prices of key resources and services, as well as further reductions in central government powers over investment and project approvals (Xinhua, November 15, 2013).

Institutionally, the meeting was also a major blow to the NDRC. It outlined a series of institutional changes designed to centralize decision-making powers around the top Party leadership. Most important in terms of economic policy was the creation of the new “leading

small group” responsible for the “general planning” and implementation of reform (Xinhua, November 15, 2013). This move was widely interpreted as a means of circumventing “vested interests” in the government. Top of the list, naturally, was the NDRC (Duowei, December 31, 2013). Xi Jinping himself was later named leader of the group, which instructed provincial and local governments to establish equivalent organizations reporting back directly to the central group (Zhongguo Xinwen Wang, January 22). This development not only circumvented the power of the NDRC in Beijing, but also undermined the authority of the organization’s wide network of local Development Reform Commissions.

In case there was any doubt about the organization’s compliance with the Party leadership’s guidance, Xu Shaoshi convened a meeting of all officials above deputy division chief level, in which he instructed every department to “urgently plan a series of vital and important reforms” (*Economic Observer*, November 16, 2013). In public, the organization’s leadership put a more positive spin on things. In response to a direct question about whether the Third Plenum would result in a reduction of the NDRC’s powers, Deputy Director Lian Weilian told a press briefing at the State Council Information Office that “saying that the market should play a decisive role in allocating resources doesn’t mean only the market has a role.” Lian was clear, however, that changes were coming, clearly stating that the NDRC would upgrade its functions and “give powers to the market” (Xinhua, November 25, 2013).

Searching for a New Role

These setbacks significantly affected the mood inside the NDRC. One individual in regular contact with the organization described morale as “very bad” in November, reporting that many members of staff were looking to transfer to other agencies or leaving for the private sector.

In the face of these challenges, the NDRC sought ways to demonstrate its continued relevance. Most notably, over the course of 2013, the ministry significantly ramped up its enforcement of China’s anti-monopoly law (see “Hunting Season for Multinationals in China”, *China Brief*, November 7, 2013). While MOFCOM and SAIC, China’s other AML regulators, also heightened

their enforcement, NDRC has done so with a degree of enthusiasm and even ferocity absent from these other organizations (Reuters, August 21, 2013). Many believe that the NDRC's approach to AML enforcement is driven to a large extent by its desire to demonstrate its continued relevance in an era of economic reform as an impartial regulator of (rather than participant in) the market order. It also allows the organization to suggest that it is siding with Chinese consumers, as opposed to the producer interests with which it has so long been associated.

The NDRC has also taken measures to improve its public image. On January 22, it announced that the organization would begin monthly press conferences, a new development for the organization. Li Pumin, the ministry's spokesperson told journalists that the NDRC's Party Committee had made "new arrangements for news and propaganda work" in "accordance with the new situation, new responsibilities and new requirements" (Zhongguo Xinwen Wang, January 22). The first press conference, held on January 22, focused on the theme of "Macro-Economy and Policies." The second, held on February 19, focused on the NDRC's AML work (Xinhua, February 19). During the press conference, Xu Kunlin, the NDRC's top anti-trust official and head of its Bureau of Price Supervision and Anti-Monopoly, detailed the progress made by the department over the last year, going out of his way to stress the compatibility of economic reform and the NDRC's anti-monopoly efforts: "constructing a highly competitive market requires all parties' efforts: part of this requires promoting reform, part of this requires strengthening anti-monopoly" (*Economic Observer*, February 21). Finally, the NDRC launched a redesigned and more user-friendly version of its website in early March (NDRC website, March 5).

Moving on

After an intense year, the mood now seems calmer at the NDRC. There is some evidence that officials have begun to embrace change. In the words of one official at a government think tank, "They will certainly see a very big reduction in their powers. I think they were worried at first, but now they're supportive. It's clear that the center has already made up its mind." These sentiments align closely with recent comments by NDRC officials. One unnamed official, speaking to *Caijing* on February

19th, commented that—rather than losing power—the NDRC has "a new understanding of its definition and reform. Some unnecessary responsibilities have been shed, but [it has] gained responsibilities for deepening reform of the economic system. The future priority for NDRC work will be concentrating our power on guiding and comprehensively coordinating economic system reform." In his press conference at the NPC, Xu Shaoshi announced the formalization of this new role, saying that the organization's "Three sets Plan" (*Sanding Fangan*) had been approved and that it signaled a shift in the organization's role away from approvals and towards supervision (Zhongguo Xinwenwang, March 5).

As the organization settles into this new role, NDRC officials have also been assiduous in publicly demonstrating their commitment to the Xi government's agenda. On January 1, Xinhua reported that the NDRC had "vowed on Tuesday to stick strictly with the State Council's directory of investment projects that require government approval." The same article quoted Luo Guosan, deputy director of the NDRC's Department of Fixed Assets Investment extolling the new reformism: "We're trying to shift the government's role from pre-investment examiners to responsible supervisors... the government should provide service, not interference" (Xinhua, January 1). Li Pumin followed this up at the NDRC's January 22 press conference with an assurance that the organization was walking the walk on price reforms. "According to the requirements of the Third Plenum, the NDRC has undertaken preliminary considerations on promoting resource and product price reform," Li told reporters, announcing that the organization would move forward with reforms in key sectors during 2014 (Zhongguo Xinwen Wang, January 22).

Implications

What does all of this mean? Despite ongoing uncertainties about the organization's future, it seems clear that we will be looking at a very different kind of NDRC moving forward. To paraphrase and invert the description of the ministry quoted at the start of this article, a reformed NDRC will be heavy on macro, light on micro; heavy on planning, light on approvals; heavy on reform, and lighter on developmentalism.

This is about more than just bureaucratic tinkering. It

matters on two important levels. Firstly, it is symptomatic of the Chinese leadership's broader desire to significantly upgrade its style of economic management. It has heeded calls from economic reformers, private enterprise, think tanks at home and abroad, as well as economists—bears and bulls alike—that China's previous growth model had become unsustainable. Second, this new approach to economic management will involve a significantly altered power structure behind economic decision-making. At least at first, this will involve a significant centralization of power under the CPC's top leadership, especially in the person of Xi Jinping. In the longer term, at least in theory, the reform process will see a major devolution of power away from the government and towards the market.

Yet, all of this needs to be kept in context. China hasn't converted to neo-liberalism. These changes mattered so much to NDRC officials because they represented a real reduction their powers and status. This does not mean, however, that the state will cease to play an important role in the economy. Rather, these reforms are about reconfiguring China's political economy in a way that ensures long-term growth and is therefore conducive to the Communist Party's continued rule. Clipping the wings of the NDRC is just one part of this broader political project.

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