CHINA'S PARLIAMENTARY SESSIONS 2015: AGENDA-SETTING IN THE "NEW NORMAL"

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Executive Summary

1. Premier Li Keqiang's gross domestic product (GDP) growth target of seven per cent, the lowest in 15 years, announced at the annual session of the National People's Congress (NPC) in March 2015 is indicative of a wane in importance of economic growth as a form of Chinese government legitimacy.

2. However, with mounting local debts, rising labour cost and serious industrial overcapacity at home, even such a moderate economic goal may not be easily achieved.

3. As traditional drivers of growth weaken, more structural reforms are needed; Premier Li Keqiang called for efforts to shift the world's second-largest economy from an export-led growth model fuelled by government investment to one driven by higher domestic consumption and a larger services sector.

4. The fight against corruption, pollution, economic slowdown, market reforms, rule of law and "One Belt, One Road" (the Silk Road Economic Belt and the 21st Century Maritime Silk Road) strategy were the key issues of the NPC.

5. Newly appointed Minister of Environmental Protection Chen Jining admitted that the country's environmental laws were still not as strong as its economic laws, vowing to go after all illegal polluters and ensure that green laws have "iron teeth."

6. Spokesperson Lu Xinhua announced that no one was untouchable in the anti-corruption investigations, hinting that the probes could include more retired or incumbent state-level leaders in 2015.

7. Nevertheless, Lu clarified that retired former Chinese President Hu Jintao is not implicated in a corruption probe of his former top aide Ling Jihua.

8. The NPC announced that China plans to increase its defence budget by 10.1% in 2015, far outstripping its projected GDP growth. This was the case from 2006 to 2015, with an exception only in the year 2010.

9. Premier Li's New Year targets included an inflation rate of around three per cent, an increase of 10 million urban jobs, an expansion of exports and imports by around six per cent, an investment of 1.6 trillion yuan in railways, an initiation of water projects and halving the number of industries in which foreign investment is restricted.