

**CHINA'S PARLIAMENTARY SESSIONS
2018: NEW CABINET WITH
STATE ORGANS REVAMPED**

CHEN Gang, CHEN Juan & Ryan HO

EAI Background Brief No. 1338

Date of Publication: 22 March 2018

Executive Summary

1. In the quinquennial state leadership reshuffle in March 2018, Xi Jinping and Li Keqiang resumed their posts as Chinese president and premier, respectively. Wang Qishan, Li Zhanshu and Wang Yang became the respective vice president, National People's Congress (NPC) chairman and Chinese Political People's Consultative Conference chairman.
2. With the elimination of the two-term limit for the president and vice president in the constitution, the last legal barrier has been removed for Xi and Wang to stay in power indefinitely. Wang retired from the Party's Politburo Standing Committee and Central Committee in 2017.
3. On Taiwan, Xi said that it would face the "punishment of history" for any attempt at separatism, offering his strongest warning yet to the island claimed by China as its inseparable territory.
4. The newly established National Supervisory Commission is helmed by Yang Xiaodu, a Politburo member and deputy head of the Party's Central Commission for Discipline Inspection (CCDI). CCDI is headed by Zhao Leji, a Politburo Standing Committee member.
5. In the State Council, the newly elected vice premiers are Han Zheng, Sun Chunlan, Hu Chunhua and Liu He. Foreign affairs veteran Yang Jiechi was surprisingly not on the list.
6. Yi Gang replaces Zhou Xiaochuan as the new governor of the central bank. His appointment is expected to bring continuity to Zhou's monetary policies which targeted the massive debt problem and sought to mitigate financial risks.
7. The restructuring eliminated six ministries, two ministry-level agencies and seven vice-ministry level institutions at the cabinet level. New ministries were established, including the Ministry of Natural Resource, Ministry of Ecological

Environment, Ministry of Agricultural and Rural Affairs, Ministry of Culture and Tourism, National Health Commission, Ministry of Veterans Affairs and Ministry of Emergency Management.

8. In the annual government work report to the NPC, Premier Li Keqiang set the economic growth target and inflation rate at around 6.5% and 3% for 2018, respectively, the exact same targets for 2017.
9. To address challenges like high debt level, industrial overcapacity and low private investments, the government announced various targets for 2018 such as achieving a fiscal deficit to gross domestic product ratio of 2.6%, reducing steel capacity by 30 million tons and coal production by about 150 million tons, and lessening the tax burden of businesses and individuals by more than 800 billion yuan.
10. The emphasis on Chinese diplomacy and defence in 2018 is obvious, with spending on diplomacy up by 15.6% to 60 billion yuan, and a spike in defence budget by 8.1% to 1.1 trillion yuan.