CHINA'S PARLIAMENTARY SESSIONS 2021: IMPROVING ECONOMY AND TIGHTENING CONTROL OVER HONG KONG

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Executive Summary

1. At the annual National People's Congress (NPC) meeting, Chinese Premier Li Keqiang restored the practice of stipulating an annual economic growth target—above six per cent for 2021. Li said China's economy could surge beyond that level.

2. The NPC approved the 14th Five-Year Plan (2021-2025) that aims to make China a high-income country before 2025 and uplift per capita GDP to the level of "moderately developed countries" (中等发达国家) by 2035.

3. The Chinese leadership anticipates milder policies from the Biden administration and is ready to ease tension with the superpower. Both Li Keqiang and Foreign Minister Wang Yi emphasised cooperation and common interests between the two countries ahead of a high-level meeting scheduled in Alaska on 18 March 2021.

4. The NPC approved a resolution to drastically overhaul Hong Kong's electoral system to ensure only "patriots" can rule the city. A vetting committee will be established to review potential candidates for the Election Committee, chief executive and Legislative Council, effectively barring opposition candidates not deemed "patriotic".

5. For the first time in almost 40 years, the NPC approved law amendments that authorise its 170-people Standing Committee to appoint or remove vice premiers, state councillors and vice-chairmen of Central Military Commission during the intersessional period.

6. Both provincial and ministerial leadership were reshuffled at a fast pace before the NPC meeting in 2021. Ten out of 31 provincial party secretaries and 18 out of 31 provincial-level governors/mayors have been reshuffled since 2020, and most of the new appointees were those born in the 1960s.

7. Rising stars have diversified backgrounds including members of the Communist Youth League or have worked in the coastal areas, military, and aerospace, technology and engineering industries, as well as public health.

8. In line with an improving economy, China has no plan to issue special treasury bonds in 2021, after issuing such bonds of one trillion yuan (US$154 billion) for the first time last year to support the virus-hit economy.

9. The government is targeting a 2021 budget deficit of around 3.2% of GDP, less than the goal of above 3.6% last year. The quota on local government special bond issuance was set at 3.65 trillion yuan (US$562 billion), also down from 3.75 trillion yuan in 2020.

10. China's grand strategy of Belt and Road Initiative (BRI) did not draw much attention during the NPC meeting in 2021 as other issues like the 14th FYP, Hong Kong and the fallout from the pandemic topped the agenda.

11. On China-India relations, Wang Yi said the border dispute, an issue left from history, is not the whole story of the bilateral relationship. He hoped the two sides could manage the dispute properly and at the same time, expand cooperation.