

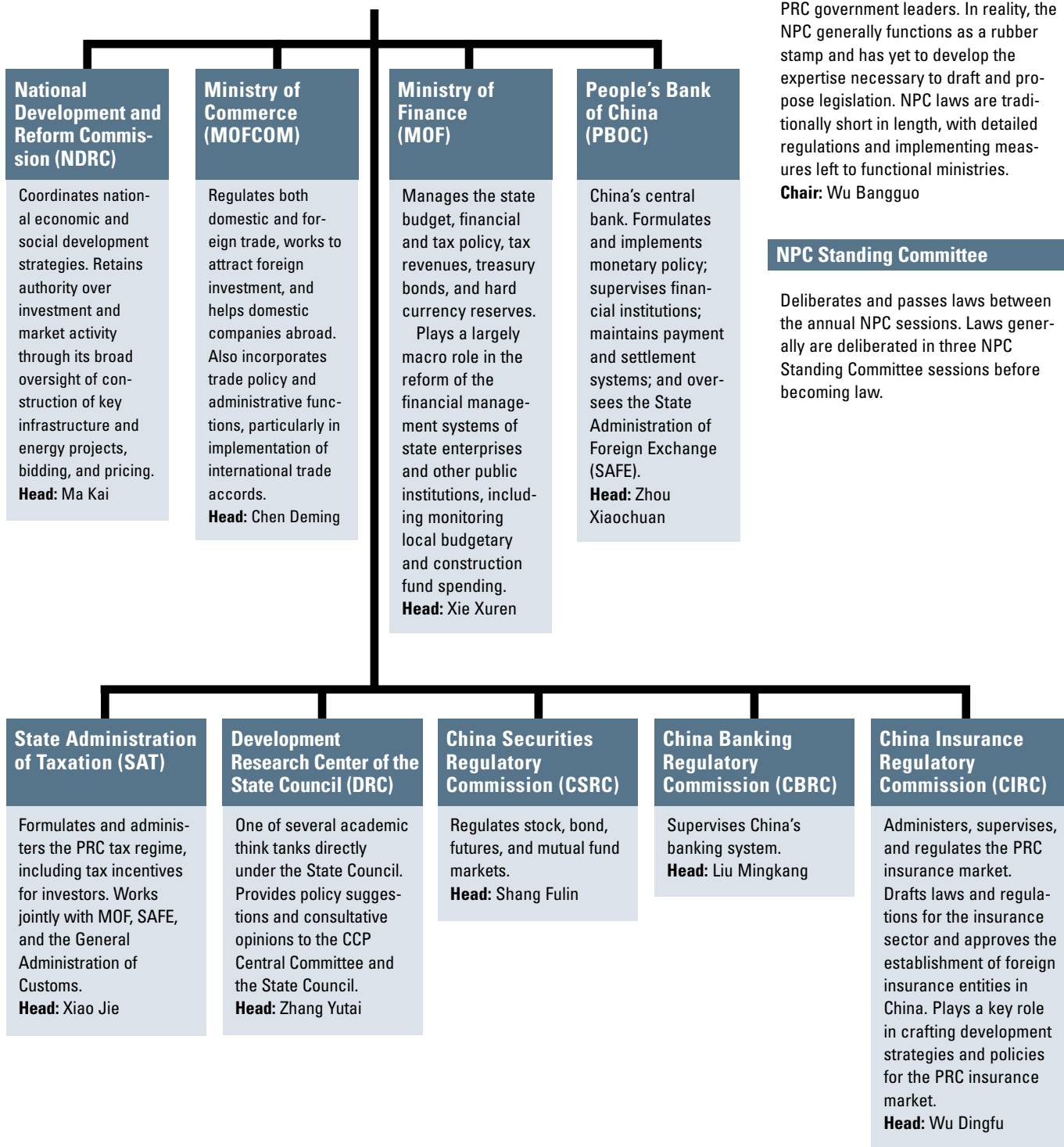
Economic Policymaking in the PRC

CCP Politburo

The Chinese Communist Party (CCP) is the overarching political authority in China and is headed by General Secretary Hu Jintao. At the national level, it is represented by the CCP Central Committee. The most powerful policy-guiding unit within the CCP is the 25-member Political Bureau (Politburo), and within the Politburo, the nine members of its Standing Committee.

State Council

Headed by China's premier, Wen Jiabao, who, along with four vice premiers and five state councilors, administers China's bureaucracy, including all ministries.



National People's Congress (NPC)

China's legislature. Officially empowered to ratify all laws and to confirm PRC government leaders. In reality, the NPC generally functions as a rubber stamp and has yet to develop the expertise necessary to draft and propose legislation. NPC laws are traditionally short in length, with detailed regulations and implementing measures left to functional ministries.

Chair: Wu Bangguo

NPC Standing Committee

Deliberates and passes laws between the annual NPC sessions. Laws generally are deliberated in three NPC Standing Committee sessions before becoming law.

January	PBOC Annual Work Conference lays out key tasks in the financial sector for the year.
February	NPC Standing Committee meets every two months to review and pass laws. Central Financial Work Conference discusses policy for the financial system and securities market.
March	NPC annual meeting includes announcements of MOF's budget, NDRC's economic development plan, and high-level appointments. Premier lays out China's goals for rest of year.
April	NPC Standing Committee
June	NPC Standing Committee
August	NPC Standing Committee
October	NPC Standing Committee
November–December	Central Economic Work Conference reviews economic performance of the year and lays out plan for the year ahead.
December	NPC Standing Committee MOF Annual Work Conference reviews national financial policies and sets directions for the year ahead. Central Rural Work Conference discusses rural development issues.

Other:
CCP Politburo meets once a month to deliberate policy.

CCP Central Committee meets at least annually to discuss CCP policy and personnel decisions.

The **National Bureau of Statistics** releases GDP figures quarterly and other official economic figures monthly (www.stats.gov.cn/english)

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National Financial Work Conference

The National Financial Work Conference (sometimes called the Central Conference on Financial Affairs) brings together high-level PRC financial and political leaders from the National Development and Reform Commission, the Ministry of Finance, People's Bank of China (PBOC), various provinces and municipalities, and other ministries and key regulatory and financial institutions to debate and discuss China's financial reforms. It has convened three times in the past decade.

The first meeting: 1997

Significant policies emerged from the first financial conference, which was attended by then-President Jiang Zemin, and took place in 1997 in response to the Asian Financial Crisis. Despite intense international pressure to do so, the conference decided to not devalue the renminbi (RMB). It was also at this conference that China decided to strengthen its "Big Four" state-owned banks—the Agricultural Bank of China, Bank of China, China Construction Bank, and Industrial and Commercial Bank of China—by creating an asset management company for each bank. Finally, the conference decided that China would issue ¥270 billion (\$37.6 billion) in special treasury bonds and inject the proceeds into the Big Four for needed equity.

In addition, two important central financial organs were created: the China Securities and Regulatory Commission and the China Insurance Regulatory Commission.

The second meeting: 2002

The second financial conference, chaired by then-Premier Zhu Rongji, took place in early 2002, shortly after China joined the World Trade Organization.

A major outcome of this conference was the establishment of the Central Huijin Investment Co., Ltd., which injected \$60 billion from China's foreign exchange (forex) reserves into three of the Big Four, kicking off a period of bank reform. The conference also created the China Banking Regulatory Commission.

The third conference: 2007

The 2007 financial conference, led by Premier Wen Jiabao, created a new investment vehicle, the China Investment Corp., to invest part of China's \$1.5 trillion in forex reserves more profitably. The new ministerial-level sovereign wealth fund, modeled roughly on Singapore's Temasek Holding Co., received an initial \$200 billion from PBOC to take over Central Huijin's assets and invest internationally.

What's next?

Although each of these conferences convened five years apart, it is unclear whether such a timeframe will be institutionalized. The next meeting has yet to be scheduled.

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