

FALL 2002 – Political Issues Speech

AS MANY OF YOU ARE AWARE, THE 16TH CONGRESS OF THE CHINESE COMMUNIST PARTY IS TO BE CONVENED IN NOVEMBER.

THIS PARTY CONGRESS IS A VERY IMPORTANT MILESTONE IN TODAY'S CHINA BUT WE KNOW VERY LITTLE ABOUT WHAT IT WILL DISCUSS AND WHAT IT WILL ACCOMPLISH. ALL THAT THE PARTY TELLS US, THROUGH IT'S PUBLIC STATEMENTS AND IT'S BASIC DOCUMENTS IS THAT THIS CONGRESS IS PART OF THE 5 YEAR CYCLE OF PARTY MANAGEMENT; THAT IT WILL BEGIN ON NOVEMBER 8; THAT IT WILL BE ATTENDED BY 2,120 DELEGATES; THAT 98% OF THEIR MEMBERS HAD PARTICIPATED IN THE DELEGATE SELECTION PROCESS; AND THAT 63.1% OF THE DELEGATES ARE 55 YEARS OLD OR YOUNGER, 'INDICATING THE PARTY'S VITALITY. THESE DELEGATES WERE SOMEHOW ELECTED AND VETTED BY PARTY MEMBERS AT ALL LEVELS, TO REPRESENT THE 66 MILLION MEMBERS OF THE CCP.

THE PARTY CONSTITUTION SAYS THAT THE CONGRESS MAY DEAL WITH 6 BASIC ITEMS, INCLUDING REPORTS FROM THE PARTY'S CENTRAL AND OTHER COMMITTEES; DISCUSS AND DECIDE 'MAJOR QUESTIONS CONCERNING THE PARTY'; AND THAT IT MAY REVISE THE PARTY CONSTITUTION.

THE PARTY CONGRESS IS ALSO MANDATED TO ELECT A NEW CENTRAL COMMITTEE OF 300 OR SO MEMBERS, AS WELL AS THE MEMBERS OF THE KEY CENTRAL COMMISSION FOR DISCIPLINE INSPECTION.

IT IS ONLY AFTER THE PARTY CONGRES, USUALLY THE NEXT DAY, THAT THE NEW CENTRAL COMMITTEE CHOOSES THE MEMBERSHIP OF THE 20 MEMBER PLUS POLITICAL BUREAU, AS WELL AS THE STANDING COMMITTEE OF THE POLITICAL BUREAU, IN WHICH ALL POWER LIES.

NEXT SPRING, THE NATIONAL PEOPLE'S CONGRESS WILL DECIDE THE NEW STATE AND GOVERNMENT LINE-UP, STARTING WITH THE NEW PRESIDENT AND VICE-PRESIDENT, AS WELL AS THE SENIOR MEMBERS AND MINISTERS OF THE STATE COUNCIL, THE CABINET IN OUR PARLANCE. BECAUSE OF THE LEADING ROLE OF THE PARTY IN NATIONAL AFFAIRS, MANY OF THE VERY SENIOR PARTY OFFICIALS WILL HOLD CONCURRENTLY BOTH PARTY AND GOVERNMENT POSITIONS.

STRICTLY SPEAKING, THIS IS JUST ABOUT ALL WE KNOW FOR SURE. SECRECY IS ONE OF THE HALLMARKS OF THE CCP, AND IT REMAINS AIR-TIGHT, GIVEN SANCTIONS AGAINST PUBLIC COMMENTS, ESPECIALLY CHINESE MEDIA, AND DESPITE INTENSE CURIOSITY OF THE FOREIGN MEDIA AND DIPLOMATS.

ANOTHER HALLMARK IS THAT THE PARTY CONSTITUTION, AND THE RULES ISSUED BY THE ORGANIZATION DEPARTMENT OF THE PARTY HAVE LITTLE MORE THAN INDICATIVE VALUE. WHAT THE PARTY DECIDES IS BASED ON PEOPLE AND

POWER RELATIONS AND GUANXI AND BY WHAT PEOPLE CAN GET AWAY WITH. IN THE CCP, POLITICS IS EVERYTHING, AND RULES ARE ONLY AS IMPORTANT AS THEY ARE USEFUL. THAT IS WHY SO MUCH OF THE SPECULATION IS ABOUT WHO WILL BE THE NEW LEADERS, AND MUCH LESS ABOUT WHAT IT IS EXACTLY THAT THEY WILL WANT TO DO, WHEN THEY ASSUME – OR REASSUME – POWER. THUS, THE BUILDUP TO THE CONGRESS AND THE OUTCOME OF WHAT, AT THE END, IS VERY MUCH A PRO-FORMA MEETING, AND ONE GIGANTIC HUMAN RESOURCE MANAGEMENT EXERCISE.

SO WHAT IS EXPECTED TO EMERGE FROM ALL OF THIS?

THERE ARE THOSE WHO ARGUE THAT PRESIDENT AND PARTY SECRETARY GENERAL JIANG ZEMIN, PREMIER ZHU RONGJI AND NATIONAL PEOPLE'S CONGRESS CHAIRMAN LI PENG WILL KEEP ALL OF THEIR CURRENT POSITIONS, OR SOME OF THEM, OR NONE AT ALL. VICE PRESIDENT HU JINTAO MAY OR MAY NOT ASSUME SOME OR ALL OF THE TOP POSTS IN THE PARTY AND IN THE NATIONAL GOVERNMENT. VERY CREDIBLE EXPERTS ON CHINESE POLITICS HAVE DEVELOPED DIAMETRICALLY OPPOSED VIEWS ON WHAT WILL EMERGE. SO I AM NOT GOING TO SPECULATE IN THESE REMARKS ON THOSE QUESTIONS.

I AM READY TO SPECULATE HOWEVER ON WHAT PERSONEL DECISION ARE TRULY SIGNIFICANT FOR CANADA, AND WHAT DIRECTION CHINA'S POST-CONGRESS LEADERSHIP MIGHT TAKE, AND HOW IT WILL AFFECT OUR INTERESTS.

ON THE FIRST POINT, CONNECTIONS AND TRACK RECORDS ARE VERY IMPORTANT IN CHINESE POLITICS. IT APPEARS CERTAIN THAT AT LEAST SOME CHANGES IN NATIONAL LEADERSHIP IN CANADA AND CHINA WILL TAKE PLACE IN THE COMING YEAR AND A HALF. YOU MAY NOT THINK THAT THIS IS IN ITSELF IMPORTANT TO CANADA-CHINA RELATIONS, BUT IN FACT IT IS. MORE THAN YOU MIGHT THINK, CANADA HAS A PLACE AT THE TABLE ON MATTERS OF STRATEGIC INTEREST TO CHINA – NOT A BIG ONE, BUT A PLACE NEVERTHELESS.

DIPLOMATIC RECOGNITION AND WHEAT DEALS MAY BE ANCIENT HISTORY, BUT THE IMPORTANT ROLES OF KEY PERSONALITIES SUCH AS TRUDEAU, CHRÉTIEN AND DESMARAIS – WHO ESTABLISHED THE CANADA-CHINA TRADE COUNCIL – IN THE DEVELOPMENT OF A GROWING RELATIONSHIP ARGUE FOR CONTINUING HIGH LEVEL POLITICAL ATTENTION, NO MATTER WHO EMERGES FROM THE LEADERSHIP BATTLES. SO WHO EMERGES AS SENIOR LEADERS IN CHINA AND THEIR VIEWS ON CANADA DO HAVE AN IMPACT.

CANADA FITS INTO CHINA'S FOREIGN POLICY IN A NUMBER OF WAYS, BUT FOR OUR PURPOSES, LET ME JUST FLAG THE ISSUE OF ECONOMIC RESTRUCTURING.

CANADIAN COMPANIES ARE IMPORTANT PARTNERS FOR THE MODERNIZATION AND ECONOMIC TRANSFORMATION OF CHINA IN KEY SECTORS, SUCH AS AEROSPACE, GROUND AND AIR TRANSPORTATION, TELECOMMUNICATIONS, ENVIRONMENT, ENERGY – GIVEN THE CANDU PROJECT IN QINGSHAN – S&T, BANKING AND INSURANCE AND OTHER SERVICES.

GIVEN THE NATURE OF POLITICS AND GOVERNMENT IN CHINA, WE NEED TO HAVE THESE FORMS OF COLLABORATION ENDORSED AND SUPPORTED, IN REAL WORLD, REAL TIME DECISION MAKING.

SO QUESTIONS AS: WHO WILL SUCCEED ZENG PEIYAN AT THE STATE DEVELOPMENT PLANNING COMMISSION, CHAIRMAN MA YOUNG WEI AT THE CHINA INSURANCE REGULATORY COMMISSION, SHI GUANSHENG AT THE MINISTRY OF FOREIGN TRADE AND ECONOMIC RELATIONS, DAI XIANLONG AT THE PEOPLE'S BANK OF CHINA, ZHOU XIAOCHUAN AT THE STATE SECURITIES REGULATORY COMMISSION, XIE JIANHUA AT THE STATE ENVIRONMENTAL PROTECTION AGENCY, EVEN ZHANG CHUNXIAN AT THE CCP, THESE PEOPLE AND THEIR INSTITUTIONS MATTER A GREAT DEAL TO CANADA. THEY PLAY KEY ROLES IN THE BILATERAL RELATIONSHIP, BECAUSE THEIR DECISIONS CAN DETERMINE THE ACCESS OF CANADIAN COMPANIES.

SO IN REAL WORLD TERMS, MUCH RIDES ON THE SELECTION OF THE RIGHT PEOPLE – PEOPLE WE KNOW AND WHO KNOW US – COMING OUT OF THE PARTY CONGRESS AND THE NPC.

THERE IS ALSO THE MATTER OF POLITICAL ORIENTATION. ONE CAN MEET THE MOST SOPHISTICATED AND REFLECTIVE THINKERS IN POLITICS AMONG CHINA'S TOP LEADERSHIP, PEOPLE WHO ARE AS WELL AND BROADLY READ AND EXPERIENCED AS ANYONE IN PUBLIC POLICY ANYWHERE IN THE WORLD. MANY

HOLD CLEAR AND FORTHRIGHT VISIONS ABOUT WHERE CHINA SHOULD BE HEADED, AT THE MINISTERIAL, INSTITUTIONAL AND BUSINESS LEVELS.

BUT ONE ALSO MEETS VETERAN POLITICIANS WHOSE PRINCIPAL CONCERNS ARE WITH PRESERVING THE AUTHORITY OF THE PARTY AS WELL AS THEIR OWN, OR WITH KEEPING POWER AMONG THE TRADITIONAL ELITES, INCLUDING THOSE AT PROVINCIAL AND LOWER LEVELS, OR STATE-OWNED ENTERPRISES, OR OTHER BENEFICIARIES OF THE STATUS QUO, NATIONAL INTERESTS BE DAMNED. OTHERS ARE MORE CONCERNED ABOUT THE GREAT DISCREPANCIES IN WEALTH AND OPPORTUNITY THAT HAVE EMERGED UNDER CURRENT LEADERSHIP, AND WISH TO SEE REFORM SLOWED TO LESS DISRUPTIVE DEGREES.

THESE VIEWS AND MANY OTHERS WILL BE REPRESENTED AT THE CONGRESS, AND PROBABLY AMONG THE FUTURE LEADERSHIP OF THE PARTY AND GOVERNMENT. HOW AND WHETHER THEY ACHIEVE CONSENSUS AND DETERMINE THE FUTURE OF CHINA WILL BE ONE OF THE KEY DETERMINANTS OF THE DECADE.

ALL-IMPORTANT PERSONNEL ISSUES ASIDE, LET ME VENTURE OUT ON A LIMB AND PREDICT THAT THE POLICIES THAT WILL EMERGE WILL PROBABLY COALESCE ALONG THE FOLLOWING LINES. THE MAINTENANCE OF POLITICAL AND ECONOMIC STABILITY WILL CONTINUE TO BE THE KEY DRIVER OF NATIONAL GOVERNANCE: 'WENDING YA DAO YI QIE' – STABILITY OVERRIDES EVERYTHING, AS DENG XIAOPING FAMOUSLY SAID TO PRESIDENT BUSH IN FEBRUARY 1989.

CHINA'S LEADERS WILL CONTINUE TO PRIORIZE IT'S GROWTH OBJECTIVES AND
THUS ECONOMIC DEVELOPMENT AND RESTRUCTURING WILL STAY AT THE TOP
OF THE AGENDA. FOREIGN POLICY WILL CONTINUE TO BE DRIVEN BY THE NEED
TO GIVE CHINA TIME TO GROW. MANAGEMENT OF STRONG US RELATIONS WILL
REMAIN ON TOP OF THE AGENDA. AS LONG AS TAIWAN DOES NOT SERIOUSLY
PROVOQUE CHINA, THE RELATIONSHIP BETWEEN THE TWO WILL BE MANAGED IN
A WAY TO REASSURE BOTH INVESTORS AND TRADING PARTNERS AND THAT ON
BOTH SIDES OF THE STRAIT. CHINA WILL CONTINUE TO SEEK TO EXPAND TRADE
AND INVESTMENT, AND GENERALLY HONOUR ITS WTO COMMITMENTS.

I SAY GENERALLY HONOUR BECAUSE CHINA WILL BE SEEKING TO BALANCE
MANY DIFFERENT AND COMPETING OBJECTIVES. FOR EXAMPLE, USING THE WTO
TO ADVANCE DOMESTIC REFORM AND RESTRUCTURING AND, IN WHAT APPEARS
TO BE A CONTRARY STANCE, USING THE LATITUDE IT DEEMS NECESSARY IN
IMPLEMENTING ITS COMMITMENTS TO LIMIT THE NEGATIVE FALLOUT OF MARKET
OPENING.

WE ARE NOW WELL INTO THE WEEDS ON THE WTO. SOME THINGS HAVE GONE
SMOOTHLY: TARIFF REDUCTIONS ARE ON SCHEDULE; THERE IS, UNDENIABLY,
GREATER TRANSPARENCY; CHINA HAS MADE SIGNIFICANT CHANGES TO THE
REGULATORY ENVIRONMENT.

BUT THERE ARE, IN MANY AREAS IMPORTANT TO CANADIANS, SIGNIFICANT GAPS BETWEEN THE IDEAL OF OPEN MARKETS AND THE EMERGING REALITY. IN SUCH SECTORS AS BANKING, INSURANCE, FUND MANAGEMENT, TARIFF RATE QUOTA ADMINISTRATION, NEWSPRINT, LEGAL SERVICES AND OTHERS, THERE ARE OUTSTANDING ISSUES. WE WILL HAVE TO WORK CLOSELY WITH CHINESE AUTHORITIES IF WE ARE TO GET THESE FIXED.

THAT GET'S US BACK TO WHY THE 16TH PARTY CONGRESS ARE NEXT YEAR'S NPC ARE SO IMPORTANT.

WE WON'T REALLY KNOW WHERE THE COUNTRY IS HEADED IN EITHER MACRO OR MICRO TERMS UNTIL WE KNOW WHO OCCUPIES WHAT POSITION, WHETHER THEY HAVE REPUTATIONS AS REFORMERS, CONSERVATIVES OR TIME SERVERS, WHO THEIR PATRONS ARE, AND HOW MUCH POWER THEY CAN EXERCISE.

THE JURY WILL BE OUT, AND ITS DELIBERATIONS WILL LARGELY REMAIN SECRET.

IT WILL BE EVERYBODY'S JOB TO TRY TO UNDERSTAND THIS NEXT INSTALLMENT OF THE CHINESE REVOLUTION. YOUR EXPERIENCES, AS BUSINESS PEOPLE, WILL TELL US A GREAT DEAL.

ON BALANCE, I REMAIN OPTIMISTIC THAT CHINA'S NEW LEADERS WILL WANT TO STAY THE COURSE.

WHETHER CIRCUMSTANCES WILL ALLOW THEM TO DO SO MAY DEPEND ON
POLITICAL AND SOCIAL FACTORS OVER WHICH THEY HAVE LIMITED CONTROL.