

China Policy

who we are...what we do

who we are

China Policy works with governments, multilateral agencies, corporates, universities and non-profits, building strategic thinking on policy process and risk.

We track and map legislation, regulation, people and institutions shaping China's agenda and its policy development and execution.

- an international team: 15 Chinese and 15 international analysts
- graduates of: Oxford, Harvard, Sciences Po, Tsinghua, PKU, Fudan..., professionally trained in policy monitoring and analysis
- senior staff: at PhD level, trained in policy-related disciplines
- founders: have over 30 years engagement with policy development in China

policy sectors covered

- macro economy
- finance
- digital economy

- science and technology
- energy and environment
- fisheries and oceans

- trade
- industry
- agriculture

- health and pharma
- education
- housing

polycyn

- 20,000 records
- since July 2011
- **200+** media sources

tracks issues, people and organisations
extrapolating policy trends

reporting daily, weekly, fortnightly and quarterly
polycyn keeps clients ahead of the policy curve

our approach

core methodology

3-dimensional monitoring: issues, people and organisations

nuanced open-source analysis covering think tanks, scholars, state agencies and media

delivery of direct insight into China's policy challenges and choices as understood by its decision and opinion makers

core deliverables

neutral, objective sense of ground reality

decoded domestic expert debates

advance notice of policy shifts

policy research framework

understanding policy making in China

policy barometer

- socioeconomic factors impacting China's development
- political and global forces shaping Beijing's agenda

policy process

- mapping stakeholders, interest groups, lobbying and 'games'
- benchmarks, hard and soft targets set in short and long term, as well as 5-year, regional and sectoral plans
- regional planning city clusters, free trade zones and ports BRI
- faultlines: centre vs. local, urban vs. rural, state vs. market

policy development in practice

identifying policy priorities

- primacy of the Party
- messages shaping policy
- pressure of demographics
- baseline thinking
- the China solution

advocacy strategy / capacity

- engagement and working with policy makers and industry
- staff training modules

policycn services: delivered by email and accessible online

- 1 — *ticker feeds:* twice weekly selection of policy and opinion, put in context
- 2 — *positions:* fortnightly update across sectors
- 3 — *signals:* deep analysis of domestic policy shifts
- 4 — *observers:* brief monthly roundups
- 5 — *lexicons:* short explainers of emerging policy buzzwords
- 6 — *profiles:* glimpse of the standing and track record of policy stakeholders

pilot free trade zones play major role in foreign trade and investment

source: *China Trade News*

trade & industry, governance

4 February 2021

context: China looks to expand its pilot free trade zones in 2021, as part of a growing priority placed on *streamlining trade* facilitation efforts.

Tang Wenhong 唐文弘 MofCOM Free Trade Zone and Port Department director comments on pilot FTZs (free trade zones) during the 13th 5-year plan, citing achievements such as

- 393,000 new firms established in 18 pilot FTZs in 2020
 - C¥176.38 bn foreign capital in actual use
 - total export and import volume at C¥4.7 tn
 - 6 percent of total foreign investment
 - reduced special management measures on negative list
 - from 122 items at the beginning of the 13th 5-year plan to 30 in 2020
 - only 27 on the first Hainan free trade port foreign investment guidelines

According to Tang, the *Foreign Investment Law* enabled this through

- reforms improving the investment environment
 - streamlining approval through an information reporting system
 - overseas investment filing system
 - registered capital subscription system
 - 'Three certificates in one, one license and one code'

cp.position

weekly, audit of shifts across sectors

22 february 2021

cp.position: scitech,
energy and
environment,
macroeconomy,
agriculture



Alibaba founder Jack Ma

science and innovation

watching for

- pre-Two Sessions industry policy discussions
- updates on [Alibaba anti-monopoly investigation](#) and [Ant Group restructuring](#)
- Made in China 2025 support policies

state vs giants

Domesticating big tech is occupying ever more policy bandwidth—stay tuned for our next cp.signal (on Friday). The [highly anticipated guidelines on internet platforms](#) are now finalised. Beijing is set on curbing 'disorderly expansion of capital'; market regulators, used to sitting on their hands, must move decisively notes Zhang Huyue 张湖月 Hong Kong University. The guidelines list offensive conduct: predatory pricing, data-driven price discrimination, etc. They also threaten countermeasures: while unlikely, tech giants must fear being broken up or forced to open up their data. Case precedents are now eagerly awaited. ByteDance's lawsuit against Tencent's 'monopolistic practices' has been accepted in yet another test of the *Anti-Monopoly Law*.

Big tech may however be reassured by the CCP Central Committee and State Council's [market reform action plan](#). While stressing strengthened supervision, the platform economy, it recognises, plays a positive role hence deserves support. The plan favours innovation, not least the creation and protection of IP rights, echoing a [speech by Chairman Xi](#) republished in Party publication *Qiushi*. [Patent applicants](#) can no longer rely on subsidies. Other highlights include [marketising](#) technology, knowledge and data, as well as use of [social credit](#).

profiles



Xu Guangyao 许光耀 |
Nankai University law
professor

Anti-monopoly campaigner
for more than two
decades, Xu is well
regarded among his peers.
Bound to set precedents,

an amended *Anti-Monopoly Law* should appear in 2021; revisions focus on the online sector. The law first appeared in 2008, but was not strictly enforced. Officials, says Xu, worried it would inhibit growth in the sector. Exploding internet usage helped power the economy during the 2000s. Yet the rise of internet giants, he notes, has shrunk the space; monopoly behaviour is rampant.



china policy open access material

22 january 2021

BRI goes digital



Jack Ma meeting young entrepreneurs in Nairobi, Kenya in July 2017

The digital layer of BRI is rapidly strengthening as state and market interests converge; expect support from the 14th 5-year plan

Beijing's Belt and Road Initiative (BRI) excites the developing world with its promise of connectivity and ready funding. Post-COVID, the gloss is off but not the momentum; and each of BRI's multiple 'tails' seems bent on wagging the dog. Beijing is due to host the third biennial BRI Forum for International Cooperation in H1 2021; a series of cp.signals will analyse emerging BRI trends. We begin this week with the 'digital silk road' (DSR).

Viable and profit-driven, the DSR covers all things digital along the virtual path of BRI: digital economy, e-commerce, IT infrastructure, smart cities and more. The 14th 5-year plan is sure to deliver more policy support, above all in digital trade, data rules and urging third-party buy-in.

connecting the world

Local and ministerial DSR proposals first emerged in 2014, but the initiative really gained traction only in May 2017, when Chairman Xi Jinping highlighted it at the inaugural BRI Forum. Xi pledged connectivity and cooperation across the digital economy, emerging technology and smart cities. 'Going Global' may have been on the agenda since 2002, yet firms and state agencies sprang to offer new DSR businesses or programs (or reframe existing ones).

Beijing has been reticent about DSR specifics. Linking cross-border infrastructure, like submarine internet cables, was highlighted initially; but all digital initiatives are on the table. Exporting 'China Solutions' in digital trade and economy is the focus, claims Wang Bingnan 王炳南 Vice Minister of Commerce. Beijing looks to the tech giants that transformed the domestic economy in the last two decades, to gain traction abroad and bake in PRC technologies and standards.

who are the experts?



Yan Xuetong 阎学通 |
Tsinghua University
Institute of International
Relations dean

The new digital era is
marked by Sino-US
strategic competition,
quasi-liberal IR pundit Yan

points out. Digital economy is far more relevant than territorial control and international transport, outdated geopolitical holdovers from earlier waves of industrialisation. Characterised by monopoly and leapfrog development, digital economy is to be the prime source of national wealth and the main focus of Sino-US competition, says Yan. China needs a coherent strategy for digital economy that is driven by long-term innovation capabilities, and in turn cultivated by further political reforms.



Ma Wenyan 马文彦 |
former China Investment
Corporation managing
director; New York
University adjunct
professor

DSR helps internationalise
a 'Chinese' approach,

claims Ma: half the world's population still live off the internet grid. Mounting connectivity along the DSR enables emerging market firms to gather basic data points that, appropriately structured, become big data on supply dynamics, price and general development direction. Existing debt trap and project management challenges can, he warns, spread to DSR, as can cybersecurity and data governance perils.

context

may 2020: Foreign Minister Wang Yi 王毅 suggests that digital silk road will be a major focus

april 2019: at the second BRI forum President Xi Jinping calls for digital silk road development; a designated digital silk road sub-forum was held

december 2017: China signed an Initiative on BRI Digital Economy Collaboration with seven countries at the World Internet Conference

may 2017: at the inaugural BRI forum President Xi Jinping for the first time calls for digital silk road development

december 2016: State Council and Ministry of Industry and IT respectively issued the 13th 5-year plans for nation informatisation as well as for the information and telecommunication industry, both of which call for domestic tech giants to expand their international footprint

july 2016: CCP Central Committee and State Council issued a National informatisation development strategy, which calls for a digital silk road that bridges internet infrastructure along BRI, and international expansion of domestic companies

march 2015: digital silk road was mentioned for the first time in a whitepaper by National Development and Reform Commission, Ministry of Foreign Affairs and Ministry of Commerce

lexicon samples

short paras unpacking current policyspeak keeping readers up-to-date with policy concepts that are reshaping the debate



cp.lexicon 6 november 2018

three battles 三大攻坚战 sān dà gōngjiān zhàn

Refers to major policy objectives as defined by Beijing at the 19th Party Congress in October 2017: preventing and defusing financial risks, alleviating poverty, and controlling pollution. While the wording of each aim has shifted since the announcement (from 'battles' to 'sieges', indicating the obstacles encountered and the urgency of the tasks), provincial and local officials continue to be evaluated by how strenuously these goals are pursued.



cp.lexicon 8 november 2017

2i integration 两化融合 liǎnghuà rónghé

An abbreviation of 'informatisation-industrialisation integration' 信息化和工业化的融合, 2i integration is key to optimising manufacturing chains, promoting industrial internet, and smart manufacturing. The 16th Party Congress called for informatisation to drive industrialisation in 2002. Policies announced after 2013, such as Made in China 2025, internet+, the New Normal and the New Era shifted the emphasis towards IT. 2i integration is guided by the Ministry of Industry and Information Technology (MIIT) 中华人民共和国工业和信息化部, whose name translates literally as the 'Ministry of Industry and Informatisation'.



cp.lexicon 14 march 2017

four reductions and one improvement 三去一降一补 sān qù yī jiàng yī bǔ

The five main tasks for addressing key economic challenges, under the mantra of 'supply-side structural reform': cutting capacity in low-profit and high-pollution industries, reducing real estate inventory, lowering enterprise costs, deleveraging the economy overall, and strengthening its weak links. The term first appeared during the December 2015 Central Economic Work Conference.

people: *knowing who influences and makes policy*

profiles of policy makers: officials, scholars and experts, focusing on their policy positions and assessing the weight of their opinions; the profiles here and on the following slide supported a report on fertility policy



Wang Feng
王丰

Fudan School of
Social Development
and Public Policy

The state's job is to assist individuals and families in fulfilling their fertility will, by using social policies to provide a fertility-friendly environment. Simple economic stimuli or penalties are far from enough, argues Wang. Policies need to make raising children an affordable and profitable investment for couples. This requires tangible improvements in personal income, labour relations, gender equality, housing expenditure, childbearing costs and aged care costs. Wang highlights the role of the capital market and private investors in making these changes.



Yi Fuxian
易富贤

demography
columnist

Pessimistic observer and author of bestseller *Big country with an empty nest*, Yi argues that rapid population decline is becoming an economic burden. Yi suggests

- setting up a national population safety committee to effectively increase fertility rate
- increasing fertility desire
 - stressing family values
 - reforming social insurance
- easier childbirth and childcare



Wang Hesheng
王贺胜

National Health
Commission
vice minister

Wang argues fertility policy and related socioeconomic policies should converge, alongside implementation of a 'comprehensive two-child policy'. To address concerns on childbearing and child care, Wang recommends

- promoting child care services for children under the age of three
- optimising allocation of pre-school educational resources
- protecting rights and interests of women in obtaining employment and career development

agencies and organisations: *knowing the policy trail*



National Health
Commission (NHC)
国家卫生健康委员会

National Health Commission (NHC) is relatively new, set up in the March 2018 government reorganisation. Replacing the former National Health and Family Planning Commission (NHFPC), NHC is responsible for monitoring changes in demographic structure as well as proposing population and birth policies. An internal reform in September 2018 eliminated three departments related to birth control and added a 'Department of Senior Health' and 'Department of Population Health and Family Development'. The move suggests strict birth controls have been ruled out as a solution to China's population problems.



China Population
Association (CPA)
中国人口学会

Directed by Zhai Zhenwu 翟振武, CPA is an academic association under the NHC. Members include population experts, government officials, academic population research institutions and provincial and prefectural population associations. CPA runs the top academic journal *Population Research*, has 14 specialised committees, and issues the top national award for population research. CPA is both a powerful coordinator in academia and influential advisory group for policy makers.



中国人口与发展研究中心
China Population and Development Research Center

China Population and
Development Research
Centre (CPDRC)
中国人口与发展研究中心

Founded in 1980 with financial aid from the United Nations Population Fund (UNFPA), China Population and Development Research Centre (CPDRC) is an NHC-subordinate research body. It helped formulate and evaluate the 'two child policy', developed a population projection software (PADIS-INT) and comprehensive decision support platform for population development (PADIS+), and carries out various national population surveys. Recently, it has been trying to set the policy agenda for 'family development', calling to incorporate families' perspectives in social and economic policy formulation.



premium client services

horizon series

Placing strategic planners and their teams on the front foot, the China *Horizon* series identifies policy shifts and trends framing today's critical issues. With quarterly scheduling and running to around 50 pages, *Horizon* reports join more dots to reveal a bigger horizon.

Scoping the forces in play, our clients are alerted to future risk and opportunity.

- *macroecon horizon*
- *energy and environment horizon*
- *scitech horizon*
- *education horizon*
- *ag horizon*
- *ocean horizon*

APRIL 2020
China's energy and environment horizon:
securing gains



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JUNE 2020
China's scitech horizon:
rebuilding confidence



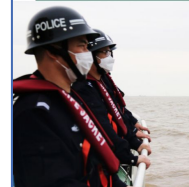
CP China Policy

MAY 2020
China's education horizon:
COVID-19 aftershocks



CP China Policy

MAY 2020
China's ocean horizon:
returning to course



CP China Policy

APRIL 2020
China's resources horizon:
COVID-19 stimulus rethink



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MARCH 2020
China's agriculture horizon:
COVID-19 pressures ag value chain

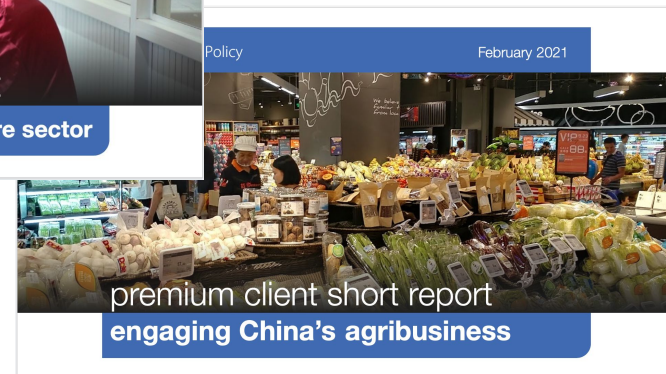


CP China Policy



premium client bespoke briefs

presentations decks mapping core policies, stakeholders, industry support and opportunities for international players



tailored monitoring

China post-COVID-19 weekly policy monitoring
real estate, infrastructure, machinery, autos
published 12-19 June 2020

central measures

central roundup

infrastructure

19 Jun 2020
source

13 Jun 2020
source

17 Jun 2020
source 1
source 2
source 3

18 Jun 2020
source 1
source 2
source 3

cp.

China post-COVID-19 weekly policy monitor

macroeconomy

high-level, stimulus, e-commerce and trade, advanced manufacturing, international education, bio-pharma, agriculture, energy and environment and local roundup.

published 12-18 Jun 2020

central roundup

high-level

11 Jun 2020
source

stimulus

17 Jun 2020
source 1
source 2
source 3

17 Jun 2020
source 1
source 2
source 3

19 Jun 2020
source 1
source 2
source 3

10 Jun 2020
source

cp.

China Policy biweekly monitor

ag and food sector COVID-19 recovery

(published 2 -19 February 2021)

business recovery

With COVID-19 receding and out nationwide, catering business is expected to further recover. Ag and food markets remained largely temporarily during the holidays, with strong support from the state. Increasing prices, however, are still unattractive for key commodities including corn, soybean and wheat. Higher prices of feedstuff may also influence production costs and therefore prices of livestock and poultry.

catering and retail

strong performance of online food business during the holiday
With strict quarantine controls stopping the usual return home, around 70 percent of people chose to stay in the cities where they work to celebrate the Spring Festival. Although dine-in business is still not doing well, food delivery service found a ready market. On new year's eve, online sales increased by nearly 70 percent year-on-year in large cities including Beijing, Shanghai, Shenzhen, Guangzhou and Chengdu, says Meltan.com. Restaurants are also turning to retail catering for new growth opportunities: half-prepared cuisine attracted more consumers, particularly both heavy dining people.

transport and logistics

rebouncing air freight transport
As freight volume picked an upward trend, rising by 10 percent y-o-y in January 2021, international freight makes good over three consecutive months, 25 percent higher than last year, according to the China Aviation Administration.

key commodities

seafood

2020 seafood trade was hit hard by the pandemic. Annual import value dropped by 20 percent y-o-y, while export value decreased 8 percent. H1 2020 saw the most severe decline following COVID-19 with value being bound on imported seafood packaging. Still facing obstacles at customs, and with catering business suffering from consumer panic, seafood trade will continue to be constrained in 2021, predicts Cai He 蔡海 China Aquatic Products Processing & Marketing Association president. Unlike the bleak prospects of fish-to-fish business, e-commerce platforms provide some hope. Imported prawns and bass fish are the most popular products, says Cai.

soybean

High prices have forced small soybean processors to halt business, also transmitting pressure to downstream key food companies. Worries about supply shortage rose

Our tailored monitoring reports respond to individual client information needs.

Delivered weekly or fortnightly and covering one or more sectors at national and provincial levels, we pick out trends as well as covering the detail of new policy and economic developments.

commissioned reports

cp. China Policy

December 2020



China's ag-tech zones: a

MAY 2020

understanding
'tech for good' in China



cp. China Policy

fiscal response to the social and economic impact of COVID-19 in China

report commissioned by
UN Country Team, Beijing

November 2020

We undertake research commissions across our sectors of expertise. Working closely with client teams, we break down China's complexity, analysing the issues, and identifying the people and agencies vital to successful China engagement.

FEBRUARY 2021

Australian agricultural exports in China:
the buyer's perspective



cp. China Policy



China's market for
Australian pork
a window of opportunity

cp. China Policy



cybersecurity, privacy and China's push
for digital technologies

October 2018



Australian red meat imports to China:
policy, regulations and market access

April 2017

our value: *a partner for China information*

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tracking policy announcements from over 80 government agencies

interpreting policy shifts and devising appropriate responses

detailing the ideas and vision of over 1,000 major policy movers and influencers

deepening understanding with in-depth reporting on breaking policy issues

providing comprehensive policy timelines

providing accessible knowledge on the working of China's policy process

anticipate change