China’s Leadership in Transition: The 18th National Congress of the Communist Party of China
I. All Eyes on Beijing

The upcoming National Congress of the Communist Party of China marks 63 years of the Party’s leadership. For the past few months, around the country, new banners and billboards have been springing up daily, extolling the successes of the Party, and its role in bringing peace, prosperity, and improved living conditions to workers, farmers, soldiers, and students across the country. Gardeners are arranging massive bouquets and arrangements in red and yellow around the nation’s capital to mark the festive occasion, while street cleaners are making sure that the dust and detritus of city life don’t interfere with the spirit of the season. Across the country, performers and student have been putting on patriotic shows of song and dance to commemorate this special time. In short – the 18th National Party Congress has arrived.

The date of the Congress, November 8th-14th, was finally announced in the shadow of the October National Day holiday, allowing China-watchers from every imaginable background to advance their speculations from the topic of when to theories of what. With planning and preparations for the Congress conducted so decisively behind closed doors, observers have been searching for any hints they can find on decisions to be taken at this critical, twice-a-decade Party conclave. There is a lot that can be learned from the Party Congress and the analysis that surrounds it, but perhaps most important for China-watchers is to remember the limitations of observation.

At Ogilvy Public Relations we have compiled in an easy-to-read format what is in store, and what to watch for at the 18th Party Congress as it marks an inflection point in China’s rise to global importance. As China continues its transition from a ‘big’ country to a ‘strong’ country, many of the decisions and directions taken at this Congress, not the least of which is the selection of a new generation of Party leaders, will ripple through the coming decades with both predictable and unpredictable consequence.

We hope that you enjoy this read, and we look forward to comments or questions that will spur greater understanding and conversation about China’s current and future success.

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II. The Road to the National Party Congress

Background
The National Congress of the Communist Party of China (CPC) marks the formal transition of power from one generation to the next, while reinforcing the political and legislative legitimacy derived from the Party’s position as one of the two key pillars of the state, along with the constitution.

The Chinese Communist Party convenes a National Congress every five years to turn the page on a new chapter in a book that was authored by its revolutionary fathers. Each congress is a milestone in the party’s progress along its socialist path.

The Party Congress is not to be confused with the National People’s Congress (NPC), which is the highest meeting of China’s legislators, held annually in March.

The 2012 Party Congress will consist of 2,270 representatives from 40 delegations, and will broadly represent China’s diverse political, social, and ethnic backgrounds. The number of representatives at the 2012 congress marks a 20% increase over the 17th Party Congress five years ago – evidence of a continuing institutionalization of Party mechanics, and the ongoing growth in Party enrollment. Although 15% of the representatives to this year’s Congress will have been selected through direct and intra-party elections, the depth of the voting process remains shallow; from the onset, these representatives have over a 90% chance of being elected.

The 2012 Party Congress also continues to welcome a small but growing bloc of ‘non-traditional’ members and new layers of society, including 48 members from the Hong Kong and Macau Special Administrative Region, and the ‘breakaway province’ of Taiwan. In response to former General Secretary of the Communist Party Jiang Zemin’s invitation to join the Party, the attendance of entrepreneurs is also growing, with 28 private businessmen representing their constituencies at the national conclave.

At its core, however, the Party Congress is a meeting of the Party elite, led by the 204 members of the CPC Central Committee. The following chart lists out the key functions and members of the decision-making elite in the Central Committee. The Central Committee forms the nerve center of China’s political direction-setting, with the Politburo Standing Committee at its core.
The Party Congress will serve to form the new Central Committee, and in turn the Politburo Standing Committee, where a new generation of leaders will take the reins from the outgoing leadership of Hu Jintao and Wen Jiabao.

**Buildup**

With the run up to the Party Congress this fall, headlines have had to rely on speculation with hard facts few and far between.

For any political watcher, whether in Beijing or half a world away, an important truth is that although there are hints and outlines of a system, it is an intense and closely guarded process.

The structure of the selection process and the regimentation of the Party membership at the Congress also belie the strong involvement of traditional Party leaders behind the scenes.

From the beginning, early generations of revolutionary rulers and early styles of communist rule have been folded into the selection process; cementing the ties between today’s leaders and those of the previous decades. These early leaders have come to play an influential role in the transition of authority, moderating the process in an effort to guide China toward stability. The reemergence of Jiang Zemin in the past weeks after many years out of the limelight highlights the long shadows of leaders past and helps to explain why the status quo is often preferred to proposals for change.
The road to the Party Congress this year started with the announcement of delegate selection in November 2011, but the real jockeying started spectacularly with the fall of Chongqing Party Secretary Bo Xilai at the conclusion of the National People’s Congress in March. Once considered a contender for a top spot on the Standing Committee, Bo’s disgrace set the backdrop and cleared the stage for the political horse trading which was to come in the following months.

Closed-door meetings at the NPC were followed in the spring by a gathering of senior provincial leaders, whose input into the consensus-driven model was critical in advance of provincial Party Congresses. To some observers this process was more fraught than usual, with rumors of further discord during the summer conclave at the coastal resort of Beidaihe, which delayed until September 27 the announcement of when the Congress would be held.

**Getting a Seat**

With over 80 million Party members, securing a seat at the top takes a lifetime careful planning and political maneuvering. Selections are made carefully and with the bigger picture in mind. From early 2011 through June 2012, Party Committees at all levels have been meeting to select and re-select new cadres, a renewal process affecting over 30 million grassroots Party members. In parallel with this process, 31 provincial-level administrations and nine central organs have been readying a slate of candidates for the Congress through an internal selection and vetting process.

In order to ensure adherence to the grassroots, 32% of the seats at the Congress are reserved for non-cadre or non-leadership attendees, which opens the door for a more common voice and touch. In reality however, the strict nomination and background requirements, combined with the oversight of preparatory committees, limits entrance to the Congress to only a small handful of well-connected Party members.
III. The Issues

More than just the process of selecting and convening the country’s leaders, the Party Congress is about addressing the issues that define China today. Burdened with deep political, economic, and structural legacies as well as other constraints, the new leadership faces a myriad of challenges. Personalities and politics aside, it is through the prism of the issues they face that we get the clearest view of China’s new generation of leaders.

Understanding the issues is also critically important because leadership decision making is underlined by a limited feedback mechanism – China lacks an independent media, independent judiciary, or public voting system – that can steer or correct the course for the Party leadership. This twice-a-decade Party Congress will define a path for China’s future, laying the groundwork for ongoing political reform (towards the right or the left) or retrenchment.

This year’s Congress takes place at a time when issues of social justice and the structure of economic and political society are being thrust to the forefront of national conversations by the continued struggles of the global economy. The Party has reached a crossroads where its continued reliance on economic growth for legitimacy must somehow also credibly engage a social paradigm that offers meaning and direction to its citizens. Foremost among the issues to which this year’s Party Congress will be reacting, and to which there is clear evidence that divided opinions exist are examined below.

Social Justice
The issue of social justice, while not a new topic, has continued to complicate the much sought-after social harmony in China. While stories of human rights violations get considerable play in the international media, at home the Chinese are focused on issues like the growing gap between the rich and the poor, the inadequate healthcare system, and the systematic intolerance for protest.

A key domestic issue is the Party’s continued inability to redistribute income and property under the current system, highlighted by a growing gap between the rich and the poor. The Pew Global Attitudes Project recently found that forty-eight percent of 3,177 Chinese adults surveyed think the gap between rich and poor in China is a “very big problem,” which is up seven percentage points from a 2008 survey. Fifty percent also said official corruption was a very big problem, compared with 39 percent four years ago.

Taken together, diverging growth trajectories and increasing public perceptions of injustice combine to make for a very volatile mix. As social tensions, real and perceived, begin to rise, the
potential for public protest and mass incident rise with it. Research professor Dr. Sun Liping from the Chinese Academy of Social Sciences now estimates that there are over 180,000 incidents of social unrest annually, up three-fold from a decade ago, and a number that appears unlikely to decline as China continues its economic transformation.

Mapped onto all of this is the growing importance of social media for disseminating popular and timely news. Increasingly, citizens are turning to Sina Weibo and other online tools as a remedy for injustice, raising the specters of rumor, vigilante justice, and cooperation between dislocated protests around the country.

**Economic Restructuring**

With the introduction of the 12th Five Year Plan, China is attempting an unprecedented advancement into the service and high-tech industries just a few short years after it has come to dominate global manufacturing. This leap is one part planning to meet the future of the world economy, and one part recognizing the need to continue wage and manufacturing growth to satisfy the demands of a restless manufacturing workforce.

The 2008 financial crisis exposed the soft underbelly of China’s economic miracle. As manufacturing exports to the weakening European and American economies began to slump, factories across southern and eastern China faced the prospect of finding new customers or closing their doors. With unsold inventories starting to pile up, the Chinese government refocused its efforts on boosting domestic consumption, while simultaneously pouring investment into infrastructure projects, a not insignificant number of which are more costly than useful.

China now faces a precarious balance as it props up ailing export industries while simultaneously supporting state investment in high-tech, innovative new industries. How long this balance can endure, and the steps that come next will be one of the toughest decisions facing the new leadership.

**State Capitalism**

While few would argue that China’s transformation over the past decade has been anything short of remarkable, its occurrence under the banner of State Capitalism means that as growth begins to slow, the entrenched State-Owned Enterprises (SOEs) are beginning to creak under their own weight.

SOEs and their affiliated businesses account for more than half of the nation’s economic output and employment today, including virtual monopolies in entire sectors of the economy, such as energy, telecommunications, and heavy industry. Together, they muster enormous political power – captive markets where new technologies can be tried and implemented, leverage over banks that grants them almost limitless free money for investment, and plentiful opportunities for collusion – all with little fear of consequences.
China’s leaders, and the wider public, are well aware that this system needs to change. It is imperative to healthy economic development over the next decade that more Chinese companies grow competitive globally, which will mean breaking up bloated and inefficient monopolies and incentivizing private enterprise. The outgoing duo of Hu Jintao and Wen Jiabao have made great rhetorical headway, threatening the entrenched interests of the power and rail monopoly, but few expect the powerful SOEs, and their long tail of influence networks, to give up the fight easily.

IV. The People

Although China is a large and complex bureaucracy, in its current form it continues a long tradition of top-down rule, with the influence of senior Party members clearly evident.

It is for this reason that China-watchers have been reviewing, researching, and debating the histories and personalities of the coming fifth-generation of leaders. Only by understanding their motivations, their alliances and their predilections will we be able to put the coming leadership transition into perspective.

Staid Style
Unlike their revolutionary forebears who fought ideological battles that sometimes cost them their lives, the current generation of Chinese leaders have made their way in life by carefully avoiding high-profile conflict, skillfully managing their preceding and anteceding cadres, and generally making themselves palatable as the perfect ‘consensus’ candidates.

The cool demeanor and downbeat wardrobe of leading cadres isn’t evidence that they don’t know how to swing a vote, it is precisely the opposite – their practiced lack of charisma is a heightened message that consensus rules the day, and that they would prefer to be seen as working with, rather than against, the committee. In this light, it is not surprising that the perceived most charismatic leader who was once contending for a post on the Standing Committee now finds himself locked up and awaiting trial.

The New Leaders
The Party Congress is the vehicle that elects the party leaders, and is significant as it paves the way for their eventual selection as government leaders at the National People’s Congress next March. The following details their appointments and promotions within the Party.

Xi Jinping
As the long incubation of heir apparent Xi Jinping draws to an end, there are still more question marks than answers on where and how he will lead the Party as General Secretary. Outwardly Xi appears immensely controlled, yet capable of flashes of popular charisma. The son of a reforming general, and the leadership’s pick to stabilize Shanghai as it reeled from a corruption-fueled crisis, Xi has shouldered outsized expectations his whole life.
True to his military pedigree, Xi began his career working for Geng Biao, a high-ranking general and Party member, and has remained close to the military his whole life, even marrying a military songstress, Peng Liyuan. During his extensive time in the coastal provinces of Shanghai and Fujian, Xi was a regular visitor at the military garrisons, often watching open-air movies together with the troops.

Xi’s economic and administrative credentials were earned largely in Fujian, where he had a long tenure through the 80’s and 90’s, serving first in the municipal committees of Xiamen and Fuzhou, and later as deputy governor and governor. It is here that we can see some glimpses of Xi’s practical mindset, where he often advocated an effective, responsive, and limited government.

Xi is known for decisive action as can be seen in his favorite and often recounted poems “On Chao Cuo,” wherein poet Su Shi laments Chao Cuo’s slow response to deep seated changes in the situation around him:

天下之患, 最不可为者,
名为治平无事, 而其实有不测之忧。
坐观其变而不为之所,
则恐至于不可救！

The gravest threat under heaven,
Is a calm surface, but unseen turbulence below.
Sitting and watching, without acting,
I’m afraid that soon nothing can be saved!

Source: http://www.qstheory.cn/lg/xszh/201209/t20120903_179082.htm

Li Keqiang
A study in careful political advancement, Li has been both politically astute and administratively capable throughout a long career managing provincial and national affairs, something which will serve him well as he advances to his new post as in the Standing Committee.

Li comes from humble roots, and has found his way to the top as the rising star in the Communist Youth League, where he worked together with Hu Jintao. His awareness and adept handling of social issues is attributed often to his peaceful and restrained working style, and he is also recognized for being a student of some of China’s leading thinkers. Altogether Li has studied under seven of the masters of Chinese economy and culture, making him perhaps the best educated of the incoming leaders.

As Vice Premier, Li has been engaged in almost every discussion on basic social reform, focusing his efforts on addressing social conflicts such as urbanization, agricultural modernization, social insurance amongst others. We can expect that as he is promoted within the Standing Committee, Li will bring with him an agenda aimed squarely at addressing China’s growing imbalances.

Wang Qishan
Given the nickname “Fire Captain” by the public, Wang Qishan’s mastery of current economic models and international institutions has made him the go-to man whenever a national crisis looms. Wang was instrumental in managing the 1997 Asian Financial Crisis, when he bailed out the banking system in Guangdong. He followed up this success with a rescue of the Hainan real
estate market in 2000, and then landed spectacularly on the front page as the front man for the Party as they cleaned up after the SARS crisis of 2003.

Unlike many of his peers, Wang has a reputation as approachable and open with Chinese and foreign leaders both. This spring his name often came up often as a potential for Executive Vice Premier, experts suggest Wang will most likely settle in behind Li Keqiang as a Vice Premier, where his considerable talent and expertise will be put to good use.

Wang is a reliable and important choice for his mastery of current economic models and international institutions. His role could become even more important if the current economic slowdown continues and further stimulus or restructuring is called for.

Zhang Dejiang
The presence of Zhang Dejiang on this list represents a generational split between the old guard and the new guard in Chinese politics. Zhang’s political power comes from his conservative line and protection of Party interests, as well as his spearheading China’s industrial and technological growth as State Counselor in charge of industry.

Zhang has been criticized for his less than savvy approach to the current media and social environment – his initial reaction to the Wenzhou high-speed rail crash was to quickly dig a hole and bury the wreck. Despite his missteps, Zhang has proven to be a Party stalwart and an ally of former National Party Secretary Jiang Zemin, so it was no surprise when he was made Party Secretary of Chongqing following the downfall of Bo Xilai.

Although some see Zhang as a stalking horse candidate for other up-and-coming conservatives such as Liu Yunshan, his relatively advanced age and stable character could make him the perfect choice for a single-term candidacy, leaving the scene only when Xi’s generation has fully cemented their position.

Li Yuanchao
A model princeling, Li Yuanchao is the son of Li Gancheng, a former vice-mayor of Shanghai. Li is known for his strong ties to the Communist Youth League party faction. As head of the Central Organization Department, Li has played a very important role in the selection and promotion of leadership cadres around the country, and perhaps for this reason, he looks certain to advance to the Standing Committee for the coming decade.

Unlike many of his generation, Li passed through the turbulent years of the Cultural Revolution in relative peace, teaching mathematics for more than a decade. He has since parlayed this experience with organization and mathematics into a long career in administration.
Li moved quickly up the political ladder in 2000-2004 through his adept handling of citizen complaints and protest surrounding a sewage treatment plant while he was Party Secretary of Nanjing. Promoted quickly to the position of provincial Party Secretary, he earned a solid reputation as a reformer, addressing social issues by ensuring education for migrant workers, and shutting down polluting factories across the province in a bid to improve quality of life.

Many people have forecast Li to take over the role as president of the Central Party School when Xi Jinping steps down this year. Whichever portfolio he takes on, it can be certain that his outstanding organizational capabilities will be put to good use.

The Supporting Cast
While lesser known to a general audience the figures that surround the top leadership inform the various trends and perspectives helping to drive policy from the top down. Among them:

Liu Yunshan, the Director for the Propaganda Department of the Communist Party, looks ready to fill in for Li Changchun, his former boss. Liu has been the force behind China’s global PR effort, and is moving propaganda forward into the new century.

Wang Yang, the Guangdong Party Chief known to advocate for reform, earned credit for the successful Guangdong development model, and, in 2011 received recognition for his handling of the Wukan protests.

Yu Zhengsheng holds the influential post of Party chief from Shanghai. Despite having lost confidence of many long-time Shanghai residents, Yu has maintained his status through adhering to Hu Jintao’s “harmonious” line while keeping alive his ties to Jiang Zemin and the family of the late Deng Xiaoping.
Zhang Gaoli, known to be a low key and demanding Party leader in Tianjin, may surprise by taking a top leadership role based on his perceived neutrality and focus on the fundamentals.

Liu Yandong is a dark horse and outlier for the Standing Committee. She is the highest ranking female in the Party, and has a strong pedigree with both the Jiang and Hu factions, so she could sneak in under the guise of a consensus candidate.

V. Outliers

Outside of the process, the people, and the domestic issues which are shaping the 18th National Party Congress, there are a significant number of patterns and occurrences orbiting the proceedings. Each of these outlying factors will exert pressure on the proceedings in their own way.

The United States
Partners, adversaries, co-dependents – many words have been used to describe the China-US relationship in 2012. Regardless of your view, what is certain is that the two countries are now more linked to each other than ever. It also seems no small coincidence that the world’s two greatest powers are going to the polls within just days of each other, offering to the world a juxtaposition of models for the new century.

Although it is certainly not on the public agenda of the Party Congress, the United States is certain to be a topic of discussion behind closed doors. While America watches two Presidential candidates adopt tough on China postures for national TV, the Chinese can only guess at how their leaders are coming to grips with their contemporaries across the Pacific. If current trends hold, we can expect that China will continue its balancing act with America, increasingly asserting its growing influence albeit in its own controlled way.

Whether aimed at containing China, or shoring up its many partnerships in the Pacific, America has taken a more assertive foreign policy stance in the region, promising to deploy 60% of its naval assets to the region by 2020. America is becoming a Pacific nation, posing new questions, risks, and potential opportunities for China’s leaders as they map a course forward.

New Media
Perhaps nothing has changed the domestic political landscape of China this year more than the microblog and the emergence of new media. Decried for being a haven to rumor, innuendo, and half-truths, the new media platform has nonetheless sparked a series of raging wildfires, bringing social tensions to the forefront, and threatening the careers of officials across the country who now find themselves under intense scrutiny from the grassroots.

The Chinese equivalent of Twitter, Sina Weibo, has emerged as the hub of China’s online conversations, and now has over 300 million registered users. In addition to the usual pop culture trivia and snapshots of food, high profile events such as the Wenzhou high-speed train crash, flooding in Beijing, and local corruption are among the hottest topics discussed on the platform. The heat has gotten so high that Sina Weibo is now said to have thousands of employees solely dedicated to removing posts and responding to government censors.
The disruptive potential of new media has become so strong that earlier this month, as discussion of the Party Congress warmed up, rumors began to circulate that the platform would be shut down altogether for the week. Although the rumors were quickly proved false, it is certain that none of the incoming or outgoing class of leaders is eager to be accused, tried, and hung by China’s raucous online jury.

Bo Xilai
Perhaps the most disruptive factor in China’s leadership transition has been the scandal and fallout from Bo Xilai’s disgrace in Chongqing. Unfolding painfully and publicly following a February 6th dash by Chongqing police chief Wang Lijun to the US Consulate in Chengdu, a sordid tale has emerged that rivals a spy thriller for intrigue, murder, poison, and money at the heart of it.

As if the publicly played out scandal weren’t enough, the involvement of Chongqing Party Secretary and one-time Standing Committee candidate Bo Xilai has upset the delicate political balance and horse-trading that normally precedes a leadership transition. As he stands awaiting trial, it’s hard to tell exactly where the battle lines are drawn, but to the surprise of many, there remain a small but strong constituency on the left who have refused to let Bo go down without a fight.

Although it is virtually certain that his political days behind him, Bo will continue to be a totem for the members of the new left, and the effort currently being mustered to bury him quickly and quietly is likely to come with a cost of political leverage in other areas.

VI. Watching for Outcomes

If all goes according to plan, the Party Congress will make official what most have come to expect over the past months and years. Many would agree that this transition comes at a critical time for China, and that it hasn’t been a smooth or an easy one.

When the final Standing Committee members are known, China, in its consensus driven way, will continue to roll forward. We will know who is leading, but the debates surrounding key issues will remain behind closed doors and happen with limited input. It is through closely tracking these issues that we can learn more about these leaders’ vision for China’s future.

As observers try to read the tea leaves, we encourage you to keep in mind that the tea cup you select will forever affect your forecast. The context of the analysis matters, in the same way that the color and texture of the tea cup will affect the movement of the leaves. In that spirit, we present to you our own attempt to read the leaves, and to see what will come of this year’s 18th National Party Congress.
Maintaining Status Quo
Despite the turmoil leading up to the Party Congress, we don’t anticipate drastic changes in China in the mid-term as a direct result of the new presidency. Different from the U.S. presidency where the elected president is commonly expected to quickly pursue his campaign pledges, in China decisions are always made collectively by key Party members with careful consideration given to the balance of power. In other words, the next Party Secretary will not lead as a central figure but will rather be shaped by the need to balance the vested interests of various groups. What is common among all players is the fundamental importance of social stability, making radical systemic change unlikely.

Tackling Economic Slowdown
The primary challenge to the new leadership will be tackling the slowing economy. China has seen from the crisis in Europe that a growth model based on exports is not sustainable. The latest data shows China’s GDP growth slowing to 7.6%. The party leadership clearly knows that the long period of double-digit growth has come to an end.

In its attempt to continue to drive economic growth, the new leadership will find ways to develop interior regions, transforming more rural areas into modern cities, and we will see increased spending on infrastructure and job creation. While the injection of an additional four trillion RMB in fiscal stimulus has stabilized the economy, however cash can burn quickly. In the mean time, the new leadership will ramp up efforts to turn the middle class into a consuming class.

These strategies have the potential to bring positive results, however no course is without its complications. Inflation is one of them. The unstoppable increase in food prices will be a real challenge to the consumer class in urban areas. Recent polling by the Chinese Academy of Social Sciences shows that 40% of Beijing residents feel that their quality of life has dropped in the past five years, and increasing food prices is one of the key reasons. In addition to food prices, the increasing wages will put pressure on China’s low-margin manufacturing industry and force the country to find a way up the global value chain. If China can find effective solutions to these challenges, it will continue to grow for the foreseeable future.

Promoting Political Reform to Restore Trust
Political reform is perhaps the most difficult challenge for the new leadership to tackle. While China’s economy has experienced decades of rapid progress, social and political reforms have lagged sorely behind. Twenty years ago, Deng Xiaoping famously declared “economic development is the absolute priority,” building economic growth into the foundation of the Party’s legitimacy. Decades later, as the inevitable slowdown has come, and the chasm between
the rich and the poor widens, the Party now faces a crisis of legitimacy and trust at the grassroots level. Largely as a result of delayed political reforms, the level playing field of Chinese social media has become a battleground for grassroots activists to expose cases of corrupt cadres.

Showing a keen awareness of the gap between the Party and the people, national Party mouthpiece CCTV has recently launched a major “happiness” campaign to bring the two sides together. Every day, CCTV reporters took to the street to ask common people the following questions: 1) “Are you happy?” 2) “What is the happiest moment in your life recently?” 3) “Do you have any regrets in life?” We read it as an indication of the new leadership’s attempt to be more approachable to the common people. It is also likely that “happiness” or “fulfillment” will be a core theme in the sloganeering of the new leadership.

A more urgent task than understanding common people’s happiness is the need for systematic reform reinforcing the rule of law. If the disgrace of Bo Xilai can be seen as a catalyst for political reform, then the rule of law can be the means through which institutional restraints are placed on Party power. Irrespective of public pronouncements, the prospects for reform and the rule of law will continue to be poor in a country and society where the value of personal relationships is deeply internalized and institutionalized.

Military and Foreign Policy
On October 26th, only one week before the Congress, China announced a major reshuffling of its military, including the appointment of a new military chief of staff. While the full lineup will be announced during the congress, little is known about the new leaders, who jealously guard their privacy from the media.

Nonetheless, some observers believe the military will likely play a bigger role in China’s foreign policy in the coming years. The Washington Post wrote: “after years of modernization, the armed forces have become an increasingly powerful player driving China’s engagement with the world.” The New York Times expressed similar views, with more concern. The paper quoted a “political scientist with high-level party ties” as saying: “Party authorities have come to realize that the military is encroaching on political affairs... the expression of viewpoints from within the military on political issues has aroused a high level of alarm.” Still others recognize that the military, despite its assertive attitude in foreign policy, remains cautious and risk-averse in real action.

It will be interesting to watch the new dynamics between the military and the Ministry of Foreign Affairs as they together shape China’s global strategy. In the long run, the impact of geopolitical constraints will outlast those of personnel changes.
VII. Parting Thoughts

This paper is just a snapshot frozen in time. Over the next two weeks, as the 18th Party Congress comes and goes, our picture will be enhanced and framed by the new cadres taking up the mantle of leadership. Speculation will end as public discussion turns to how issues will be handled, and new edicts lay down the path forward for the country.

The next few months will be formative, as the leadership consolidates the announcements and appointments that are made, and we are looking forward with great anticipation to this year’s National People’s Congress, where the crossing of the Party with the Government will turn planning into action, and slogans into real change.

The rest of 2012 and 2013 in China promises its share of stories and movements that fascinate and we hope to bring you objective commentary along the way.

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