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Crucial role for the rule of law

It is one of the Party's basic strategies for developing socialism with Chinese characteristics in the new era

By CHEN WEIDONG

Since the 18th National Congress of the Communist Party of China in 2012, the CPC Central Committee with General Secretary Xi Jinping as the core has been promoting the rule of law in an all-round way and adhering to the integrated construction of the country, government and society in accordance with the law to welcome a new, modern era of the rule of law.

The reforms of the rule of law are valuable experiences, and the recently concluded 19th Party Congress laid out a general plan of implementing the rule of law in an all-round way, which will facilitate the great rejuvenation of the Chinese nation.

The strategy of implementing comprehensive rule of law is in line with the evolution in China's principal social contradiction and its basic national conditions and reality.

Xi's scientific judgment that socialism with Chinese character-

istics has stepped into a new era comes from his assessment that the principal contradiction in Chinese society has evolved from that "between ever-growing material and cultural needs of the people and backward social production" to one "between unbalanced and inadequate development and the people's ever-growing needs for a better life".

The evolution of the principal social contradiction signifies a historic change in the Party's and the country's overall situation, which poses new challenges and creates new opportunities. To overcome these challenges and seize the opportunities, we should steadfastly follow the Party's leadership and strictly implement the rule of law in an all-round way.

The 19th Party Congress decided to establish a central leading group for advancing law-based governance in all areas, in order to help the leadership to establish the rule of law in an all-round way, because it is essential for developing socialism with Chinese characteristics,

"To reform the rule of law with Chinese characteristics means to promote the rule of law in accordance with the Constitution."

which requires top-level design based on real national conditions and practical demands.

The reform plan under the rule of law should be in line with the Constitution and must safeguard the Constitution's authority. In fact, all the reform measures should be in line with the Constitution and laws.

The 19th Party Congress issued a call to strengthen implementation and supervision of the Constitution, and promote constitutionality

of reviews of laws and regulations. And Xi has pointed out before that the key to governing by the law is governing according to the Constitution, with the 19th Party Congress reiterating the requirement of enhancing the capacity of governing by law.

To reform the rule of law with Chinese characteristics means to promote the rule of law in accordance with the Constitution. Therefore, further reforms should form a unified socialist legal system that is centered on the Constitution, and improve the Constitution's implementation, supervision and interpretation systems.

More importantly, the country should respond to and resolve the significant issues in the new era, such as establishing leadership under the framework of the Constitution and laws.

The reform of the rule of law should be comprehensive and sound, and the CPC Central Committee should strengthen its leadership for legal construction.

It should not only mobilize the

power of the entire Party, military and society to propel legal construction, but also coordinate the whole process of legislation, law enforcement, judicature and legal education. Because, only when the people feel they are being fairly treated and getting justice in daily life will they sincerely advocate and safeguard the authority of the law and abide by it.

The rule of law in an all-round way has been listed by the 19th Party Congress as one of the basic strategies for developing socialism with Chinese characteristics in the new era, which shows the Party's profound understanding and recognition of the new historic stage.

Under the able leadership of the Party with Xi as the core, the rule of law is expected to play a crucial role in the country's governance and the modernization of governance, and help write a glorious new chapter for the nation.

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Paving the way for quality growth

By reaffirming policy continuity at the 19th Party Congress, China is ensuring a stronger economy

By HU YIFAN

The recently concluded 19th National Congress of the Communist Party of China (CPC) was the most anticipated political event of the year.

The congress has two important implications. General Secretary Xi Jinping has further strengthened his role as the core of the Party. And, therefore, the country's current policy direction will continue in the years to come, but with a greater focus on financial and economic reforms.

During his speech at the opening of the 19th Party Congress, Xi declared that China has entered a "new era of socialism with Chinese characteristics". His long-term vision for China in this new phase of development is termed the Chinese Dream.

The first phase of the first of the Two Centenary Goals, that is, to build a moderately prosperous

society, will be completed by 2020. After that, China has a two-stage development plan for the period up to 2050.

In the first stage, from 2020 to 2035, the goal is to build on the foundation of the moderately prosperous society in a way that, after another 15 years of hard work, China becomes a "great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful".

Xi's strategy spans several dimensions, including a focus on ongoing reforms to ensure qualitative, rather than quantitative, economic growth. The key areas of reform relevant for investors are:

Accelerated supply-side reform for a more sustainable economy. Deeper supply-side structural reform will be a critical part of China's ongoing economic transition. This reinforces Chinese leaders' commitment to achieving higher quality and more sustain-

able economic growth, instead of pursuing rapid growth at the expense of the environment and capacity.

Industrial upgrade riding on the Made in China 2025 initiative. The government plans to boost its industrial capability by implementing favorable policies based on the Made in China 2025 initiative, which the State Council, China's cabinet, unveiled in 2015. In particular, this is expected to benefit strategic sectors like advanced information technology, robotics, aerospace, aviation, railways, new-energy vehicles, power equipment, agricultural machineries, new materials and medical devices.

Expediting State-owned enterprise (SOE) reform. Policymakers plan to accelerate and expand SOE reform — likely through mixed ownership, mergers and acquisitions, employee incentive plans, initial public offerings and debt-to-equity swaps.

Continuous regulatory tightening to deleverage the economy. The need for further regulatory tightening was restated at the 19th Party Congress, and the establishment of a central government "super regulator", which aims to improve regulatory coordination, was announced.

Emphasis on environmental protection. Xi called for continuous "green development" and reiterated that "clear waters and green mountains are as good as mountains of gold and silver". We expect more policies on green manufacturing, clean energy and green finance to be implemented in the coming years.

Party leaders also called for further tightening of the anti-corruption campaign and strengthening of national security while highlighting social issues that need attention, such as the income gap, healthcare, unemployment, education and housing.

In other words, policy continu-

ity was reaffirmed at the 19th Party Congress to ensure "quality" growth. China's economy is on track for moderation in the second half of the year and to end 2017 well above the government's growth target of "around 6.5 percent".

A more detailed economic agenda will be released at the Central Economic Work Conference later this year, the National People's Congress in March, and the Third Plenum of the 19th CPC Central Committee in 2018.

But one thing is certain: Political, economic and currency stability will deepen investors' confidence in China in the coming years. And we remain confident of Chinese offshore equities within our Asia tactical asset allocation, and continue to focus on new economy sectors.

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