

## a 'revolutionary' government overhaul

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Xi Jinping is breaking the bureaucratic boulders in his path

The March 17 Ministry reshuffle attempts to design a streamlined government able to carry out Xi Jinping's [blueprint](#) for a 'new era'. It will reshape how government deals with the Party, the market and the world

Xi Jinping emerged from the 19th Party Congress with a mandate to push China into a 'new era'. To support this agenda, the Party has proposed a scheme to retool the machinery of government. Passed at the NPC 17 March, it is the most ambitious restructuring in decades, creating seven new ministries and adjusting the structure of nearly every national agency. It could deliver streamlined governance, but risks enormous growing pains as the system copes with a disruptive change. This report explains each of the 26 changes to state structure included in the reform document: what's changing, why and what to expect.

Liu He 刘鹤 Politburo member describes the plan as a 'revolutionary' reform that will touch every part of the state. Leaders have warned for years that corruption and inefficiency pose an existential threat to the Party-state. The roots of these problems were planted in the Mao era: Ministries were created to manage production in 'sectors' 行业 of a planned economy. Former Finance minister Lou Jiwei 楼继伟 joked 'frogs in the river are governed by the Ministry of Agriculture (MoA); frogs on the shore are governed by the State Forestry Administration'. This fragmentation has grown worse with market reforms. A vivid example is Xi's rural revitalisation strategy, which aims to remake the countryside, modernising farms, schools, housing and non-farm employment.

Whose job is rural development? Under the old system, there was no one answer: MoA ran agriculture up to the farm gate, but getting irrigation and roads to those farms brought in another three ministries (Water Resources, Transportation and Housing). Other rural development funding was managed by the Ministry of Finance and the National Development and Reform Commission. Dozens of bureaucratic actors shared responsibility, each jealously guarding its turf, resources and policy agenda. The new plan answers the question of responsibility with an attempt at a single, purpose-built agency.

## long in the works

In 2012, Xi Jinping promised change. He pledged an upgraded, functional state aligned with a vigorous market. Targeting powerful, entrenched bureaucrats, he railed against 'foot-dragging' and 'vested interests', and sought to scare them into action with a purge against corruption, indiscipline and inaction. He dealt with a few of the worst offenders, breaking up the independent and corrupt Ministry of Railroads and gutting the leadership of vast state oil companies. He streamlined central leadership and oversaw experiments to fix local government. A new system of central leading groups, the most important of which he chaired, divided up policy-making into issue areas. Pilot programs reorganised local government to create independent oversight. Entering his second term with a renewed mandate, he is now taking on the difficult, and most entrenched, ministerial middle.

Xi's overhaul directly confronts problems that stumped his predecessors. Deng Xiaoping went around it, inviting local governments to ignore conservative central agencies and pursue profit. Wildly successful in growth terms, this approach invited corruption and intentionally undermined central control. To manage the resulting chaos, Hu Jintao and Wen Jiabao took a page from corporate governance. They set goals through the 5-year planning process, publishing binding and nonbinding targets for a range of metrics (including growth, poverty reduction, environmental protection and domestic innovation) and auditing progress. But the divided system made no one responsible for delivery. Sometimes this resulted in failures; at other times impending deadlines panicked bureaucrats into counterproductive efforts to hit their numbers.

## a plan to make the system modern

The big reforms announced last week set up a suite of new agencies, most created to own specific policy objectives. A new layer of Party supervision will hold all agencies accountable to their assigned missions. The underlying theme is to replace the former structure with one that is more streamlined and results-oriented, but this reform is traumatic to the agencies and the officials who staff them, and will have unpredictable and unintended consequences.

## against fragmentation—better defined roles for agencies

The main [idea of this reform](#), says Wang Manchuan 王满传 National School of Administration, is to 'transfer one matter to one agency'. Each one is supposed to do one thing, and do it well. They are assigned core missions ('functions' 功能 in CCP jargon). The new Ministry of Agriculture and Rural Affairs (MARA), for instance, is replacing the farm-oriented MoA and will own the 'rural revitalisation' role. It will take over scores of offices that affect rural development, swelling the former MoA budget some sixfold. This includes all rural development funding—previously spread across several agencies—and authority over a range of capital and labour issues including irrigation. This new, expanded agency will be able to make and execute development plans without the help of its peers—and will be held accountable for their success.

## local oversight

The 17 March plan, and simultaneous national rollouts of pilot programs, break out many offices of local government—including revenue, environmental enforcement and the courts—from city and county budgets and place them under direct authority of central agencies, via local branches. This means mayors and county chiefs will be less able to ignore environmental and budget rules in pursuit of their interests. The new Ministry of Ecology and Environment (MEEN) will take over a national network. Local environmental protection offices, formerly subordinate to mayors and county chiefs, will receive independent funding and will be placed under the joint oversight of local governments and MEEN.

## single-window services

These larger, more powerful ministries are expected to [deliver results](#) as a 'service-oriented government', says Zhang Jinan 张纪南 Central Institutional Organisation Commission. Single-window services, championed by Li Keqiang, will speed up. The new General Administration of Market Regulation will unite all

product quality and safety regulation, reducing red tape for businesses bringing products to market. Its unfair competition arm is likely to continue a fearsome anti-monopoly campaign, but may also bring professionalism and predictability to this highly political policy area.

## NDRC

The new agencies are designed to pursue and hit central targets. In this environment, two agencies will have special roles in setting and enforcing goals. National Development and Reform Commission (NDRC), most affected by this reorganisation, will step out of day-to-day management except for strategic, state-dominated areas of energy and the reserves system. Dozens of its offices were sliced off in the 17 March plan and given to other agencies to support their missions. It will now focus on planning, as the compiler of 5-year plans and other target-setting documents. As the author of targets in a system that increasingly demands that targets are met, it will deliver marching orders to the ministries.

## holding them accountable

A powerful watchdog, the National Supervision Commission (NSC), will help ensure ministries perform their intended roles free of vested interests. Equal in power to the State Council, the NSC outranks all ministries and reports directly to the Party centre. It will take charge of a national network of supervision commissions, linked with local anti-corruption offices. Carrying on Xi's discipline campaign, it will watch decision-makers across the public sector, holding them accountable to political directives.

## what to expect

What happens when one takes a system like this apart and tries to put it back together? The answer in the near term will almost certainly be confusion. Streamlining bureaucracy does not remove interest groups, and ending implementation turf wars is all too likely to generate new boundary disputes. The post-reorganisation system may also stutter in the face of persistent aftershocks: numerous commentators have pointed out that the State Council can make sub-ministerial changes without NPC approval, and warned that it will do so as it debugs the new system.

If successful though, the plan may well deliver major upgrades to efficiency. Businesses and partner governments can better find decision-makers with the power to resolve problems. Complex and politically challenging, the reforms institutionalise the work of Xi's first term in an attempt to redesign government, from the capital to the villages.

adjustments to agencies (click on links)

## ministries

ministry of natural resources MNR 自然资源部 (new)

ministry of ecology and environment MEEN 生态环境部 (new)

ministry of agriculture and rural affairs MARA 农业农村部 (new)

ministry of culture and tourism MCT 文化和旅游部 (new)

national health commission NHC 国家卫生健康委员会 (new)

ministry of veterans affairs MVA 退役军人事务部 (new)

ministry of emergency management MEM 应急管理部 (new)

ministry of science and technology MoST 科学技术部 (new powers)

ministry of justice MoJ 司法部 (new powers)

ministry of water resources MWR 优化水利部职责 (adjusted)

## other agencies

national audit office NAO 审计署职责 (new powers)

national supervision commission NSC 国家监察委员会 (new)

general administration of market regulation GAMR 国家市场监督管理总局 (new)

state administration of radio and television SART 国家广播电视总局 (new)

china banking and insurance regulatory commission CBIRC 中国银行保险监督管理委员会 (new)

state international development cooperation agency SIDCA 国家国际发展合作署 (new)

national medical insurance administration NMIA 国家医疗保障局 (new)

state grain and material reserves administration SGRA 国家粮食和物资储备局 (new)

state immigration administration SIA 国家移民管理局 (new)

state forestry and grasslands administration SFGA 国家林业和草原局 (new)

state intellectual property office SIPO 国家知识产权局 (moved)

national council for social security fund NCSSF 全国社会保障基金理事会 (moved)

state administration of taxation SAT 国家税务总局 (new powers)

ministries



ministry of natural resources MNR 自然资源部 (new)

**absorbs**

- Ministry of Land and Resources (MLR)
- State Oceanic Administration (SOA)
- National Administration of Surveying, Mapping and Geoinformation (under MLR)

**takes over**

- main functional areas planning (prev. NDRC)
- urban and rural planning and management (prev. MoHURD)
- management of water resource surveys and rights registration (prev. MWR)
- management of grassland resource surveys and rights registration (prev. MoA)
  - management of forest and wetland resource surveys and rights registration (prev. SFA)

**affiliated agency**

- State Forestry and Grasslands Administration (new agency, [see below](#))

**responsibilities**

- supervise natural resource development and utilisation
- set up a spatial planning system
- exercise public ownership of state-owned natural resources
- unify natural resource surveys and rights registration
- set up compensation mechanisms for natural resource utilisation
- regulate geological surveys

**context**

The 19th Party Congress report pledged new agencies to manage state-owned natural resources and monitor ecosystems under the ambitious vision known as 'ecological civilisation'. This mandates that the environment be prioritised above economic growth. MNR is charged with upstream regulation, planning

the exploitation of natural resources in line with ecological goals. Jointly responsible for protecting 'national ecological security', the Party Congress report orders that the agencies responsible for environment 'operate in a unified way'. This will require that they coordinate their efforts, but as yet no coordination mechanism has been announced.

MNR unites the management of all natural resources under one roof for the first time. Unlike its predecessors, it is ordered to take a holistic view that incorporates environmental concerns into this management. The new Ministry is set to be the statutory owner of state-owned natural resources; bringing together spatial planning for all types of urban and rural land and ecological protection and restoration; and unifying supervision of all natural resources restoration and protection.

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## ministry of ecology and environment MEEN 生态环境部 (new)

### absorbs

- Ministry of Environmental Protection (MEP)

### takes over

- climate change adaptation and mitigation (prev. NDRC)
- monitoring and prevention of underground water pollution (prev. MLR)
- planning of water function zones, installation of sewage outfalls and river basin water quality protection (prev. MWR)
- clean-up of rural non-point source pollution (prev. MoA)
- marine environmental protection (prev. SOA)
- environmental protection duties for the south-to-north water diversion project (prev. State Council south-to-north water diversion project committee office)

### responsibilities

- draft and implement policies, regulations and standards for ecology and environment
- coordinate ecological and environmental monitoring, and law enforcement
- supervise pollution prevention and control, as well as nuclear and radiological safety
- organise Central Environmental Protection inspections

### context

As noted above, the 19th Party Congress report pledged an expansive new structure to manage state-owned natural resources and monitor ecosystems under the ambitious 'ecological civilisation' vision. All types of pollution and climate change issues now come under MEEN's remit. Its previous incarnation lacked the authority to deal with key areas such as marine pollution. Expected to be a tougher and more effective overseer, MEEN will be MNR's downstream counterpart. Given the overlap in their duties, drawing boundaries and ensuring coordination will be vital to preventing regulatory vacuums and overregulation, [says](#) Zhang Weichen 张维宸 Chinese Academy of Land and Resource Economics. However they work together, MEEN's creation indicates environmental protection is a state priority.

## ministry of agriculture and rural affairs MARA 农业农村部 (new)

### absorbs

- Ministry of Agriculture

### takes over

- agricultural investment programs (prev. NDRC)
- farmland governance responsibilities (prev. MLR)
- agricultural irrigation and water conservancy management responsibilities (prev. MWR)

### context

The reorganised Ministry has much more rural planning authority than its predecessor, with funds to match. Its mission is to carry out Xi's rural revitalisation strategy. The addition of 'rural affairs' to the ministry's name indicates a focus beyond the purely production functions of farming and animal husbandry: new responsibilities give MARA broad authority to address rural development bottlenecks including farmland governance, water infrastructure and access to capital for ag projects.

Li Xiaoyun 李小云 China Agriculture University professor [suggests the move](#) is part of a new institutional framework hinted at in the 2018 No. 1 Document, and that the Ministry may take on additional responsibilities. Yang Jinghua 杨敬华 Chinese Academy of Agricultural Sciences researcher notes that a number of rural development funds currently managed by NDRC, MoF, MLR and MWR will be consolidated under the new Ministry of Agriculture and Rural Affairs, ending redundancy and better coordinating financial support to the sector.

Some of MoA's current responsibilities have been shifted to other agencies with greater expertise. Ag pollution control efforts, which in recent years have had a substantial impact on food prices and farming practices, will be moved to the new Ministry of Ecology and Environment. Grassland fire prevention will be moved to the new Ministry of Emergency Management, and management of the fishing fleet will be moved to MoT.



## ministry of culture and tourism MCT 文化和旅游部 (new)

### absorbs

- Ministry of Culture
- National Tourism Administration

### responsibilities

- implement Party guidelines and policies for publicity and cultural activities
- formulate cultural and tourist policies and measures
- make overall plans for the development of cultural undertakings, cultural industries and tourism
- promote cultural programs that benefit the people
- organise surveys of cultural resources, and conduct archaeological and conservation work
- maintain order in all types of cultural and tourism markets
- strengthen cultural exchanges with foreign countries and promote Chinese culture overseas

### context

Hu Jintao first set the goal of becoming a 'cultural great power' during his second term. Xi Jinping has adopted and greatly reinforced this idea, stressing 'cultural self-confidence' and publically refusing to be measured by Western values. The culture and tourism agencies merged here have **different but complementary missions**, claims prominent tourism expert Wei Xiao'an 魏小安. The Ministry of Culture's job is ideology, whereas the National Tourism Administration is market-oriented, he says. They must also coordinate to strike a balance between MoC conservation work and NTA's desire to bring tourists to historic sites. Wei argued that the merger will align ideology, market and conservation as the tourist industry becomes more culture-oriented. The merger is a response to this change in the market, and many cities have already set up integrated culture and tourism authorities, says Li Xinjian 厉新建 Beijing International Studies University Department of Tourism Management dean.

## national health commission NHC 国家卫生健康委员会 (new)

### absorbs

- National Health and Family Planning Commission
- State Council Deepening Health System Reform Leading Small Group Office

### takes over

- National Committee on Ageing (prev. MCA)
- implementation of *Framework Convention on Tobacco Control* (prev. MIIT)
- occupational health supervision and management (prev. SAWS)
- daily work of National Committee on Ageing

### affiliated agency

- China Association for Ageing (prev. MCA)

### supervises

- State Administration of Traditional Chinese Medicine

### responsibilities

- plan national health strategy
- coordinate and promote deepening health system reform
- formulate and revise the national essential drug system
- supervise and manage public health, medical services and health emergencies
- undertake family planning management and services
- tackle population ageing, including health and elderly care integration and elderly care industry development

### context

Responsibilities for healthcare were scattered among multiple bodies. With these consolidated, NHC is in a far stronger position to coordinate ambitious initiatives, says Fang Pengqian 方鹏骞 Huazhong University of Science and Technology. Under the banner 'Healthy China', it will lead the shift away from a disease-oriented approach to a people-centred one. Institutional barriers hampering administration of key policy areas such as elderly care are said to now be dissolved.

NHC is tipped to move aggressively on tobacco regulation. A recent draft of Basic Health Law let the industry off lightly, but NHC is expected to devote more attention to tobacco control than previous issue owner MIIT. The industry's primary advocate, State Tobacco Monopoly Administration (STMA) remains under MIIT's umbrella, but this may change. While family planning was dropped from the Commission's name, it remains one of its duties. Given gloomy fertility statistics, expect policies aimed at raising the birth rate.



## ministry of veterans affairs MVA 退役军人事务部 (new)

### takes over

- Special Care and Placement Bureau (prev. MCA)
- Retired Cadre Bureau (prev. Ministry of Human Resources and Social Security)
- political works and logistics support departments (prev. CMC)

### responsibilities

- resettle and find new jobs for veterans

### context

China's 57 million veterans suffered during recent rounds of reform. Once able to rely on pensions and preferential access to SOE jobs, they lost both sources of support to streamlining efforts. Downsized SOEs absorb fewer new veterans, while removal of the military from the economy has cut into its funding, causing pension shortfalls. Recognising that veterans have suffered in reforms, Xi pledged them better treatment in a 12 March speech. MVA relieves the PLA of this burden, freeing it to undertake wider military reforms. It is also set to strengthen educational support to help veterans join private companies and pursue entrepreneurship, opening up career paths beyond public employment.

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## ministry of emergency management MEM 应急管理部 (new)

### absorbs

- State Administration of Work Safety (SAWS)

### takes over

- emergency management (prev. General Office of State Council)
- firefighting (prev. MPS)
- disaster relief (prev. MCA)
- geological disaster prevention and management (prev. MLR)
- flood and drought management (prev. MWR)
- grassland fire prevention (prev. MoA)

- forest fire prevention (prev. SFA)
- earthquake relief (prev. CEA)

#### **affiliated agencies**

- State Administration of Coal Mine Safety
- China Earthquake Administration

#### **responsibilities**

- organise national emergency management and planning, guiding local emergency management and pushing forward emergency response and drills
- set up disaster reporting system and publishing news
- coordinate disaster relief forces and resources
- guide emergency rescue and disaster prevention
- supervise production safety

#### **context**

Disaster relief and emergency management were scattered among a dozen agencies. The new ministry combines them in the interests of improved state capacity.

The main change will be increased state strength in deploying emergency resources, states Luo Yun 罗云 China University of Geosciences professor. The previous system was too dispersed and resources were often duplicated among different agencies. The new agency will also improve the quality and professionalism of emergency response personnel.

## ministry of science and technology MoST 科学技术部 (new powers)

#### **absorbs**

- State Administration of Foreign Experts Affairs (SAFEA) (prev. State Council)

#### **supervises**

- National Natural Science Foundation (NSFC) (prev. State Council)

#### **responsibilities**

- map out innovation-driven development strategies
- draft plans and policies for sci-tech development and fundamental research, and organising implementation
- step up innovation institutionalisation and sci-tech administrative reform
- coordinate national sci-tech R&D projects in basic and applied sciences
- coordinate sci-tech megaprojects
- improve integrated sci-tech service platform for bidding and tendering on national R&D projects
- improve supervision of R&D projects and sci-tech funding
- introduce foreign talent

#### **context**

Taking over NSFC puts a money pot under MoST's purview. Previously it had to communicate with other institutions for financing. Now it has some leeway to fund and incentivise various categories of research, specifically sci-tech megaprojects and national key projects (NKPs) in basic and applied sciences, says Fang Binxing 方滨兴 China Academy of Engineering. This also brings basic research under MoST's remit, he adds. To become a global centre for scientific development and innovation by 2050, China needs to solve talent shortages. With SAFEA under its purview, MoST gains control over recommending experts for visas, boosting its power to recruit global talent. An empowered MoST is expected to further

institutionalise innovation, step up sci-tech administrative reform, and promote high-quality, innovation-driven growth.

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## ministry of justice MoJ 司法部 (new powers)

### **absorbs**

- State Council Legal Affairs Office (SCLAO)

### **responsibilities**

- draft laws and regulations
- coordinate legislation
- enforce and interpret law
- guide administrative reconsideration
- disseminate legal information
- manage prisons, drug rehab and community correction centres
- manage notarisation, expert testimony and arbitration
- undertake state judicial assistance

### **context**

MoJ and SCLAO work often overlapped. For example, each had partial responsibility for disseminating legal information and dealing with foreign peers. This move aims to combine resources, improve efficiency and elevate MoJ within the state structure. An empowered MoJ will take responsibility for advancing law-based governance, a key 19th Party Congress policy goal. Integrating SCLAO will give a weak MoJ concrete functions, says Yang Jianshun 杨建顺 Renmin University law professor. It will also improve communication with other agencies.



## ministry of water resources MWR 优化水利部职责 (adjusted)

### takes over

- State Council Three Gorges Project Committee and related offices
- South-North water transfer project committee and related offices

### loses

- water resource surveys and water rights registration to Ministry of Natural Resources
- agricultural water conservancy and irrigation management to Ministry of Agriculture and Rural Affairs
- planning of water function zones, installation of sewage outfalls and river basin water quality protection to MEEN

### responsibilities

- continues previous infrastructure mission except for changes noted above

### context

MWR appears to have lost ground in [water pricing reform](#), with both industrial and [agricultural water](#) rights management moving elsewhere. This will likely prove a boon for water use efficiency: an empowered and experienced MNR may be able to put a price on water and advance water rights trading schemes where MWR has failed. Instead, MWR will focus on the infrastructure of water supply, including the [management of public-private partnerships](#) in this area. Nie Weiguo 聂卫国 CPPCC member and director of the former State Council Three Gorges Dam project oversight office hails the move, noting redundancy and conflict between major water projects and MWR will be resolved.

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## national audit office NAO 审计署职责 (new powers)

### takes over

- inspection of key projects (prev. NDRC)

- supervising central budget and other fiscal revenues (prev. MoF)
- supervision of SOEs and their leaders (prev. SASAC) (key SOE supervisory boards will be dissolved)

### context

Fiscal supervision was split across different agencies, with substantial redundancy and blind spots. Legacy supervisors NDRC, MoF and SASAC operated as both players and referees, generating considerable conflicts of interest. The *long-awaited* move to concentrate fiscal oversight in a specialised office is a step to ensure independent auditing. While the NAO is still a state agency, large ministries will find it harder to manipulate financial assessments of their projects and enterprises.

As their fiscal overseer, NAO is ordered to push SOEs to be more efficient and competitive. In addition to professionalising corporate governance, the state says it will bow out of day-to-day management of SOEs and public projects. *Repositioning itself as an investor*, it will focus on managing its capital. Earlier moves in this direction include *delegating SOE management* to private investors or professional managers and reporting *state-owned assets to National People's Congress*.

## national supervision commission NSC 国家监察委员会 (new)

### absorbs

- Ministry of Supervision (MoS)
- National Bureau of Corruption Prevention
- anti-corruption arms of procuratorates

### responsibilities

- complements CCDI to extend oversight to state and non-state public sector officials

### context

The establishment of the NSC as a new branch of government will provide an institutional basis to *extend and formalise the Party discipline system*. The *Supervision Law* establishes rules and procedures for disciplinary investigations, responding to concerns about transparency and predictability. Bringing millions of non-Party public employees under the state discipline system threatens them with serious consequences for deviations from the Party line. Whether this terrifies officials into inaction or motivates them to execute political directions remains to be seen.

## adjustments to other State Council organisations

## general administration of market regulation GAMR 国家市场监督管理总局 (new)

### absorbs

- State Administration for Industry and Commerce (SAIC)
- General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
  - General Administration of Customs (GAC) will take over administration of entry-exit inspection and quarantine
  - SIPO will take over administration of geographical indicators
- China Food and Drug Administration (CFDA)

### takes over

- pricing supervision and anti-monopoly law enforcement (prev. NDRC)
- Anti-monopoly Bureau including State Council Anti-monopoly Committee Office (prev. MofCOM)

### responsibilities

- anti-monopoly
- food safety
- equipment safety
- unified management and measurement standards
- inspection, certification and accreditation
- supervise a new State Drug Administration which will oversee medicine, medical devices and special foods

### context

Experts flag this agency as key to the Third Plenum promise to give the market a decisive role. These reforms will allow the [state to support markets](#) as a 'service-oriented government', says Zhang Jinan 张纪南 Central Institutional Organisation Commission. The style of regulation, he adds, will shift from one-off approvals to ongoing supervision to ensure fair market order.

Food safety regulation failed both consumers and businesses. Holes in the system have [put consumers in danger](#), sowing deep mistrust of the Chinese food industry. Fragmented quality and safety regulation created profound inefficiency, with businesses often required to seek numerous licences for a single product. [Experts say](#) that unifying product regulators promises that applicants will 'only have to make one trip to a single window to get things done'.

The 19th Party Congress identified monopoly as a barrier to 'free-flowing factors in a modern economic system', vowing to 'remove rules and practices that impede the market and fair competition' and 'break up administrative monopolies'. But enforcement of the *Anti-Monopoly Law* is patchy. This new super-regulator will take on unfair competition in both the state-owned and private sectors. Experts urge it to target industry associations, natural monopoly industries, M&As by foreign companies and abuse of dominant positions by the owners of online platforms as well as monopolies.

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## state administration of radio and television SART 国家广播电视总局 (new)

### absorbs

- State Administration of Press, Publication, Radio, Film and Television (SAPPRFT)

### responsibilities

- draft policies and measures managing radio and television, supervise implementation
- plan, guide and coordinate radio and TV industry development
- advance institutional reforms in industry
- censor online audio-visual content and check quality
- take responsibility for imported shows and coordinate content Going Global

### context

The likelihood of a SART spin off was high, says *Ifeng Tech*. Despite a 2013 merger, press and publication never integrated well with radio, film and television. With a narrower focus than its predecessor, SART is tasked with doubling up on supervision and guiding public opinion. Audio-visual

content continues to increase in influence, making quality control ever more important, said Tian Jin 田进 SAPPRT deputy director at Two Sessions. By stepping away from routine management, SART can focus on macro-level control of broadcast and television industries, rather than reacting to problems. Part of China's Going Global bid to increase its soft power, SART will also take responsibility for domestic shows Going Global.

Film does not come under SART's remit. A far weightier beast than television and radio, it is likely to get its own bureau, say industry insiders. Press and publications may find a new home with the Ministry of Culture and Tourism, the Party propaganda office or the new State Intellectual Property Office, [speculates](#) publishing magazine *China Press Today*. However it fits into the new system, the [past year indicates](#) that news and print censorship will grow rather than shrink.

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## china banking and insurance regulatory commission CBIRC 中国银行保险监督管理委员会 (new)

### absorbs

- China Banking Regulatory Commission (CBRC)
- China Insurance Regulatory Commission (CIRC)

### responsibilities

- unify regulatory oversight of the banking and insurance sectors (power to draft laws, make regulations and formulate a macro-prudential framework will reside with the People's Bank of China (PBoC))

### context

Financial regulation is fragmented. Overlaps and vacuums created by separate regulators for different types of financial institutions have heightened systemic risk. In addition, CBIRC will unify oversight of two industries whose regulations have basic principles in common. Because both banks and insurance companies carry systemic risks, their regulation focuses on solvency. CBRC and CIRC enter their merger with ongoing parallel clampdowns on use of capital, corporate governance and equity structure.

This restructuring attempt does not fully deliver the extensive overhaul [previously signalled](#). Tools needed to manage some of the most fragmented industries, such as [asset management](#), are lacking. Banks, insurance and securities companies are all qualified to issue asset management products, but are subject to different investment restrictions, tempting more regulated institutions (especially banks) to use other industries as back doors.

Power to draft laws and formulate a macroprudential framework went to the PBoC, not the Commission. This signals that the central bank will be the chief execution agency for financial policy from a super-committee: [the State Council Financial Stability and Development Committee](#).

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## state international development cooperation agency SIDCA 国家国际发展合作署 (new)

### takes over

- foreign aid (prev. MofCOM)

- foreign aid coordination (prev. MFA)

### **responsibilities**

- write foreign aid guidelines, policies and action plans
- monitor and evaluate foreign aid projects
- promote strategic design and coordinate foreign aid to increase effectiveness and returns
- reposition foreign aid as a diplomatic lever supporting 'Going Global' strategies including the Belt and Road initiative (BRI)

### **context**

The 6 February 2018 meeting of the Central Commission for Deepening Reform called for 'optimising the strategic deployment of foreign aid', increasing investment and improving project management.

Reporting directly to the State Council, IDCB ranks below a ministry but above a department (副部级).

IDCB's main job is *coordinating and supporting BRI*. The closest thing in the plan to the rumoured BRI office, it will act as an inter-ministerial communication channel to address coordination troubles plaguing the flagship strategy. Foreign aid is highly fragmented and inefficient, notes Li Xiaoyun 李小云 Belt and Road Academy of Agricultural Cooperation; agencies at different levels and private organisations are engaging in a variety of foreign aid activities, leading to high costs and wasted resources. A stand-alone foreign aid bureau is needed to cut costs and streamline resource usage.

Foreign aid mainly served *the needs of aid recipients*, notes Liu Haifang 刘海方 Peking University Centre for African Studies deputy director, but policy will now work to

- coordinate foreign aid and national strategies
- upgrade inter-ministerial foreign aid coordination
- focus on 'three-dimensional' aid projects: climate change, environmental protection and food security



national medical insurance administration NMIA 国家医疗保障局  
(new)

**absorbs**

- Urban Employee and Resident Basic Medical Insurance and Maternity Insurance Schemes (prev. MoHRSS)
- New Rural Cooperative Medical Insurance Scheme (prev. NHFPC)
- pricing of pharmaceuticals and medical services (prev. NDRC)
- medical aid (prev. MoCA)

**responsibilities**

- formulate and implement policies on medical insurance, maternity insurance and medical care
- supervise and manage the medical insurance fund
- improve the platform for managing medical expenditure incurred away from registered place of residence
- formulate and adjust pricing of pharmaceuticals and medical services
- formulate, supervise and implement policies on pharmaceuticals and medical device tendering
- supervise and manage medical services and pricing for healthcare institutions eligible for public medical insurance

**context**

Previously rivals for control of public health insurance schemes, the urban and rural insurance authorities have been ordered into a shotgun marriage, in line with the 19th Party Congress report's pledge to unify management of medical insurance. This union also aims to tackle discrepancies between rural and urban insurance by uniting residents into one larger pool. Kicking off later than their urban counterparts, rural insurance schemes had lower contributions and a limited focus on major diseases. Wang Jianxiu 王建秀 *Healthpoint* reporter considers this more significant than the NHC's setup, arguing NMIA will have more clout to control costs.

## grain and material reserves administration SGRA 国家粮食和物资储备局 (new)

### **affiliated to**

- NDRC

### **absorbs**

- State Administration of Grain (prev. NDRC)
- State Bureau of Material Reserve (prev. NDRC)
- relief material stockpile system (prev. MCA)
- management of reserves of important consumables (prev. MofCOM) national petroleum and natural gas reserves (prev. NEA)

### **responsibilities**

- stocking, rotation and management of the nation's strategic and emergency-aid materials, including grain, cotton and sugar

### **context**

Consolidating strategic reserves into a single bureau underpins market price reforms. Both State Bureau of Material Reserves and State Administration of Grain were previously supervised by NDRC—their merger recognises an expert agency will no longer be needed to manage price setting for ag commodities, and may allow better coordination of reserve grain auctions to industrial end users. Prices for nearly all farm products are now market-based, meaning reserves are no longer needed to prop up minimum purchase prices. Still, they play a key role in controlling CPI and thereby, inflation. Lou Jiwei 楼继伟 CPPCC member and former Minister of Finance argues the move has consolidated price management responsibilities, with both price-setting and supply-demand management brought under NDRC.



## state immigration administration SIA 国家移民管理局 (new)

### affiliated to

- Ministry of Public Security

### takes over

- immigration policy and enforcement
- intra-ministerial reform: creates one office for range duties already under MPS

### responsibilities

- entry and exit
- foreign residents in China, refugees, illegal immigrants
- set up management and coordination mechanism for visas
- check certification at port of entry, manage border area inhabitants

### context

Public discussion of a [new immigration authority](#) dates to mid 2016, reflecting [shortages of skilled workers](#). With responsibility currently scattered among several agencies, the immigration process is cumbersome and sluggish. An agency specialising in it may smooth the inflow of talent. China's 0.06 percent foreign resident population rate is well below the 1.6 and 10 percent averages for developing and developed countries, [notes](#) Wang Huiyao 王辉耀 Centre for China and Globalisation director. SIA comes on the heels of concrete policy moves that aim to alleviate shortages, such as the [recent rollout of R visas](#).

## state forestry and grasslands administration SFGA 国家林业和草原局 (new)

### affiliated to

- Ministry of Natural Resources

### absorbs

- State Forestry Administration
- supervision and management of grasslands (prev. MoA)

### takes over

management duties from MLR, MoHURD, MWR, MoA, SOA over

- nature reserve zones
- national scenic areas
- natural heritage
- geological parks

### responsibilities

- supervise development, usage and protection of forest, grassland, wetland, desert, terraneous wild plants and animals
- organise ecological protection, restoration, and afforestation
- manage reserve zones and national parks
- enhance ecosystem protection and consolidate management of forest, grassland, wetland into one system
- set up National Park Management Administration, supervised by National Forestry and Grassland Administration

### context

SFGA will take responsibility for protecting natural resources under the new Ministry of Natural Resources (MNR). Disorder and ecological damage prevailed in key reserve zones and parks. Fragmented management made it easy for illegal developments to take hold. Earlier policies such as the 'General plan on setting up a national park system' released by State Council in 2017 aimed to plug gaps in the system. SFGA's setup demonstrates a will to institutionalise coherent, systematic protection for key ecosystems.

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## state intellectual property office SIPO 国家知识产权局 (moved)

### moves

from State Council to the new GAMR

### responsibilities

- trademark management duties (prev. SAIC)
- management of geographical indications (prev. AQSIQ)

### context

With trademark and patent infringement cases and [penalties rising](#), bringing SIPO under GAMR suggests the needs of the market are being taken more seriously, claims Ma Dongxiao 马东晓 Beijing Zhonglun Legal founder. Empowering SIPO also enables it to better assist Chinese firms in '337 investigations'

and other overseas IP-related cases, says Li Mingde 李明德 CASS IP Centre director. Experts who have long called for reducing fragmentation and institutional weakness may be placated somewhat, but copyright remains under the purview of National Copyright Administration of China (NCAC). Trade secret protection is also left with SAIC, reports *Economic Observer*. Yet previous moves such as FTZs experimenting with further integration of IP services and supervision, and State Council calling for dedicated IPR tribunals (echoing the Supreme People's Court) show that there is high-level support for beefing up IPR to attract FDI.

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## national council for social security fund NCSSF 全国社会保障基金理事会 (moved)

### **moves**

to Ministry of Finance (prev. State Council)

### **renamed**

previously called Social Security Fund Committee

### **responsibilities**

- supervise earnings and expenditure of social insurance fund
- ensure fund security and better returns

### **context**

The Social Insurance Fund, the main pension fund, faces a C¥4.7 tn funding shortfall caused by the 'greying' of Chinese society. To cover the gap, the State Council set up a secondary Social Security Fund in 2000, funded by contributions from central fiscal appropriation, SOEs and the public welfare lottery fund in about equal proportions. The fund held C¥798 bn in 2016, and is slated under a 2017 State Council plan to receive a ten percent ownership stake of many medium and large SOEs.

Previously managed by the State Council, the secondary fund was not well supervised. This reform places it squarely under MoF, the agency most experienced with budget oversight. The social security fund was a glaring omission in MoF's portfolio, and will see better returns under its new manager, says Zhang Yiqun 张依群 Jilin Financial Science Research Institute. Reform will coordinate its management with other budgets, argues *Securities Daily*. This move continues reforms begun by the 2014 *Budget Law* revision, which first set up a comprehensive budget system.

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## state administration of taxation SAT 国家税务总局 (new powers)

### **merges**

- provincial and local tax bureaus with corresponding SAT offices
- merged tax office to be managed by both SAT and localities under 'dual leadership system'

### **responsibilities**

- collect and manage taxes and other levies

### **context**

China currently has two parallel tax collection systems. Under the system established by previous 1994 reforms, the national SAT network collects revenue for the central government, while local tax bureaus collect revenue owed to lower levels of government. This reform is a 'front-office revamp': it allows taxpayers to settle their bills at a single counter but does not change who receives the revenue. This leaves local governments underfunded, a persistent problem that has contributed to a national epidemic of local government debt.

Signs of the tax merger date to 2016, when VAT replaced service sector business tax and collection reassigned from local bureaus to SAT. Revenue reforms are likely to follow, with two major new taxes slated to be paid to local governments. An environmental protection tax will be collected from 1 Apr 2018. Property tax is currently in the pilot stage and a national rollout is rumoured to be on the MoF legislative agenda.

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## glossary

new	abolished	weakened	unaffected	strengthened	reassigned
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Ministry of Ecology and Environment	MEEN
Ministry of Emergency Management	MEM
Ministry of Agriculture and Rural Affairs	MARA
Ministry of Veterans Affairs	MVA
Ministry of Culture and Tourism	MCT
Ministry of Natural Resources	MNR
National Health Commission	NHC
State Administration of Radio and Television	SART
China Banking and Insurance Regulatory Commission	CBIRC
State Drug Administration	SDA
Ministry of Agriculture	MOA
Ministry of Culture	MOC
Ministry of Land and Resources	MLR
Ministry of Environmental Protection	MEP
Ministry of Supervision	MOS
National Health and Family Planning Commission	NHFPC
China Food and Drug Administration	CFDA
General Administration of Quality Supervision, Inspection and Quarantine	AQSIQ
National Bureau of Corruption Prevention	NBCP
National Tourism Administration	NTA

State Administration for Industry and Commerce	SAIC
State Administration of Press, Publication, Radio, Film and Television	SAPPRFT
State Administration of Work Safety	SAWS
State Forestry Administration	SFA
China Banking Regulatory Commission	CBRC
China Insurance Regulatory Commission	CIRC
State Administration of Foreign Experts Affairs	SAFEA
State Administration of Grain	SAG
State Oceanic Administration	SOA
Ministry of Finance	MOF
Ministry of Human Resources and Social Security	MURSS
Ministry of Public Security	MPS
Ministry of Water Resources	MWR
National Development and Reform Commission	NDRC
China Earthquake Administration	CEA
Chinese Academy of Social Sciences	CASS
State Tobacco Monopoly Administration	STMA
Ministry of Justice	MOJ
Ministry of Science and Technology	MST
National Audit Office	NAO
People's Bank of China	PBOC
General Administration of Customs	GAC
State Intellectual Property Office	SIPO
National Council for Social Security Fund	NCSSF
National Natural Science Foundation	NNSF
State Administration of Traditional Chinese Medicine	SATCM
State Administration of Coal Mine Safety	SACMS