



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “China's New Leadership and Implications for the United States”

Opening Statement of Chairman William A. Reinsch

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Washington, DC

Welcome to the first hearing of the U.S.-China Commission’s 2013 Annual Report cycle. Today we will examine the changes in China’s political, economic, and security landscape following the Party Congress last November. We’ll also discuss U.S. policy toward the region in light of these changes. We have assembled a strong set of witnesses to address different aspects of China’s leadership transition, and I’d like to thank them for their participation in this hearing.

Last fall, the Chinese Communist Party’s 18th Party Congress ushered in the “Fifth Generation” of political leaders. We’ll begin today by addressing who was selected for the powerful Politburo Standing Committee, who was not selected, and what these decisions suggest about the Party’s policy directions and priorities. Although Xi Jinping and Li Keqiang’s appointments were long-anticipated, other outcomes surprised outside observers. We look forward to hearing our witnesses’ testimony today about how these officials’ backgrounds, loyalties, patronage networks, and other factors may have affected the transition. More importantly, we’re hoping to gain insight about what the new leadership team means for China’s governance over the coming decade.

The second panel will assess the prospect for economic reform under China’s Fifth Generation leaders. We know already that Xi and Li face internal and external challenges. Inside China, they must overcome growing economic inequality and other structural imbalances along with endemic corruption and entrenched local interests that will resist reforms. Their central dilemma is the likelihood that any meaningful reforms will undercut Party control.

In addition, the global economy heavily affects China’s economic performance. Our witnesses today will provide insight into how China’s new leadership will attempt to meet these challenges, or whether the status quo will prevail as China’s leaders seek to maintain their 7.5 percent economic growth target and the Party’s position in power. This panel will lay the foundation for forthcoming Commission hearings on China’s economy and financial sector.

I’ll now yield to the co-Chair of today’s hearing, Vice Chairman Shea, for his opening statement. Thank you.