



U.S.-China Economic and Security Review Commission

**USCC Report: Outcomes of the Chinese Communist Party's 18th National Congress
December 21, 2012****USCC REPORT: Outcomes of the Chinese Communist Party's 18th National Congress**

Today, the U.S.-China Economic and Security Review Commission released a staff report, *Outcomes of the Chinese Communist Party's 18th National Congress*.

The following is the Executive Summary of the report:

The 18th National Congress of the Chinese Communist Party (CCP), which convened in Beijing from November 8 – 14, 2012, saw a once-in-a-decade leadership transition unfold. Following from a pattern set at the 16th Party Congress in 2002, the Party's senior official, Hu Jintao, formally retired and handed over the offices of CCP General Secretary and Chairman of the Central Military Commission to his designated *heir apparent*: 59 year-old Xi Jinping, a longtime Party functionary and the "princeling" son of a former PRC Vice-Premier. Alongside Li Keqiang, who is almost guaranteed to inherit the position of State Council Premier in March 2013, Xi Jinping will have a ten year (two-term) tenure in power before facing mandatory retirement at the 20th Party Congress in 2022.

This leadership transition is remarkable on multiple levels: It provides one of the very few examples of an authoritarian state successfully engineering a peaceful, institutionalized political succession; and it is only the second such transition that has occurred in China since the death of paramount leader Deng Xiaoping. However, under the surface of an apparently smooth succession, there were clear signs throughout 2012 of factional conflict between supporters of CCP General Secretary Hu Jintao and officials loyal to former CCP General Secretary Jiang Zemin, who has been nominally retired from all official positions since 2004. The CCP is not a monolithic entity, and rival interest groups and patronage networks compete with each other for control of policy at a national level.

Supporters of Jiang Zemin – referred to here as the "Shanghai/Princeling Faction," for the fact that many share career experience in China's southeastern coastal regions, or are the children of senior-ranking CCP officials – came out on top in personnel selections for the Politburo Standing Committee (PBSC), the executive committee that directs state policy on a week-by-week basis. Of the seven members of the new PBSC, six (Xi Jinping, Zhang Dejiang, Yu Zhengsheng, Liu Yunshan, Wang Qishan, and Zhang Gaoli) share clear patronage linkages to Jiang Zemin. The remaining member, future Premier Li Keqiang, is a close protégé of outgoing CCP General Secretary Hu Jintao. The clout displayed by Jiang Zemin indicates that he has remained a more powerful figure behind the scenes than many analysts realized, and that the authority of actively-serving CCP leaders remains constrained by the influence of nominally retired "Party Elders."

Personnel appointments of the 18th Party Congress also hint at the future composition of the Chinese leadership. Although loyalists of Jiang Zemin dominate the new PBSC, ten of 18 of the remaining members of the full Politburo have primary patronage ties to Hu Jintao and his “China Communist Youth League (CCYL) Faction.” As five of the seven members of the new PBSC will face mandatory retirement in 2017, there will ample room for Politburo members to move up. Furthermore, Hu Chunhua – the newly assigned CCP Guangdong Provincial Secretary, and a close protégé of Hu Jintao – obtained a seat on the Politburo, likely positioning him for high-level Party leadership in the years to come.

The outcomes of the 18th Party Congress were disappointing for advocates of reform in China. The new senior leadership of the CCP is a conservative group, with few apparent inclinations to either liberalize state control over the economy, or to loosen the CCP’s unitary hold on political power. Furthermore, these new leaders will likely continue to be restrained both by the continued influence of Party Elders, and the policy preferences of powerful interest groups – such as the military and security forces, and state-owned industry – within the Party. The result will likely be significant policy continuity in the near to intermediate term, with contentious decisions on structural economic, social, and political issues further deferred into the future.

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