

Chinese Business Law: Who's Pulling the Strings?

By Michael Homer, J.D. Candidate 2020 | October 31, 2017

The Communist Party of the People's Republic of China held its 19th Party Congress last week. The twice-a-decade party determines China's political and economic development of at least the next five years, and is when the new leadership of the Communist Party is chosen. Chinese President Xi Jinping is expected to use this opportunity to further consolidate political power, and set forth his vision for the country's future.

Under Xi, the trend of utilizing law to centralize authority and strengthen control has been accelerating, as evidenced by the recent [codifying of informal restrictions](#), such as the anti-graft campaign. In an effort to embolden the campaign, Xi plans to invest legal authority in the nascent National Supervision Commission to crack down on corruption. It has been speculated that [Wang Qishan](#), a current member of the Standing Committee of the Politburo and a.k.a. "China's second most powerful man," will head the organization.

Wang Qishan, the so-called anti-graft tsar, was recently accused by Chinese dissident [Guo Wengui](#) of corruption himself. Guo alleged that Wang has an illicit financial connection with the HNA Group, a multibillion-dollar Chinese conglomerate. Guo Wengui, a real estate billionaire turned exiled democratic-reform advocate has built quite an online following for himself in the last year utilizing social media to expose what he claims is his first-hand knowledge of the corruption of "Chinese kleptocrats." Interestingly enough, Guo's YouTube account was recently suspended for 90 days for alleged harassment. The identity of the person or organization who alleged harassment has not been released, although Guo believes that the Chinese government was behind the complaint.

The Communist Party's [growing influence on foreign companies](#) has increased in recent years. The law in China requires foreign companies to set up Communist Party cells in their firms. According to Qi Yu, a deputy head of the Communist Party's Organization Department, these party cells "help [foreign firms] to understand in a timely manner Chinese policies, to resolve salary disputes, and provide positive energy for the company's development." While Communist officials claim that foreign companies welcome the benefit of having a party cell within their organization, some foreign executives have privately expressed their concern about increasing political pressure from the Party to allow greater control over business and investment decisions.