



China Announces Sweeping Overhaul of Government Institutions

By **Alexander Chipman Koty**, China Briefing, Dezan Shira & Associates

Word Count: 1337

China announced a sweeping restructuring of its government institutions at the ongoing **Two Sessions** meetings in Beijing.

The government overhaul is China's most significant institutional reform in years, with various entities either newly created, merged, restructured, or dissolved.

Overall, the restructuring will affect over two dozen government bodies. It will cut the total number of ministerial-level entities by eight and vice-ministerial-level entities by seven, while creating seven new ministries and a number of new agencies.

With all the changes taken into account, China's central government will have 26 ministries and commissions in total.

The wide-ranging reforms are mainly aimed at streamlining bureaucracy by eliminating overlapping responsibilities and competing interests. The changes also tend to add more power to the central government at the expense of local governments.

Several of the new bodies will be instrumental in implementing **Chinese President Xi Jinping's key policy goals**, which include controlling **financial risks**, **combating pollution**, **revitalizing rural areas** and **reducing poverty**, promoting the **Belt and Road Initiative**, and cracking down on **corruption**.

The reform also contributes to Xi's goals of **reasserting central authority**, which may lead to more centralized policymaking and more cautious and uniform policy implementation at the local level.

The National Development and Reform Commission (NDRC) stands out as the biggest loser in the reshuffle. The once-powerful government body is now stripped of a number of key functions, including anti-monopoly and anti-trust enforcement, rural planning, and pollution control, among others.

The most significant changes to the government are as follows.

New ministries

Ministry of Natural Resources

The Ministry of Natural Resources will consolidate the supervision of all different types of **natural resources** into a single body.

Previously, natural resource supervision was divided among a number of different agencies, including the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, the NDRC, the State Forestry Administration, the State Oceanic Administration, the National Administration of Surveying, Mapping, and Geoinformation, and others.



Ministry of Ecological Environment

The Ministry of Ecological Environment will combine pollution-related oversight into a single body.

Previously, the NDRC and the Ministry of Environmental Protection were the main bodies in charge of pollution issues. The Ministry of Environmental Protection will be dismantled.

The new ministry will play an important role in China's ongoing war on pollution.

Ministry of Emergency Management

The Ministry of Emergency Management will prepare for and respond to all natural and man-made disasters.

Previously, the agency in charge of disaster response depended on the nature of the disaster. For example, forest fires came under the authority of the Forestry Administration while grassland fires came under the authority of the Ministry of Agriculture, as noted by the South China Morning Post.

Ministry of Agriculture and Rural Affairs

The Ministry of Agriculture and Rural Affairs will merge supervision of agriculture with rural development issues.

The new ministry will take on most of the responsibilities of the Ministry of Agriculture, which is to be dismantled. Additionally, it will be responsible for various issues formerly held by the NDRC, the Ministry of Finance, the Ministry of Land and Resources, and the Ministry of Water Resources.

The ministry will be important in implementing Xi's ambitious rural revitalization and poverty alleviation campaigns.

Ministry of Culture and Tourism

The Ministry of Culture and Tourism will coordinate and manage China's cultural and tourism industries.

The ministry will play a key role in promoting China's soft power and cultural influence abroad.

Ministry of Veterans Affairs

The Ministry of Veterans Affairs will be responsible for issues relating to former soldiers. These responsibilities include aiding with post-service employment, resettlements, and support for family members.

Previously, these functions were dispersed among the Ministry of Civil Affairs, the Ministry of Human Resources and Social Security, and the Central Military Commission.

The ministry will gain added importance as China is set to cut its armed forces by 300,000. Overall, China has 57 million veterans.

National Health Commission

The National Health Commission will be responsible for national health policy, population management, tobacco use, and other health-related issues.



The National Health and Family Planning Commission, the controversial agency once in charge of enforcing China's notorious One Child Policy, will be dismantled.

Previously, regulation of tobacco use was governed by the Ministry of Industry and Information Technology (MIIT), which is an industry regulator.

New agencies

Market Supervision Administration

The Market Supervision Administration is a new market regulator with wide-ranging competition and safety responsibilities. These include business registration, pricing supervision, quality control, standard setting, drug approval, food safety, intellectual property protection, and anti-monopoly issues.

Anti-monopoly responsibilities were previously divided between the NDRC, the Ministry of Commerce, and the State Administration for Industry and Commerce. The administration's safety responsibilities were previously handled by the Administration of Quality Supervision, Inspection and Quarantine and the China Food and Drug Administration.

The Market Supervision Administration is set to play a large role for foreign businesses operating in China.

China Banking and Insurance Regulatory Commission

The China Banking and Insurance Regulatory Commission (CBIRC) will merge the China Banking Regulatory Commission (CBRC) and the China Insurance Regulatory Commission (CIRC) into a single super-regulator.

The CBIRC will be devoted to investigating and regulating the financial sector. It will not hold the lawmaking functions that its predecessors had.

The CBIRC will be instrumental in China's campaign against debt and financial risks.

State Immigration Administration

The State Immigration Administration is a new body in charge of creating and enforcing China's immigration laws. It will operate under the supervision of the Ministry of Public Security – China's police force.

The new administration will take on a variety of functions previously held by the Entry-Exit Bureau.

The State Immigration Administration is a response to China's increasing internationalization and rising number of foreign workers. In addition to processing visa applications, it will supervise foreigners in China more broadly.

International Development Cooperation Agency

The International Development Cooperation Agency is a new body that will coordinate the distribution of foreign aid.

Previously, the Ministry of Commerce and the Ministry of Foreign Affairs managed the distribution of foreign aid.

The new ministry is poised to become an instrument of Chinese foreign policy and Xi's signature Belt and Road Initiative.



Other notable changes

National Supervisory Commission

The National Supervisory Commission (NSC) is China's new state-level anti-corruption body.

It is a combination of the Central Commission for Discipline Inspection (CCDI), the supervisory powers of the State Council – China's cabinet – and other anti-corruption departments.

The NSC has been given a high status, having been enshrined in China's constitution. It will rank above the judicial system – including the Supreme Court – and function at a level close to the State Council, which is China's cabinet.

The NSC will be granted vast powers, including the authority to investigate not just Communist Party members, but any manager-level employee in a public organization, including judges, lawyers, and those employed at state-owned enterprises (SOEs), universities, hospitals, sports organizations, village governments, research institutes, and even libraries. Further, the NSC has the power to deny suspects access to lawyers.

People's Bank of China

The People's Bank of China, the country's central bank, will be granted the authority to draft laws for the banking and insurance sectors.

Previously, these lawmaking functions were held by the CBRC and the CIRC.

State Administration of Taxation

The State Administration of Taxation will take on additional responsibility to regulate China's **national and local tax bureaus**. Tax bureaus at and below the provincial level will integrate their offices with the national tax bureau, thereby centralizing oversight and administration of local taxation.

National Audit Office

The National Audit Office will be granted the authority to audit government investments and evaluate executives of SOEs.

State Intellectual Property Office

The State Intellectual Property Office will take on additional responsibilities for trademark management and the administration of geographical indications of origin.

Previously, these functions were held by the State Administration for Industry and Commerce and the State Administration of Quality Supervision, Inspection and Quarantine, respectively.

The State Intellectual Property Office will be moved from under the jurisdiction of the State Council to the newly created Market Supervision Administration.



As a reminder, if you choose to publish any of our content, please include the following caption at the end of the article:

This article was first published on [China Briefing](#).

Since its establishment in 1992, Dezan Shira & Associates has been guiding foreign clients through Asia's complex regulatory environment and assisting them with all aspects of legal, accounting, tax, internal control, HR, payroll, and audit matters. As a full-service consultancy with operational offices across China, Hong Kong, India, and ASEAN, we are your reliable partner for business expansion in this region and beyond.

For inquiries, please email us at china@dezshira.com. Further information about our firm can be found at: www.dezshira.com.