



PLA Plans to Completely Divest From Commercial Activities

OE Watch Commentary: Between 1985 and 1998 the Chinese Central Military Commission, China's leading military organization, allowed the PLA to engage in commercial activities to supplement its budget. By 1998, China's strategic environment had changed, requiring a faster modernization, greater professionalism and a crackdown on corruption that had flourished under the old system. At the same time, China's economy grew significantly, meaning that the PLA had greater resources. General Party Secretary, Jiang Zemin, required the PLA to begin divestiture—spinning off wholly owned ventures into the private sector and closing others. However, this divestiture, which involved transfer of assets and companies to local governments, was incomplete and the PLA has continued to operate hospitals and nurseries, rent property, and run warehouses and publishing houses. With poor oversight of these programs, corruption has been a major issue.

In 2015, Xi Jinping made it clear that changes to the system were coming, including transfer of most hospitals to the private sector as the accompanying excerpted article reports. Additional measures were judged insufficient and earlier this year the Central Military Commission decided to completely cease paid work to focus on the PLA's mission of "fighting and winning wars" [能打仗, 打胜仗]. In June 2018, the General offices of the CCP, State Council and Central Military Commission issued *Guidance Regarding Deepening Advancement of Complete Cessation of Paid Services in the Military* (see: http://paper.people.com.cn/rmrb/html/2018-06/12/nw.D110000renmrb_20180612_4-01.htm). According to the notice, where possible, any existing contracts will be resolved with the help of local governments or transferred. The Central Military Commission has taken direct responsibility for adjusting the transfer of property. If successful, the reforms will mark the end of a long and complicated cycle, and be part of a major reorientation of the PLA toward building its core capabilities. **End OE Watch Commentary (Wood)**

Source: “习近平强调坚决做好全面停止军队有偿服务工作 (Xi Jinping Requires Complete Cessation of Military's Paid Services)”
Xinhua, 31 July, 2018. http://www.gfdy.gov.cn/topnews/2018-07/31/content_9246163.htm

On July 31 the Politburo of the CCP held the Seventh Group Study Session on Complete Cessation of Military Paid Work. Xi Jinping, general secretary of the Communist Party of China (CPC) Central Committee, stressed resolute efforts to terminate all paid services provided by the armed forces.

The decision allows no exception or compromise, Xi said, noting that such work is a major decision made by the CCP Central Committee and the Central Military Commission (CMC) aiming to strengthen the armed forces as well as an important part in reforming national defense and the armed forces. He also stressed that ending military paid services would create a sound environment for building a strong military in the new era...

Xi said [since 2015] major advances had been achieved in this regard, and the military has generally relinquished commercial activities. Xi highlighted the move's significance of purifying the political ecosystem in the armed forces, maintaining its nature, implementing the Party's goal of building a strong military in the new era, building the forces into world-class forces in an all-round way, and strengthening the Party's ruling status and ensuring the country's long-term stability.



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People's Liberation Army (PLA) cadets meet with U.S. Army Gen. Martin E. Dempsey, not shown, the chairman of the Joint Chiefs of Staff, at a PLA Aviation Corps academy near Beijing.
Source: D. Myles Cullen, Public domain, April 24, 2013.
[https://commons.wikimedia.org/wiki/File:People%27s_Liberation_Army_\(PLA\)_cadets_meet_with_U.S._Army_Gen._Martin_E._Dempsey,_not_shown,_the_chairman_of_the_Joint_Chiefs_of_Staff_at_a_PLA_Aviation_Corps_academy_near_Beijing_April_24_2013_1130424-D-VO565-043.jpg](https://commons.wikimedia.org/wiki/File:People%27s_Liberation_Army_(PLA)_cadets_meet_with_U.S._Army_Gen._Martin_E._Dempsey,_not_shown,_the_chairman_of_the_Joint_Chiefs_of_Staff_at_a_PLA_Aviation_Corps_academy_near_Beijing_April_24_2013_1130424-D-VO565-043.jpg)