

Assessing Chinese Communist Party's Responsibility for Labor Rights Abuses along the Belt and Road: Party building work prevalent in Chinese central SOEs Overseas

Introduction

Many Chinese workers employed by Chinese companies abroad suffer degrading conditions, as we've found in [previous investigations](#).

Of course the employers shoulder much of the blame for these abuses, but it would be a mistake to believe they are the only ones responsible. Host countries also have a large part to play in minimizing the extent of labor violations. But China's party-state itself should hold the ultimate responsibility, especially given the Communist Party's compulsion to control over all aspects of the country and the Chinese people.

A case in point is governance activities called "Party Building Work (党建工作) or regular or irregular meetings, workshops, or performances to "study" CCP policy documents, history, or work policies. They, in a sense, are direct manifestations of traceable CCP activities in Chinese enterprises. To use China researcher Daniel Koss's words, PBW appears to be a form of assertion of authority "at the business frontier."

Backgrounds

China's state-owned enterprises (SOEs) are local or state capital-backed entities funded and/or supervised by Chinese government agencies. Thousands of such entities exist in China. Central SOEs are a type of SOE that are directly supervised by the Chinese government's central organ, most notably by the State Asset Supervision and Administration Commission of the State Council (SASAC). According to the officials, there are a total of 98 central SOEs supervised by the State Asset Supervision and Administration Commission. Aside from these, some financial central SOEs (e.g., China Development Bank), cultural central SOEs (e.g., China Broadcast Network), and administrative SOEs (e.g., China Post) are under other government agencies' monitoring.¹

The Chinese Communist Party (CCP), the central government, and the Party are used interchangeably, as China is essentially a party-state run under the CCP's centralized rule.

Party Development Work (党建工作) (hereby PBW) defined as regular or irregular meetings, workshops, or performances to "study" CCP policy documents, history, or work policies, as they are direct manifestations of traceable CCP activities in Chinese enterprises. It is worth noting

¹ 网易 [netEase]. "我国共有多少家央企? 2020年最新央企名单公布了." [How many central SOEs exist in China? The 2020 newest released list of central SOEs], <https://www.163.com/dy/article/G96FOG4I05491O2G.html>.

that it is only one feature of China's state capitalism. As will be briefly touched on in this essay, the very structure of SOEs' corporate management often centers more on political discipline than economic interests. This is because (1) SOEs' decision-making falls into the hands of the few in Party Committees, a management system parallel to the business management hierarchy. And these Corporate Party Committees ultimately report to the central government; and (2) Chinese SOEs are organized as business groups with a vertical hierarchical shareholding structure in which subsidiaries are monitored by their parent companies, whereas parent companies are often directly monitored by CCP organs.² Central SOEs' decision-making are thus oftentimes directed by policy goals.

Corporate Party Building Work Overseas

Through review of corporate press releases, government documents, regulations, and guidelines, and secondary sources, CLW found Party Building activities in SOEs operating overseas—especially in Belt and Road Initiative projects. These overseas PBW centers (I) CCP ideological and institutional governance over individuals and companies overseas; (II) improving China's image and expanding China's influence, cultural, political, and otherwise. To explain this, we must discuss the larger context in which such activities take place.

It turns out that Chinese-run companies are not just private entities operating independently overseas. Rather, the party-state extends its governance through PBW exercised by Party work units, branches, and subcommittees that are embedded in various Chinese-run institutions in- and outside of China.

As the basic organizational units of the CCP,³ Party branches (党支部) are required to be established in institutions⁴ where three or more party members are present.⁵ Under this basic unit are Party work units (党小组). A general Party branch (党总支) could be established when

² Lin, Li-Wen, and Curtis J. Milhaupt. "We Are the (National) Champions: Understanding the Mechanisms of State Capitalism in China." *Stanford Law Review*, vol. 65, no. 4, 2013, pp. 697–759. JSTOR, <http://www.jstor.org/stable/23530170>.

³ 共产党员网 [Chinese Communist Party Member]. "【党务】党支部换届选举，这些规定不可不知 [Party Affair: Party Branches General Election, These Are the Important Rules]." *www.12371.cn*, 17 Oct. 2018, <https://www.12371.cn/2018/10/17/ART11539761013887610.shtml>.

⁴ 共产党员网 [Chinese Communist Party Member]. "党支部如何设立？ [How to Set up a Party Branch?]." *Fuwu.12371.cn*, 8 July 2016, <https://fuwu.12371.cn/2016/07/08/ART11467938989274452.shtml>: "企业、农村、机关、学校、科研院所、街道社区、社会组织、人民解放军连队和其他基层单位，凡是有正式党员3人以上的，都应当成立党的基层组织。" [Enterprises, rural areas, institutions, schools, scientific research institutes, street communities, social organizations, People's Liberation Army companies and other grass-roots units, where there are more than three official party members, should set up the Party's grass-roots organizations.]

⁵ *Ibid*, interestingly, entities with less than three party members can still be placed under the party organization network, as the guideline expressly stated: "Entities with less than three official party members and no conditions to set up a stand-alone party branch may form a joint party branch with members of neighboring entities of similar type, or create a joint party branch across industries. The joint party branch needs to be approved by a higher level party organization, and the secretary of the party branch can be elected by the party members of this branch, or assigned by a higher level party organization."

Party members present in an institution exceed 50 and is under 100. Above this rank is the CCP grassroots committee (基层党委), established when Party members in a given institution exceed 100. These Party units function to carry out PBW and solidify the CCP's rule on the ground level. Interestingly, the Chinese diplomatic missions appear to be in a monitory role in China's PBW abroad, and Chinese diplomats' visits to various companies are often viewed as a form of PDW.^{6,7}

This is the result of a surge of PBW in recent years. Despite it being a staple within the CCP bureaucracy, PBW drastically expanded in scopes after President Xi Jinping came into power. Academics argue that this expansion symbolizes an exertion of CCP's authority into a wide array of institutions.⁸ Indeed, as early as in 2012 when President Xi Jinping took leadership, regulations enhancing the Party's control began to be drafted.^{9, 10} According to Xi, PBW need to be boosted¹¹ and the Party's rule is to reach "full coverage,"¹² ostensibly creating a vision that CCP's organizational network stretches far and wide across the board—covering research and education institutions, civil society, and corporate entities. Party organs have since spread into

⁶ 红旗网 [Red flag]. "加强党对对外工作的集中统一领导. [Strengthening the centralized and unified leadership of the Party in foreign affairs]" 求是网 [Qiushi], 9 July 2020, http://www.qstheory.cn/dukan/hqwg/2021-07/09/c_1127638699.htm.

⁷ 中国贸促会 [China Council for the Promotion of Trade]. "贯彻落实六中全会精神 切实加强驻外机构党组织建设 [Implement the spirit of the Sixth Plenary Session to effectively strengthen the construction of party organizations in foreign countries]." 中国共产党新闻网 [China Communist Party News], 2 Dec. 2016, <http://dangjian.people.com.cn/n1/2016/12/02/c117092-28920948.html>.

⁸ Thornton, Patricia M. "The new life of the Party: Party-building and social engineering in greater Shanghai." *The China Journal* 68 (2012), 58–78.; Yan, Xiaojun and Jie Huang. 'Navigating Unknown Waters: The Chinese Communist Party's New Presence in the Private Sector.' *The China Review* 17 (2017), no. 2: 37–63.; Blanchette, Jude. "Against Atrophy: Party Organisations in Private Firms." *Made in China Journal*, 18 Apr. 2019, madeinchinajournal.com/2019/04/18/against-atrophy-party-organisations-in-private-firms/; Hu, Jieren, Peng Zeng, and Tong Wu. "How Are 'Red Social Workers' Trained? Party-Building Absorption of Society in China." *China Review* 22, no. 3 (2022): 297–323.

⁹ In as early as 2012, China has already initiated the implementation of measures enhancing Party building work. For example, in 2012, the central state published "关于加强和改进非公有制企业党的建设工作的意见(试行)" [Opinions on strengthening and improving the Party building work in non-publicly owned enterprises (for trial implementation)], a policy document on the implementation of Party building affairs in non-SOEs.

¹⁰ 国家市场监督管理总局. "中共中央办公厅印发《关于加强和改进非公有制企业党的建设工作的意见(试行)》." www.samr.gov.cn, 15 Feb. 2019, https://www.samr.gov.cn/djzcj/scdjgz/wjfg/201902/t20190215_281570.html.

¹¹ China Daily. "China's Xi Calls for More Studies on Party Building|Government|Chinadaily.com.cn." [usa.chinadaily.com.cn](http://usa.chinadaily.com.cn/china/2016-03/24/content_24057865.htm), 24 Mar. 2016, https://usa.chinadaily.com.cn/china/2016-03/24/content_24057865.htm. Cao Desheng. "CPC Fortifies Party Building as "Great Project" - Chinadaily.com.cn." *Epaper.chinadaily.com.cn*, 8 Nov. 2021, <http://epaper.chinadaily.com.cn/a/202111/08/WS61886d9ea31019b029ba19b9.html>.

¹² 旗帜网 [Flagship network]. "中央国家机关工委关于印发《落实两个全覆盖要求 加强社会组织党的建设专项工作实施方案》的通知 [Notice of the Central State Organs Work Committee on the Issuance of "the Implementation Plan for the Special Work of Strengthening the Party Building of the Socialist Organization by Implementing the Requirements of Two Full Coverage"]." 旗帜网 [Flagship network], 15 Dec. 2017 <http://www.qizhiwang.org.cn/n1/2019/0429/c424985-31057651.html>: Specifically, Xi seems to have stressed the "full coverage" of Party building activities centering the centralized (Party) leadership.

various types of entities outside of SOEs, and PBW have carried more practical meanings, reflecting corporate decision-makers' fulfillment of political responsibilities, political performance, and loyalty to the CCP's core cadre. In fact, a Party-building policy issued in 2015 mandates SOEs to carry out PBW following a set template,¹³ and PBW has become a part of Chinese SOEs' corporate compliance.¹⁴ As a 2018 regulation mandates that any entities with three or more CCP members present must establish Party branches, and given that there are tens of millions of CCP members,¹⁵ PBW has a practical potential to be spread across most Chinese-run entities around the world.

Why did this expansion happen? In an increasingly globalized world, more and more Chinese companies, professionals, and students are seeking opportunities abroad. Living and working abroad, these Chinese citizens—especially those residing in democratic societies—are beyond CCP's rule, which presents a destabilizing risk to the Party-state. The increased spread of Party units and PBWs abroad appears to be a response to this existential threat.

Today, all central SOEs are intimately tied to CCP officials who are likely exercising China's national interests.¹⁶ A policy implementation guideline issued in 2017 mandated SOEs to implement PBAs into companies' organizational documents.¹⁷ A 2021 article by Xinhua News reported that at the time of the reporting, all central SOEs, over 90 percent of provincial level

¹³ Xinhua News Network. “中共中央、国务院关于深化国有企业改革的指导意见 [Guidance of the CPC Central Committee and the State Council on deepening the state-owned enterprises reform].” www.gov.cn, 24 Aug. 2015. http://www.gov.cn/zhengce/2015-09/13/content_2930440.htm. Lin, Lauren Yu-Hsin, and Curtis J. Milhaupt. “Party Building or Noisy Signaling? The Contours of Political Conformity in Chinese Corporate Governance.” *Journal of Legal Studies*, 50(1): 187-217.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3510342#:~:text=We%20examine%20responses%20by%20Chinese%20firms%20to%20a,role%20of%20the%20CCP%20in%20their%20corporate%20governance.

¹⁴ Lin, Lauren Yu-Hsin, and Curtis J. Milhaupt. “Party Building or Noisy Signaling? The Contours of Political Conformity in Chinese Corporate Governance.” *Journal of Legal Studies*, 50(1): 187-217.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3510342#:~:text=We%20examine%20responses%20by%20Chinese%20firms%20to%20a,role%20of%20the%20CCP%20in%20their%20corporate%20governance.

¹⁵ 共产党员网 [Communist Party member network]. “共产党员网_中共中央组织部.”

<https://www.12371.cn/>; Radio Free China. “195万中共党员名单外泄 渗透台达电、台塑等台企 A List of 1.95 Million Chinese Communist Party Members Leaked: Infiltrating DELTA Power Solutions, Formosa Plastics and Other Taiwanese Companies.” *Radio Free Asia*, 16 Dec. 2020,

<https://www.rfa.org/mandarin/yataibaodao/gangtai/jt-12162020162738.html>.

¹⁶ See the Chinese government's SOE management guideline, article 9: Central Government of the People's Republic of China. “关于印发《国有企业公司章程制定管理办法》的通知 [Notice on the Issuance of the “Management Measures of the Formulation of State Owned Enterprises’ Organizational Documents”].” www.gov.cn, 31 Dec. 2020,

http://www.gov.cn/zhengce/zhengceku/2021-02/28/content_5589299.htm

¹⁷ 职工文化网 [Workers' culture network]. “中共中央组织部 国务院国资委党委关于扎实推动国有企业党建工作要求写入公司章程的通知 [Notice of the Party Committee of the State Council of the Communist Party of China, Chinese Communist Party Organizational Bureau on Solidly Promoting the Requirements of Writing Party Building into Organizational Documents for State-Owned Enterprises].” www.zgzgwh.com, 24 Feb. 2021, <http://www.zgzgwh.com/article/2632.html>.

SOEs, and over 80 percent of city level SOEs had Party Committee members taking board and other high level positions. Overseas, according official figures, an estimated 3,116 BRI projects were undertaken by central state-owned enterprises as of 2018.^{18, 19} This is to say that a good number of Chinese SOEs and central SOEs—entities with expressed policy pressures to implement PBAs and to structure PBW into companies’ organizational documents—invest overseas projects.

This is verified by the information we’ve found online. We’ve found a number of PBW carried out by central SOEs abroad. Countries and regions these activities happened are listed in the following table:

	Continents/Regions	Countries
Name	Africa	Kenya, Tanzania, Mozambique, Angola, Zambia, Mauritius, The Democratic Republic of Congo, Zambia, Botswana, Algeria, Ethiopia, Cameroon, Jamaica, Egypt, Morocco, Uganda, Ghana, Rwanda, Tunisia, Guinea, Djibouti, Lesotho, Namibia, Senegal
	Asia	South Korea, Indonesia, Pakistan, Russia, Laos, Cambodia, Bangladesh, Nepal, Malaysia, Vietnam, Myanmar, Uzbekistan, Tajikistan, Kazakhstan, Japan, Sri Lanka, Singapore, India
	Middle East	Israel, United Arab Emirates, Oman, Saudi Arabia, Jordan, Iraq, Iran, Kuwait, Turkey, Dubai
	Oceania	Papua New Guinea, Australia
	Europe	Belarus, Italy, Greece, Netherland
	The Americas	Venezuela, Argentina, Bolivia, Brazil, Chili, Columbia, Costa Rica, Dominican Republic, Mexico, Peru, Ecuador

¹⁸ People’s Daily. “央企承建“一带一路”项目3116个 [Central State-Owned Enterprises Carrying out 3,116 “Belt and Road” Projects].” *China Central Government*, 31 Oct. 2018, http://www.gov.cn/xinwen/2018-10/31/content_5336052.htm.

¹⁹ Central state-owned enterprises are state-owned enterprises that are funded, managed, and monitored directly by Chinese central (i.e., not local) government entities such as the State Council, the Ministry of Finance, and other management committees under the Chinese State Council, and are often considered a part of the Chinese central government bureaucracy. There are only 98 of such enterprises in China, with notable examples such as China Rare Earth Group, China Resources Holdings Company, see “央企名录.” [Central State Owned Enterprise list] 国务院国有资产监督管理委员会 [The State-owned Assets Supervision and Administration Commission of the State Council (SASAC)], 31 Dec. 2022, <http://wap.sasac.gov.cn/n4422011/n14158800/n14158998/c14159097/content.html>.

Out of 100 central SOEs,²⁰ a total of 61 were found to have engaged in PBW abroad. However, this is by no means an exhaustive list of PBAs abroad, as the list is compiled based only on publicly available information. In fact, there appears to be a non-disclosure principle on the identity of Party members, Party positions, Party institutions, Party activities, and Party information. This principle is referenced in various writings.

Among these 100 companies, we found 206 records of PBWs spread out across 69 countries.

What Do PBW Activities do?

As far as the publicly available information is concerned, as mentioned, overseas PBW primarily centered around (I) CCP ideological and institutional governance over individuals and companies overseas; (II) improving China's image and expanding China's influence, cultural, political, and otherwise.

Type I involves, first, the structuring of corporate management and the work implementing the CCP's rule. As mentioned, all SOEs' decision-making must go through an internal Corporate Party Committees where CCP officials take seats. SOEs' decision-making, therefore, is one with CCP officials, whose performance is weighed in the CCP political structure.

Aside from corporate structure and decision-making, daily functions such as periodic meetings, speeches workshops, and cultural activities are also held to support this CCP-centered management goal. In fact, periodic party-building workshops are mandated by government guidelines and legislations on PBW.²¹ Some notable examples of such activities include workshops studying Xi Jinping's thoughts, Party loyalty workshops, "red" documentary watching (i.e., watching documentaries that sing appraisals to the Chinese government), etc. Other than unifying overseas Chinese companies' corporate ideals to Chinese strategic goals—economic or otherwise—these activities are also said to hold an important role in educating

²⁰ “央企名录.” [Central State Owned Enterprise list] 国务院国有资产监督管理委员会 [The State-owned Assets Supervision and Administration Commission of the State Council (SASAC)], 31 Dec. 2022, <http://wap.sasac.gov.cn/n4422011/n14158800/n14158998/c14159097/content.html>.

²¹ See guidelines such as: 国家发展和改革委员会 [National Development and Reform Commissions]. “【中央和国家机关党小组工作规则（试行）】-国家发展和改革委员会.” 中央人民共和国国家发展和改革委员会 [Central People's Republic National Development and Reform Commissions], 21 Apr. 2020, https://www.ndrc.gov.cn/fggz/fgdj/zydj/202004/t20200421_1226233.html?code=&state=123.; 国家市场监督管理总局 [State Administration for Market Regulation]. “中共中央办公厅印发《关于加强和改进非公有制企业党的建设工作的意见（试行）》” [The General Office of the CPC Central Committee issued "the Opinions on Strengthening and Improving the Party Construction Work of Non-public Enterprises (for Trial Implementation)"].” 国家市场监督管理总局 [State Administration for Market Regulation], 15 Feb. 2019, https://www.samr.gov.cn/djzcj/scdjgz/wjfg/201902/t20190215_281570.html.; Qiushi. “国资委:国企重大决策须由党委讨论后董事会决定 [State-Owned Assets Supervision and Administration Commission: Major Decisions of State-Owned Enterprises Must Be Discussed by the Party Committee after the Board of Directors Decision].” *Sina*, 7 June 2016, <http://news.sina.com.cn/c/zs/2016-06-07/doc-ixfsvenv6814418.shtml>.

Chinese citizens abroad, and ensuring overseas Chinese's ideological alliance with the central government's principles, ostensibly against "Western indoctrination." Digital pathways such as mobile apps are developed to distribute learning materials and tracking progress.²² Some alleged that PBW apps have functions that track overseas individuals' locations and other information.

Type II are PBW activities centering the creation and management of a positive corporate image, which, by extension, is oftentimes tied to the "China image." In this case, Chinese companies' contracting of overseas projects, foreign aid, and other publicity activities are seen as contributing to an overall goal of creating a good China image and expanding Chinese cultural influence, or China's "soft power" in the global scene.^{23, 24}

What does this all mean?

All in all, the intertwining of Chinese companies with the government, particularly through the presence of CCP branches and Party members in their management structures, blurs the lines between private corporate enterprises and state interest. This fusion extends beyond domestic borders, with the Chinese government asserting control over companies operating abroad, thereby implicating itself in any labor rights abuses that occur within these entities. And in this way, the Chinese government bears irrefutable responsibility for labor rights abuses in these entities, which CLW detailed in our [previous reporting](#).

Moreover, the establishment of CCP party branches and PBAs overseas raises concerns about China's challenge to international norms, as such activities constitute an extension of China's governance in a global order otherwise governed by nonintervention. On a deeper level, regarding whether the Party branches set up in Chinese-run companies are, say, acting as a part of China's global intelligence network, attempting to influence foreign governments, and challenging the democratic order, CLW is not able to provide a definite answer based on publicly available information. While the extent of these activities' alignment with broader Chinese geopolitical strategies remains unclear, their potential implications for international politics cannot be ignored.

²² See, for example, 先锋党建 [pioneer Party building]. "客户案例-先锋智慧党建 [Client cases - Pioneer smart Party building]." 先锋党建 [*Pioneer Party Building*], <https://www.rxianfeng.com/case.html>.

²³ 中国山东国际经济技术合作有限公司 [China Shandong International Economic & Technical Cooperation Corp.] "青山一道同云雨, 明月何曾是两乡 公司携手中建八局一公司为塞尔维亚捐赠防疫物资 [The mountains are together with the clouds and rain, and the moon is once two hometowns. The company donates epidemic prevention materials to Serbia in collaboration with CCBA]." 中国山东国际经济技术合作有限公司 [*China Shandong International Economic & Technical Cooperation Corp.*], 27 Mar. 2020, <https://chinacsi.cn/newsinfo/71059.html?templateId=1133604>.

²⁴ 中建六局 [China Construction Sixth Engineering Bureau]. "【党建故事】斯里兰卡的中国“红。” [Party-building story: China "red" in Sri Lanka.] *中国建筑* [*China Construction*], 12 Oct. 2018, https://www.cscec.com/ztlz_new/mhsjd81_new/djjy/201812/2898366.html.

Appendix

Note: Because the vast majority of documents reviewed were in Mandarin Chinese, we translated two articles to showcase some writings about PBW. Document 1 was a press release by China State Construction Bridge Corp, a large Chinese SOE, concerning the Chinese ambassador in Brunei, Yu Hong's speech directing the implementation of PBW. Document 2 was released by China First Metallurgical Group, a subsidiary of a central SOE, China Minerals Corporation, concerning the company's overseas PBW operation.

Document 1: China State Construction Bridge Corp. Brunei Temburong Bridge Project Party branch Attends Chinese Embassy Party Building Symposium

Website URL: <https://6bur.cscec.com/xwzx2/gskx2/201904/2920725.html>

Date published: Mar. 28, 2019 On March 26, the Chinese Embassy in Brunei organized a seminar on the Party building work of Chinese enterprises at the Ambassador's residence, and the Party branch of the Temburong Bridge project in Brunei participated in the meeting and made an exchange speech.

Yu Hong, the Chinese Ambassador in Brunei, listened to the report on the Party building work of the five Chinese enterprises, and the Party branch of the Brunei Temburong Bridge Project reported on the construction of the branch, the status of Party members' learning, and the status of Party building activities, focusing on introducing the "family culture" characteristic of Party building, brand creating system. Yu Hong affirmed the positive exploration made by the Party branch of the Brunei Temburong Bridge project contributing to overseas Party building, and asked the project to continue the good work in leading the staff's thoughts and fully implement the role of the branch and of Party members, and ensure the timely completion of the bridge construction and the end of the year.

Yu Hong pointed out that all business activities of all Chinese enterprises in Brunei should be centered around serving the national strategy and diplomatic plans, and all units must raise their political stance, follow the national strategic directions, obey the embassy's command, conduct business in compliance, and continuously consolidate and expand on the achievements of President Xi's visit to Brunei. She put forth three requirements for Chinese enterprises to carry out Party building work in Brunei: First, they should strictly follow the principle of "five non-disclosure", that is, the identity of party members, party positions, party organizations, party activities, and party information are not to be disclosed to the public, Party activities must be carried out in absolute secrecy, and the disclosure of the Communist Party of China's activities in Brunei is not permissible. Second, projects should strictly follow the principle of "differentiation between inside and outside, security, and confidentiality" principle, refrain from copying the domestic practices, refrain from making the same step, refrain from adopting a broad-brush

approach, and regarding the higher Party organs within China who are not familiar with the conditions in Brunei, explanation and communications work should be carried out well; Third, there is a unique quality to overseas Party building work, but it cannot be treated as special. Although it is difficult to carry out Party building work in Brunei, Party leadership cannot be weakened but only be strengthened. Of special importance is to strengthen the education, supervision, and management of overseas Party members, to prevent the ideological impact of various trends and political and religious forces on Party members, and to strictly prohibit the disclosure of state secrets and party secrets.

More than 20 heads of Party organizations from Chinese enterprises in Brunei attended the meeting.

(Text/Photography Zhao Jisheng)

Document 2: Characteristics and Ideas of Party Building for State-owned Construction Enterprises in Their Overseas Projects

Website URL:<http://finance.sina.com.cn/leadership/mroll/20130717/113016151721.shtml>

Date published: 11:30 a.m. on July 17, 2013 Corporate Culture

Article/ Party Committee in China First Metallurgical Group Co., Ltd.

A subsidiary of China Metallurgical Group Corporation, China First Metallurgical Group (abbreviated as China First Metallurgical) is a large state-owned high-tech enterprise carrying businesses including general contracting, real estate development, and equipment manufacturing. It is one of the earliest Chinese central SOEs to have gone abroad and opened up the overseas markets. The company has since contracted projects in Iraq, Germany, Brazil, Libya, Zimbabwe and dozens of other countries and regions. The company has undertaken a number of international construction projects, such as Indonesia's Niger spherical tank, Vietnam's Taiyuan steel plant renovation, Germany's blast furnace dismantling project, Pakistan's housing construction project, and Saudi Arabia's oil pipeline. The Moha Kali overpass in Dhaka, Bangladesh, which is known as "the bridge of friendship between the people of China and Bangladesh", and the 2.2 million tons of steel system project in India and the housing construction project in Kuwait, are the larger construction projects undertaken by Chinese companies in the Indian metallurgical market and the Middle East.

In the process of developing the overseas market, China First Metallurgical Party Committee actively explores ways to apply the party building work in overseas productions and operations; constructing a platform for party members to play their roles. How do we transform the political advantages of the (CCP) Party organization into the core competitiveness of

overseas market operation and promote further expansions to the overseas market? How do we respect cultural differences, implement cultural integration, create a relaxed environment for friendly co-working, and continuously enhance the adaptability, centripetal force, cohesion, and combat power of the enterprise? How to respect cultural differences, implement cultural integration, create a friendly and relaxed environment, and continuously enhance the adaptability, centripetal force, cohesion, and competitiveness of the enterprise? Practice has proven that these explorations have played an important role in promoting the smooth implementation of China First Metallurgical's overseas projects and in building a brand in MCC's international construction market.

China First Metallurgical's overseas projects

The primary modes of operation for Party building work

The primary modes of China First Metallurgical's Party building work in overseas projects have the following five characteristics:

The "full coverage model" on organization setting. That is, wherever there is a project, there is a Party structure. In the hierarchical setting of party organization, China First Metallurgical establishes a full Party chain structure consisting of Party committee - temporary Party committee - general Party branch - Party branch - Party group. The temporary Party committee is set up in large projects, the general Party branch or Party branch is set up in small projects, and in relatively independent units such as work facilities, workshops, and construction teams under the jurisdiction of the project departments, Party branches are set up as long as the number of Party members exceeds 3. In projects with less than 3 Party members, we implement a horizontal method of consolidation, and create joint Party branches with projects nearby.

A functional positioning of the "participation - guarantee" model. That is, the grassroots Party organizations must participate in the Project Department's decision-making on major issues, appointment and removal of important personnel, decision-making on major projects and investment, and use of large amounts of funds, activities in full, and make every effort to ensure the promotion of the production and operation process of the project department in full, and ensure the progression of the project's production and operations. Focus on "one core" and "one focus": "one core", that is, to play the role of the political core, and promote project production and operation. This is reflected, first, in the decision-making process of major issues, the focus of playing the role of the political core on the political responsibility of "gate-keeping and steering the direction"; second is in the implementation of major decisions, the focus of playing the role of the political core on the political responsibility to promote solidarity of personnels; third is in the supervision of major issues, the focus of playing the role of the political core on the supervision of major issues. The focus of the core role is on the political responsibility to

supervise the use of power in the corporation. "One focus", that is, with the Party's control of cadres as the focus, to strengthen the cadre, especially the leading team construction. First issue is to establish the right employment selection; the second is to construct a scientific employment system; the third is to implement a democratic way of selection and employment.

In terms of the general direction for work, follow the "concept-action choice" model. That is, to grasp the core concepts of Party building work, design and implement ways to realize the work ideals, and select and construct the suitable action units. First, in the working concept of project Party building work, China First Metallurgical Party Committee puts forth the "four together" working principles, namely, having the research on Party building and production and operation carried out together, implementation carried out together, and inspection and assessments carried out together, so that the Party building work of overseas projects and production and operation can be integrated; second, in terms of the thought process of Party building work, establish the "internal and external differentiation. Secondly, in the idea of party building work, we have established the idea of "differentiation of the internal and the external; implementation as an internal process, non-disclosure as an external process, and, together, forming an effective operation". Party building work insists on the "five non-disclosure, five better" principle: that is, the party organization is not to be disclosed, but its status as the political core and its role of as a fortress for the fight should be better implemented; Party internal positions are not to be disclosed, but the Party building work should be better carried out; the identity of party members are not to be disclosed, but the vanguard role of Party members should be better carried out; Party activities are not to be disclosed, but the Party building activities to promote the central Party's direction should be better carried out; Party internal documents are not to be disclosed, but the Party's policy directions should be studied and implemented better. Third, when it comes to units implementing the Party building work, vigorously implement the "Party member pioneer project" "Party member pioneer post" "Party member responsibility area" and other activities, forming the work atmosphere of "a (Party) branch as a flag, a Party member a beam of light."

The "five-three system" mode of work. After continuous exploration and improvement, China First Metallurgical has formed the "five-three system" operation method for overseas Party building work. This, namely, is to grasp the "five links" and highlight the "three elements." The "five links" are the five main processes of the Party building work in China First Metallurgical's overseas projects: theme of work, procedure of work, pattern of work, focus of work, and path of work. The "three major elements," namely, are the main nodes or contents that constitute each work process. On the themes of work, we should underline the "three highlights," namely, highlighting patriotism education, highlighting disciplinary education on foreign affairs, and highlighting personal safety education. On the procedures of work, we insist on the "three focuses", namely, focusing on investigation and research, focusing on the planning of education activities from form to content, and focusing on the feedback and summary of the effect of the

activities. On the patterns of work, we implement the "three unified", i.e. unified design of activity topics, unified education management of Party members, and unified education management of staff. On the focus of work, we implement the "three close", i.e. stay close to the actual, the practical, and psychological needs of employees. On the paths of work, we implement the "three extended" principle, that is, extending from the area of work to the area of life, extending from the workers teams to the dispatched workers teams and to the local employees, and extending from the internal within the project to the external.

The "human-culture integration" model on expanding functions. With the gradual localization of overseas project operations, the proportion of foreign employees in the project has been increasing. During the peak period of operation in China First Metallurgical's project 866 in Kuwait, there were only 600 Chinese workers out of 3,000, while the rest were from North Korea, Egypt, Vietnam, Pakistan, Bangladesh, and India. To manage the "United Nations troops", China First Metallurgical overseas project department adheres to the people-oriented principle, respects cultural differences, implements cultural integration, and effectively expands the reach of Party building work.

Mutual respect. During Ramadan, China First Metallurgical's Kuwait Project Department required all non-Muslim employees on site not to eat, drink, or smoke in front of Muslims, and does not force them to work overtime; if they did need to work overtime, they were paid overtime wages according to regulations after full communications. North Korean workers have immense love and respect for their leader. When Kim Jong-il passed away, China First Metallurgical's Project Department vacated a canteen for North Korean workers as a place to pay tribute, and the project manager also personally went to the North Korean Embassy in Kuwait to offer condolences. The North Korean workers were emotionally moved.

Infect foreign employees with details and corporate culture. The project department organized a party with foreign engineers on important festivals; the surface temperature of the site in Kuwait in summer was over 70 degrees (celsius), so the project department bought thick-soled labor shoes for foreign employees and rented transportation vehicles to take them to and from work.

Reflections and Suggestions on Party Building Work in Overseas Projects

According to the practice and experience of China First Metallurgical, the effective implementation of Party building work in overseas projects can be considered by following the "1.2.3.4" idea of party building work in overseas projects, that is, to develop a strategy, consolidate two major fulcrums, enhance three functions, and construct four mechanisms.

Formulate a strategy, that is, to formulate a strategic plan for the development of Party building work in overseas projects, including the design of strategic macro goals of Party building work in overseas projects, the construction of institutional mechanism and operation mode, the main Party building projects, protective measures and support, etc.

Consolidate the two main fulcrums, that is, first, the ideological awareness pivot point. We should fully understand the importance of strengthening the Party building work in overseas projects. For the project Party organization, we should abandon the vague understanding that the project department is an economic organization and there is no need to carry out Party building work; for the project administrative team members, we should overcome the pure production and operation point of view, and every member of the team should take up the sacred mission of Party building work. Second, the system construction pivot. The Party branch secretary should be a full-time position. It should be clearly stipulated that the full-time secretary should enjoy at least the salary of the administrative deputy of the project, so as to fundamentally solve the problems of post-level equivalence and consistency of responsibilities and rights. The institutional mechanism should be set up as specialty. Considering the special political and cultural background of overseas projects, it is necessary to set up a "security department" under the project department to undertake the work of Party building, corporate culture, and logistic security while the Party building work should not be made public. The secretary can be a deputy of the project as a minister, which can better implement the principle of "internal and external distinction".

Enhance three functions. 1. Core leading function: The secretary of the Party organization of overseas projects should be good at conceptualizing the Party building work of the project from the overall conditions, fully support the project manager to carry out the work, so that the political core role of the Party can be fully reflected; focus on improving the ideological and political character of the team members, and effectively grasp the creation of the "four good teams"; actively participate in the decision-making, implementation, and supervision duty. 2. Internal power gathering function: The secretary of the Party organization of the overseas project should grasp the education and management of Party members, strengthen the sense of responsibility of the Party members, and play the role of a good pioneer; grasp the education and management of the core cadres, set an example, work with integrity, go deep into the front line, and fulfill duties; grasp the ideological education and psychological guidance of the general staff members, care about the material and cultural life of the staff, stabilize their emotions, and promote work. 3. External coordination function: The secretary of the Party organization of overseas projects should actively undertake the function of external coordination, including communication and coordination with the owner, design and supervision, communications and coordinations with the local government, community and media, etc., and assist the project manager to deal with the problems of fulfilling social responsibility and dealing with emergencies.

Construct four types of mechanisms. First, construct a stable mechanism for training and appointing Party organization secretaries. The unique nature of overseas projects requires cultivating an excellent and relatively stable, professional overseas project secretary team, establishing an operation mode of early planning, early selection, and early training, and gradually realizing the rejuvenation, specialization, and professionalization of project secretaries. Especially for the reserve candidates, we should design career planning for them so that they can know their future career development prospects. Second, we should construct a system of Party building work plan books for overseas projects. From the very beginning of an overseas project, we should prepare the Party building work plan by combining the basics such as project scale, characteristics, period, personnel composition, and political and economic situation of the host country. As a following step, design the overall goal and stage tasks of party building work, analyze possible difficulties, construct support pipelines, etc. In particular, according to the division of the project implementation phase, analyze and grasp the different mentality, issues, and problems that may arise among employees, design the main structure of Party building work matching with the project nodes, carry out suitable Party building activities content, and make the Party building work into a standardized management activity; third, construct the project corporate culture implementation mechanism. Attention should be paid to the use of corporate culture to manifest the spirit of the enterprise and cultivate the corporate brand. Through corporate culture activities, especially, implement measures to deal with the project department's international position. For example, for foreign employees and collaborative teams, we should actively implement humanistic care and advocate the concept of harmonious coexistence on the basis of strengthening contract management, so that foreign employees can improve their character throughout the process of project implementation, raise their spirits and gradually become a reliable force and an important partner in line with our project requirements; Fourth, we should construct an assessment and evaluation mechanism for Party building work. To effectively change the tendency of overly flexible or weak Party building work in overseas projects, an assessment mechanism consistent with project management assessment and evaluation should be established. The assessments are a combination of quarterly inspection and comprehensive assessment at the end of the year. Every quarter, the higher authority can design an "assessment form" on the content of the Party building work, style of work, and effect of work carried out by the project, and obtain the assessment results by email, and then score the comprehensive assessment at the end of the year. The evaluation results are tied to the year-end compensations of project managers and work committee secretaries.