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Report Name: New CCP Regulation Expands Anti-Corruption and Frugality Measures

Country: China - People's Republic of

Post: Beijing

Report Category: Wine, Livestock and Products, Beverages, Trade Policy Monitoring

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Report Highlights:

On May 18, 2025, the Chinese Communist Party and State Council issued a revised regulation on "Strict Economy and Opposing Waste by Party and Government Organs." The regulation bans drinking alcohol at public receptions and events and discourages other forms of consumption that could be seen as extravagant. The FAS China offices are monitoring the potential impact on high-value U.S. agricultural products.

FAS China provides this analysis and reporting as a service to the United States agricultural community, and to our farmers, ranchers, rural communities, and agribusiness operations in support of a worldwide agricultural information system and a level playing field for U.S. agriculture.

On May 18, 2025, the Chinese Communist Party and State Council issued a revised regulation on, "Strict Economy and Opposing Waste by Party and Government Organs," replacing the 2013 regulation. The update expands the regulation's scope, strengthens leadership accountability, and sharpens enforcement mechanisms.

A key change is a complete ban on alcohol at official receptions and events, replacing earlier guidelines that only discouraged excessive drinking. The new rules also impose tighter restrictions on official travel, hospitality, meetings, and procurement. Extravagant banquets, unnecessary trips, luxury vehicles, and non-essential office renovations are explicitly prohibited. The regulation standardizes budgeting practices, bans the transfer of costs to subordinate agencies, and introduces life-cycle management for government investment projects. Leaders are held personally accountable for compliance, and public supervision channels have been expanded.

Comment: The initial implementation of this regulation was rapid and strict, extending beyond the central government down to the operations of state-owned enterprises (SOE) and state-affiliated NGOs. Hospitality sector contacts have reported to FAS China reduced spending as officials seek to avoid meals that could be classified as extravagant, including at American-style white-table cloth restaurants. Traditional toasts with Chinese liquor (*baijiu*) have been eliminated at dinners with a government nexus. In June, commentary was released in various state-media outlets, which seemed to walk back the most aggressive interpretations of the regulation and clarified that government employees were still allowed to drink alcohol outside of official functions. However, the exact extent of the regulation is unknown as some contacts have reported that there is also an unofficial ban on gatherings of more than three people.

This regulation is having a chilling effect on consumption, potentially affecting over ten million government officials, SOE employees, and their dining companions. While government-related consumption represents a small share of the overall liquor market, business-government interactions—where private sectors cover costs—have been the primary driver of high-end liquor sales. The U.S. wine industry and importers have already reported a negative impact on their business in China. In North China, contacts have noted a sharp decline in private dining and banquets, with some companies shifting to catering to improve optics and eliminate alcohol consumption, though this shift has not offset the broader decline in consumption.

The untranslated regulation can be found here.

Attachments:

Regulation on Opposing Waste.pdf