Full Text: Report on the Work of the Government (2016)

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Following is the full text of the Report on the Work of the Government delivered by Premier Li Keqiang at the Fourth Session of the Twelfth National People's Congress on March 5, 2016 and adopted on March 16, 2016:

REPORT ON THE WORK OF THE GOVERNMENT

Delivered at the Fourth Session of the 12th National People's Congress of

the People's Republic of China on March 5, 2016

Li Keqiang

Premier of the State Council

Esteemed Deputies,

On behalf of the State Council, I will now report to you on the work of the government for your deliberation and approval. I invite comments on my report from the members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Let me start with a review of the work we did in 2015.

In the past year, China has encountered many difficulties and challenges in its development. However, under the leadership of the Central Committee of the Communist Party of China (CPC) headed by General Secretary Xi Jinping, and with confidence and courage, all the people of China have worked to overcome obstacles and have pressed ahead with a pioneering spirit. As a result, progress has been achieved and stability ensured in economic and social development, the main tasks and targets for the year have been fulfilled, and major achievements have been made in reform, opening up, and socialist modernization.

-- The economy operated within an appropriate range.

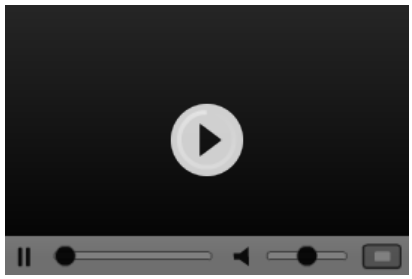
GDP reached 67.7 trillion yuan, representing an increase of 6.9% over the previous year-a growth rate faster than that of most other major economies. Food crop production increased for the 12th year in a row. Consumer prices grew slowly. Of particular note, the employment situation overall remained stable, with 13.12 million new urban jobs created over the course of the year, surpassing the year's target and becoming an economic highlight.

-- Encouraging progress was made in structural adjustment.

The service sector as a proportion of GDP rose to 50.5%, accounting for more than half for the first time. The contribution of consumption toward economic growth reached 66.4%. High-tech industries and equipment manufacturing grew faster than other industries. Energy consumption per unit of GDP fell by 5.6%.

-- New driving forces for development grew rapidly.

VIDEOS



Expat netizen hails China's development

WHAT PREMIER SAYS

Tibet's development should be an integral part of the overall national development plan.

-- When meeting with the NPC deputies from Tibet autonomous region on March 7

SERVICES

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Further progress was made in implementing the strategy of innovation-driven development, the penetration of the Internet into all industries picked up pace, and emerging industries grew rapidly. Business startups and innovations by the general public flourished, with the number of newly registered businesses rising by 21.6% in 2015, or an average of 12,000 new businesses per day. New driving forces played a major role in keeping employment stable and pushing ahead industry upgrading, and are now driving profound economic and social change in China.

-- Living standards improved.

Personal per capita disposable income increased by 7.4% in real terms, overtaking the growth rate of the economy. By the end of last year, personal savings deposits had risen by 8.5%, an increase of more than four trillion yuan. In rural areas, another 64.34 million people gained access to safe drinking water and greater alleviation efforts reduced the number of people living in poverty by 14.42 million.

A number of world-class innovations were made in science and technology. Major headway was made in the development of 3G nuclear power technology, China's self-developed C919 large jetliner rolled off the assembly line, and Tu Youyou was awarded the Nobel Prize for Physiology or Medicine.

These achievements in China's development, a source of pride and motivation for our people, did not come easily.

They were made in the context of an extremely complicated and challenging international environment. In 2015, world economic growth fell to its lowest rate in six years, growth in international trade slowed, commodity prices plummeted, and there was growing volatility in the global financial market. All this had a direct impact on China's economy.

They were made at the same time as deep-seated domestic problems were becoming prominent and downward pressure on the economy was mounting. While dealing with the slowdown in economic growth, making difficult structural adjustments, and absorbing the effects of previous economic stimulus policies, China was also confronted with many difficult problems and choices in the running of the economy, and this called for effective responses based on the need both to combine long-term and short-term considerations and to seek benefit and avoid harm.

Finally, they were made at a time when China's economic output had exceeded 60 trillion yuan. Every percentage point of GDP growth today is equivalent to 1.5 percentage points of growth five years ago or 2.5 percentage points of growth ten years ago. The larger the economy grows, the greater the difficulty of achieving growth.

In the face of these difficulties and pressures, all our people have truly exerted themselves and progressed step by step to get us where we are today. This once again demonstrates that no difficulty or hardship will ever stop China from moving forward.

I will now move on to discuss the main work we did last year:

First, we maintained stable growth, made structural adjustments, guarded against risks, and developed new ways of conducting macro regulation.

In responding to the mounting downward pressure on the economy, we exercised targeted and well-timed regulation on the basis of range-based regulation. We adopted proactive fiscal policy that focused on increasing intensity and efficacy by expanding the scope of structural tax reductions, reducing fees across the board, and putting dormant budgetary funds to good use. Local government bonds issued to replace outstanding debt reached 3.2 trillion yuan, lessening the interest payment burden of local governments by approximately 200 billion yuan while also reducing their debt repayment pressure. We pursued prudent monetary policy with an appropriate amount of intensity, making several cuts to interest rates and required reserve ratios, reforming management of the loan-to-deposit ratio, creating new monetary policy tools, and increasing support for the real economy. Effective investment increased, special-purpose funds were established, and development was strengthened in areas in need of attention, including water conservancy, rundown urban areas and dilapidated rural housing, and railways and highways in the central and western regions. Consumer spending was promoted in key areas, spurring rapid growth in spending on recreational travel, online shopping, and information goods

and services. In 2015, we also responded proactively to a variety of risks and challenges in the financial sector, such as unusual fluctuations in the stock market and the foreign exchange market, ensuring that no systemic or regional threats arose, thus safeguarding China's economic and financial security.

Second, we intensified reform and opening up to invigorate the market.

Rather than adopting strong stimulus policies that would have an economy-wide impact, we continued to move forward with structural reform. We intensified reform to streamline administration, delegate more powers, improve regulation, and provide better services. We delegated the power or cancelled the requirement for government review for 311 items, cancelled the requirement for verification or approval for 123 professional qualifications, and put a complete stop to the practice of non-administrative review. The number of items which require government approval for new businesses prior to registration was cut by 85%, and the system of a separate business license, organization code certificate, and taxation registration certificate was replaced by a unified business license with a unified social credit code. Both operational and post-operational oversight over businesses were strengthened, and public service procedures were improved. Government-related procedures for individuals and businesses were made much simpler, such that enthusiasm for stepping out into business and making innovations is rising by the day.

Fiscal, tax, financial, and other key reforms were deepened. The central government cut, by one third, the number of items for which special transfer payments are permitted, while scaling up its general transfer payments. Steady progress was made in replacing business tax with VAT. Ad valorem taxation was extended to cover more types of resource taxes. The upper limit of the floating band on deposit rates was removed, the deposit insurance system was introduced, and the RMB cross-border payment system was established. Pricing reform was intensified, with the number of central government set prices reduced by 80% and the number of local government set prices cut by more than 50%. We carried out state-owned enterprise (SOE) reforms, rural reforms, and investment and financing reforms, ecological management reforms, and others. Efforts to intensify reform in all respects are beginning to deliver results.

Momentum was created for reform and development through opening up. We worked hard to keep foreign trade stable by adjusting the mechanism for sharing the cost of export tax rebates between the central and local governments, overhauling and regulating charges for imports and exports, increasing trade facilitation, and making changes to the export mix. The number of restrictions on overseas investment in China was cut by 50%, and over 95% of overseas-funded projects may now be undertaken on a simple reporting basis. China utilized $126.3 billion of overseas investment, an increase of 5.6%. Non-financial outward foreign direct investment reached $118 billion, up 14.7%. Pilot free trade zones were established in Guangdong, Tianjin, and Fujian based on the model of the China (Shanghai) Pilot Free Trade Zone. The RMB was included in the IMF's Special Drawing Rights basket. The Asian Infrastructure Investment Bank was officially inaugurated, and the Silk Road Fund opened for business. China signed free trade agreements with the Republic of Korea and Australia, respectively, and signed the Protocol to Amend the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN. Progress was made in the Silk Road Economic Belt and 21st Century Maritime Silk Road Initiative (the Belt and Road Initiative), the pace of our industrial-capacity cooperation with other countries was stepped up, and breakthroughs were made in China's export of high-speed railway and nuclear power equipment.

Third, we worked to promote industrial innovation and upgrading to improve economic performance.

To strengthen the new growth engines, an innovation-driven development plan was adopted along with guidelines on its implementation, policies and measures were introduced to encourage public participation in starting businesses and making innovations, and the Internet Plus action plan was implemented. A great number of makers started businesses and made innovations. Improvements were made to policies in support of agriculture to promote transformation of the agricultural growth model. In addressing the decline in industrial growth and the downward slide incorporate performance, we worked to foster new industries and upgrade traditional ones. We launched the Made in China 2025 initiative to upgrade manufacturing, set up government funds to encourage investment in emerging industries and to develop small and medium-sized enterprises, and established more

national innovation demonstration zones. We cut overcapacity and encouraged business acquisitions and restructuring. Cuts made in outdated production capacity over the past three years have included over 90 million metric tons of steel and iron, 230 million metric tons of cement, over 76 million weight cases of plate glass, and more than one million metric tons of electrolytic aluminum. The development of production- and consumer-oriented service industries picked up momentum. We took serious measures to conserve energy, reduce emissions, and protect the environment, exceeding obligatory targets. We released self-imposed emissions reduction targets and contributed to the positive outcomes of international negotiations on climate change.

Fourth, we promoted coordinated development between regions and the new type of urbanization to expand development space.

Work continued to promote the coordinated development of the eastern region, the central region, the western region, and the northeast; priority was placed on moving forward with the Three Initiatives-the Belt and Road Initiative, the Beijing-Tianjin-Hebei integration initiative, and the Yangtze Economic Belt initiative. A number of major projects were also launched to develop infrastructure, improve the distribution of industries, and achieve ecological and environmental conservation. Policies and measures were introduced to promote the development of Tibet, Xinjiang, and Tibetan ethnic areas in the provinces of Sichuan, Yunnan, Gansu, and Qinghai. We pressed ahead with the reform of the household registration system, adopted a residence certification system, and stepped up the development of urban infrastructure, making progress in developing new urbanization.

Fifth, we promoted the reform and development of social programs to improve living standards.

Despite fiscal constraints, we continued to intensify efforts to help ensure the wellbeing of our people. New policies were launched to create jobs and business startup opportunities for college graduates and those with difficulties finding employment. Over the course of the year, 7.72 million government-subsidized housing units were basically completed in urban areas, work started on the reconstruction of 6.01 million housing units in rundown urban areas, and 4.32 million dilapidated houses in rural areas were rebuilt, helping large numbers of families that are struggling with housing realize their dream of having a home to settle in. We moved more quickly to improve conditions in badly built and poorly operated schools providing compulsory education in poor areas, deepened the reform of the professional title system for elementary and secondary school teachers, and increased the number of students from poor rural areas who were enrolled in key institutions of higher learning by a further 10.5%. Comprehensive reform was carried out in all public hospitals at the county level, the coverage of the serious disease insurance scheme was extended to more rural and non-working urban residents, a system of assistance for treating major and serious diseases was put in place, and a system for providing living allowances for people with disabilities who are in need and for granting nursing care subsidies to persons with severe disabilities was established. We increased subsistence allowances, benefits for entitled groups, and basic pension benefits for enterprise retirees, implemented the reform of the pension system for employees of Party and government offices and public institutions, and improved their wage system. Efforts to develop basic public cultural services were also intensified. All of this has resulted in a stronger sense of benefit in society.

Sixth, we developed new ways of conducting law-based administration and governance to promote social harmony and stability.

The State Council submitted 11 legislative proposals to the Standing Committee of the National People's Congress and enacted or revised eight sets of administrative regulations. Efforts were accelerated to increase government transparency and expand the application of e-government and online administration. We set up a mechanism to inspect and establish accountability for the implementation of major government policies and introduced third-party evaluations. We responded effectively to natural disasters and emergencies. Efforts were stepped up to ensure workplace safety; as a result, we have seen a continued reduction in the number of total accidents, including the number of accidents of a serious or large-scale nature as well as those in industries where accidents tend to be more common. We moved ahead with the demonstration initiative to ensure food safety. We strengthened all-round efforts to maintain law and order and cracked down on crimes in accordance with the law to safeguard public security.

The campaign to build understanding of the Three Stricts and Three Honests* was intensified, the CPC Central Committee's eight-point decision on improving Party and government conduct continued to be implemented, action was taken against formalism, bureaucratism, hedonism, and extravagance, and rigorous efforts were made to carry out the State Council's three-point decision on curbing government spending. Administrative supervision and oversight through auditing were strengthened. We stepped up efforts to improve Party conduct and government integrity and fight corruption, and brought a number of offenders to justice.

We marked the 70th anniversary of the victory in the Chinese People's War of Resistance against Japanese Aggression and the Global War against Fascism. This anniversary was a reminder of China's place in history as the main theater in the East during the Global War against Fascism and its major contribution to the war effort. The Chinese people marked this occasion to demonstrate their dedication to safeguarding peace and upholding justice together with other peoples.

Over the past year, China's all-round diplomacy has delivered fruitful outcomes. President Xi Jinping and other Chinese leaders have visited many countries and attended international events including the United Nations summits, the G20 Leaders Summit, the 23rd APEC Economic Leaders Meeting, the 21st Session of the Conference of the Parties to the UN Framework Convention on Climate Change, the East Asian leaders' meetings on cooperation, and the World Economic Forum annual meeting 2016. The Summit of the Forum on China-Africa Cooperation and the China-EU Leaders' Meeting were held, and the China and the Community of Latin American and Caribbean States (CELAC) Forum was inaugurated. Fresh progress was made in China's relations with other major countries; pragmatic cooperation with neighboring countries was strengthened; friendship and cooperation with other developing countries grew; relations with the United Nations and other international organizations and mechanisms were strengthened in all areas; and notable achievements were made in economic diplomacy and cultural exchanges. As a responsible major country, China played an important constructive role in international and regional affairs.

We owe these achievements to the sound overall decisions made by the CPC Central Committee headed by General Secretary Xi Jinping, and to the concerted and determined efforts of all members of the Party, all members of the armed forces, and all the people of China. On behalf of the State Council, I wish to express our sincere gratitude to the people of all ethnic groups in China including public figures from all sectors of society and to the other parties and the people's organizations. I express our heartfelt appreciation to our fellow countrymen and women in the Hong Kong and Macao special administrative regions and in Taiwan, and to Chinese nationals overseas. I also wish to express our sincere thanks to the governments, international organizations, and friends from all over the world who have shown understanding and support for China in her endeavor to modernize.

While recognizing our achievements, we are also keenly aware that our country is still confronted with many difficulties and problems in pursuing development. With the decline in global trade, amongst other factors, China experienced a fall in its total imports and exports and failed to reach its growth objective in this regard. Growth in investment is sluggish, overcapacity is a serious problem in certain industries, some enterprises are facing difficulties in production and operations, growth prospects are mixed for different regions and different industries, notable imbalances exist between government revenue and expenditures, the basic institutions for the capital market still need to be improved, and there are latent risks in the financial and other sectors. There are many problems in medical care, education, elderly care, food and medicine safety, income distribution, and urban management that are of concern to the people. The situation remains grave when it comes to environmental pollution, and some regions are frequently hit by severe smog. Particularly distressing, last year saw the sinking of the cruise ship Oriental Star on the Yangtze and the massive explosion in Tianjin Port. The deaths and injuries and the damage and loss of property from these incidents were devastating, and the profound lessons these incidents have taught us should never be forgotten. There are still inadequacies in the work of the government. Some reforms, policies, and measures have not been fully implemented; a small number of government employees either do not or are unable to fulfill their duties, or behave irresponsibly; and the corruption and misconduct in some sectors cannot be ignored. We must be more mindful of the difficulties ahead, more ready to assume responsibility, and more hardworking in ensuring these problems are solved. The wishes of the people should always determine the aim of our governance; we must do our utmost to deliver a strong

performance in our work and never fail to live up to the great trust the people have placed in us.

Esteemed Deputies,

The period covered by the 12th Five-Year Plan came to a close in 2015. During the past five years, impressive achievements were made in China's development. Since the 18th CPC National Congress in 2012, we have found ourselves in a complicated international environment, and we have faced the challenging tasks of carrying out reform and development and maintaining stability at home. However, under the guidance of the CPC Central Committee headed by General Secretary Xi Jinping, we have continued our commitment to the general principle of making progress while working to keep performance stable, deepened reform and opening up, and adopted a series of major measures that should deliver both immediate and long-term benefits. As a result, we successfully fulfilled all the main tasks and targets set out in the 12th Five-Year Plan.

First, a high rate of economic development was maintained.

During this period, China's GDP grew at an average annual rate of 7.8%. This growth enabled China to comfortably maintain its position as the world's second-largest economy, and become the largest trading nation in terms of goods as well as a major outbound investor.

Second, milestone progress was achieved in structural adjustments.

Service industries have grown to be the largest economic sector, information technology has been further integrated into industrialization, and overall agricultural production capacity has notably improved. Consumption has become a major driver of growth. Over half of China's population now resides in urban areas. Energy consumption per unit of GDP has dropped by 18.2%, and the emissions of major pollutants have been cut by over 12%.

Third, across-the-board improvements were made in infrastructure.

The length of railways in service reached 121,000 kilometers, of which more than 19,000 kilometers are high-speed rail lines-more than 60% of the world's total. The length of expressways open to traffic exceeded 120,000 kilometers, the eastern and middle routes of the South-to-North Water Diversion Project were put into operation, and the world's largest 4G mobile network was built in China.

Fourth, significant breakthroughs were made in scientific and technological innovation.

Original achievements were made in quantum communications, neutrino oscillation, and iron-based high-temperature superconductivity through basic research. World-class advances were made in manned spaceflight, the lunar exploration program, and deep-water exploration.

Fifth, living standards improved significantly.

Personal income increased faster than economic growth, and the urban-rural income gap was narrowed. Over 64 million urban jobs were created. Government subsidies were used to build 40.13 million housing units in urban areas, providing new homes for around 100 million people. The number of rural residents living in poverty was cut by more than 100 million, and over 300 million rural residents gained access to safe drinking water.

Sixth, notable achievements were made in social development.

Significant progress was made in ensuring equal access to education, and the quality of education markedly improved. Basic health insurance was expanded to achieve complete coverage, and participation in basic pension plans exceeded 80% of the whole population. China's soft power continued to grow. The rule of law was advanced in all respects. Significant achievements were made in the military revolution with Chinese characteristics. Over the past five years, China's economic strength, scientific and technological capabilities, defense capabilities, and international influence have all been strengthened considerably.

The achievements attained during the period of the 12th Five-Year Plan fully demonstrate the strength of socialism with Chinese characteristics and the creativity of the Chinese people. The Chinese people can derive great confidence and a strengthened sense of unity from these achievements, drawing on them to forge ahead on this new leg of the journey toward realizing the Two Centenary Goals.*

Esteemed Deputies,

Let me now brief you on the main targets, tasks, and measures for the period of the 13th Five-Year Plan from 2016 through 2020.

On the basis of the CPC Central Committee Recommendations for the 13th Five-Year Plan for Economic and Social Development, the State Council has drawn up the draft of the 13th Five-Year Plan for Economic and Social Development and submitted it to this session for your review and approval.

The draft, centering on the goal of finishing building a moderately prosperous society in all respects and designed to address serious issues such as unbalanced, uncoordinated, and unsustainable development, stresses the need to promote innovative, coordinated, green, open, and shared development. It proposes the main targets and tasks for economic and social development over the next five years as well as development policies, initiatives, and projects. The following are the six areas highlighted in the draft.

-- We should work to maintain a medium-high rate of growth and promote the development of industries toward the medium-high end.

To finish building a moderately prosperous society in all respects and double the 2010 GDP and per capita personal income by 2020, the economy needs to grow at an average annual rate of at least 6.5% during this five-year period. To that end, we will move faster to improve or upgrade the structure of industry and launch initiatives that use advanced technologies and can drive industrial development. Our goal is that by 2020, advanced manufacturing, modern services, and strategic emerging industries as a proportion of GDP will have risen significantly and that per capita labor productivity will have risen from 87,000 yuan to over 120,000 yuan. By that time, China's aggregate economic output should have exceeded 90 trillion yuan, and the quality and efficacy of development should have significantly improved. For a developing country like China with such a large population, this will be a truly remarkable achievement.

-- We should ensure that innovation better drives and energizes development.

Innovation is the primary driving force for development and must occupy a central place in China's development strategy, which is why we must implement a strategy of innovation-driven development. We should launch new national science and technology programs, build first-class national science centers and technological innovation hubs, help develop internationally competitive high-innovation enterprises, and establish pilot reform zones for all-round innovation. We should make consistent efforts to encourage the public to start businesses and make innovations. We should promote the extensive application of big data, cloud computing, and the Internet of Things. We need to move faster to transform China into a manufacturer of advanced and quality products and a country that is strong on intellectual property rights. We should strive to achieve major breakthroughs in basic research, applied research, and research in strategic and frontier fields by 2020. China's investment in research and development is expected to reach 2.5% of GDP, and the contribution of scientific and technological advances toward economic growth should come to reach 60%. Fulfilling these objectives will turn China into an innovative and talent-rich country.

-- We should make progress in new urbanization and agricultural modernization as well as in balancing development between urban and rural areas and between regions.

Narrowing the gap between urban and rural areas and between regions is not only a key part of economic structural adjustment; it is also crucial for unleashing developmental potential. We should advance the new, people-centered urbanization. This will mean granting urban residency to around 100 million people with rural household registration living in urban areas and other permanent urban residents, completing the rebuilding of both rundown areas and "villages" in cities involving about 100 million people, and enabling around 100 million rural residents to live in

local towns and cities in the central and western regions. By 2020, permanent urban residents should account for 60% of China's population, and 45% of the Chinese people should be registered as permanent urban residents.

We should launch initiatives to develop water conservancy in agriculture, farming machinery, and the modern seed industry, encourage appropriately scaled-up agricultural operations, and promote regional distribution, standardized production, and commercial agricultural services. By 2020, the supply, quality, and safety of food crops and other major agricultural products should be better ensured, notable headway should have been made in modernizing agriculture, and fresh progress should have been made in developing the new countryside.

Guided by the general strategy for regional development, we should pursue the Three Initiatives to form north-south and east-west intersecting economic belts along the coastline, the Yangtze River, and major transportation routes, and foster new growth poles and city clusters that facilitate the development of surrounding areas. We should also expand major infrastructure projects, with the aim of increasing the length of high-speed railways in service to 30,000 kilometers and linking more than 80% of big cities in China with high-speed railways, building or upgrading around 30,000 kilometers of expressways, and achieving full coverage of access to broadband networks in both urban and rural areas.

-- We should encourage green ways of working and living and speed up efforts to conserve ecosystems and the environment.

We need to protect the environment while pursuing development and achieve development in a well-protected environment, making sustained efforts to build a sound ecological system. We need to take serious action to prevent and control air, water, and soil pollution, set a red line that the country's total area of ecological spaces should not fall below, move forward with eco-friendly projects to protect and restore mountains, waters, forests, and farmlands, and intensify ecological conservation and restoration efforts. Over the next five years, we should aim to ensure that water consumption, energy consumption, and carbon dioxide emissions per unit of GDP are cut by 23%, 15%, and 18%, respectively, and that forest coverage reaches 23.04%. We should also make it our aim, within this timeframe, to develop and use energy and resources much more efficiently and make improvements to the quality of ecosystems and the environment. In particular, we should strive for major progress in the control and prevention of air pollution and see to it that the air quality of cities at and above the prefectural level is good or excellent for 80% of the year. We must work to build, through tireless efforts, a Beautiful China where the sky is blue, the land is green, and the water runs clear.

-- We need to deepen reform and opening up to create new institutions for development.

Fundamentally, development relies on reform and opening up. We must deepen reform across the board, uphold and improve the basic economic system, establish a modern system of property rights, and see that a rule of law government is basically in place. It should be ensured that the market plays the decisive role in resource allocation and the government better plays its role, and work should be accelerated to create the systems, mechanisms, and growth model that will guide the new normal in economic development.

We should work for significant progress in pursuing the Belt and Road Initiative and for breakthroughs in our cooperation with other countries on industrial capacity. We should promote the optimization of imports and exports, significantly increase the proportion of trade in services, and promote China's transformation from a trader of quantity to a trader of quality. We should put into force across the board the management system for pre-establishment national treatment plus a negative list, and progressively build a network of high-standard free trade areas. With these efforts, we should be able to usher in a new phase in building an open economy based on new systems.

-- We need to ensure that continuous progress is made in raising living standards, and see that everyone shares in the fruits of development.

Guided by the vision of people-centered development, we need to continue to strengthen points of weakness in meeting basic needs for the people in order to achieve common prosperity. We need to fight hard to win the war against poverty

and help lift out of poverty all rural residents falling below the current poverty line, and achieve poverty alleviation in all poor counties and areas.

We should put in place a national catalogue of basic public services. We should establish more equitable and sustainable social security systems. We need to ensure that all schools providing compulsory education comply with educational standards, that everyone has access to secondary education, that China has more world-class universities and first-class fields of discipline, and that the average number of years of schooling received by the working-age population increases from 10.23 to 10.8 years.

We need to create 50 million plus new urban jobs. We need to improve the income distribution system, reduce the income gap, and increase the proportion of the middle-income group in the whole populace. We should improve systems of government housing support, which should include the rebuilding of 20 million housing units in rundown urban areas.

We need to work for progress in building a Healthy China and achieve a one-year increase in average life expectancy. We need to respond proactively to population aging. We should build a modern system of public cultural services and put into effect cultural programs to boost civic morality and keep Chinese culture thriving. These efforts should enable people not only to enjoy a better life in material terms, but also to live a more enriching intellectual and cultural life.

To achieve success in our work to promote economic and social development during the period of the 13th Five-Year Plan and finish building a moderately prosperous society in all respects, we must keep to the following three guidelines:

First, give top priority to development

Development is of primary importance to China and is the key to solving every problem we face. During the next five years, we must take particular care to avoid falling into the “middle-income trap,” and we need to address an increasing number of problems and risks. Pursuing development is like sailing against the current: you either forge ahead or drift downstream. We must remain committed to economic development as our central task, endeavor to promote sound development, and respond effectively to risks and challenges so as to ensure that China’s economy, like a gigantic ship, breaks the waves and goes the distance.

Second, make major headway in carrying out structural reform

At present, we face problems both with aggregate supply and demand and with our structures. The structural problems are more acute, and reform should be conducted to adjust these structures. While working to achieve an appropriate expansion of aggregate demand, we need to give particular emphasis to structural reform on the supply side, reducing supply in some areas while increasing it in others. This means that we need to reduce ineffective and lower-end supply while increasing effective and medium- and high-end supply, increase the supply of public goods and services, ensure that development is driven by both supply and demand, and improve total-factor productivity. This should enable us to unleash and develop productive forces.

Third, accelerate the shift in driving forces for development

In the course of economic development, it is only natural that old drivers of growth are replaced by new ones. As conventional driving forces weaken, it is critical that new driving forces emerge and that the conventional ones undergo a transformation so that new twin engines are formed; only then is it possible to upgrade the economy and achieve sustainable growth. This is the crucial period in which China currently finds itself, and during which we must build up powerful new drivers in order to accelerate the development of the new economy. We need to move faster to develop new technologies, industries, and forms of business, boost the development of a sharing economy through institutional innovations, create sharing platforms, and develop emerging industry clusters such as high-tech and modern service industry clusters, thus creating strong new engines. We will use network-based information technology and other modern technologies to drive changes in models of production, management, and marketing, create new industry chains, supply chains, and value chains, and transform and upgrade conventional drivers, thus injecting them with new vitality.

Ultimately, it is the people who are the inexhaustible source of power that drives development. A workforce of over 900 million, of whom over 100 million have received higher education or are professionally trained: this is our greatest resource and strength. Obviously, replacing old drivers of growth with new ones and achieving a shift in development toward greater reliance on human resources, human capital, and innovation is a process of painful adjustment. But it is at the same time an upgrading process with great promise. We just have to get through this process, and we can, without question, reinvigorate the economy and ensure its dynamic growth.

Looking ahead to the next five years, we are fully confident that we will finish building a moderately prosperous society in all respects within the set timeframe, that our people will enjoy better lives, and that there will be an even brighter future for the cause of building socialism with Chinese characteristics.

I now want to discuss the major areas of work for 2016.

This is the first year of the decisive stage in finishing building a moderately prosperous society in all respects and a crucial year in carrying out structural reform. To ensure that the government's goal for this year is accomplished, we must do the following:

-- hold high the great banner of socialism with Chinese characteristics;

-- implement the guiding principles of the 18th National Congress of the CPC and the third, fourth, and fifth plenary sessions of the 18th CPC Central Committee;

-- follow the guidance of Deng Xiaoping Theory, the Theory of Three Represents, and the Scientific Outlook on Development;

-- put into practice the guiding principles from General Secretary Xi Jinping's major policy addresses;

-- work in accordance with the overall plan for promoting all-round economic, political, cultural, social, and ecological progress and the Four-Pronged Comprehensive Strategy;*

-- continue reform and opening up;

-- follow the new vision of development;

-- follow the general principle of making progress while working to keep performance stable;

-- adapt to the new normal in economic development;

-- follow the general guidelines that macro policies should be stable, industrial policies targeted, micro policies flexible, reform policies practical, and that social policies should ensure basic needs;

-- maintain a balance between ensuring steady growth and making structural adjustments;

-- ensure that the economy operates within an appropriate range;

-- strengthen supply-side structural reform;

-- accelerate the fostering of new driving forces for development;

-- strengthen traditional comparative advantages;

-- cut overcapacity and excess inventory, deleverage, reduce costs, and strengthen points of weakness;

-- strengthen basic safeguards for public wellbeing;

-- prevent and control risks.

By working to achieve all of these, we should get off to a good start in economic and social development during the period covered by the 13th Five-Year Plan.

The main development targets for 2016 are as follows:

-- GDP growth of 6.5% to 7%;

-- CPI increase kept at around 3%;

-- creation of at least ten million new urban jobs;

-- registered urban unemployment rate kept within 4.5%;

-- a steady rise in import and export volumes;

-- a basic balance in international payments;

-- increases in personal income basically in step with economic growth;

-- a reduction in energy consumption per unit of GDP of at least 3.4%;

-- further reductions in the release of major pollutants.

In setting a projected growth rate of between 6.5% and 7%, we have taken into consideration the need to finish building a moderately prosperous society in all respects and the need to advance structural reform. It will also help guide market expectations and keep them stable. The aim of maintaining stable growth is primarily to ensure employment and promote the people's wellbeing, and a growth rate of between 6.5% and 7% will allow for relatively full employment.

A comprehensive analysis of all factors shows that China will face more and tougher problems and challenges in its development this year, so we must be fully prepared to fight a difficult battle.

Internationally, the global economy is experiencing profound changes and struggling to recover; growth in trade is weak; there are fluctuations in the financial and commodity markets; geopolitical risks are rising; and there are increasing instabilities and uncertainties in China's external environment. We should not underestimate the impact all of this will have on China's development.

Domestically, problems and risks that have been building up over the years are becoming more evident; the change of pace in economic growth, the difficulties associated with structural adjustments, and the transformation of the drivers of growth present interwoven problems; and downward pressure on the economy is growing.

But we will not be daunted by these problems and challenges. China has from the start been developing while responding to challenges; there is no difficulty we cannot get beyond. Thanks to years of rapid development, China has laid a solid material foundation, and its economy is hugely resilient and has enormous potential and ample room for growth. At the same time, reform and opening up has been injecting new impetus into economic growth, and a wealth of experience has been gained in developing new ways of conducting macro regulation. In addition, we have the guidance of the CPC and the system of socialism with Chinese characteristics, and our people are talented and hardworking. As long as we work together as one to surmount all difficulties, we will definitely achieve the targets for economic and social development in 2016.

This year, we will carry out the following eight tasks:

1. Improve and keep stable our macroeconomic policies to ensure that the economy performs within an appropriate range

At present, we still have new instruments for macro regulation and a good reserve of policies at our disposal. On the one hand, we will focus on current realities and take targeted steps to withstand the downward pressure on the economy. On the other hand, we must have our long-term development goals in mind, keep some policy tools as options for later use, strategize our moves, and gather strength. We will continue to implement proactive fiscal policy and prudent monetary policy, develop new approaches to macro regulation, strengthen range-based, targeted, and well-timed regulation, use fiscal and monetary policies and industry, investment, and pricing policy tools in a coordinated way, and implement structural reform,

particularly supply-side structural reform, so as to create an enabling environment for economic development.

-- We will pursue a more proactive fiscal policy.

The government deficit for 2016 is projected to be 2.18 trillion yuan, an increase of 560 billion yuan over last year, meaning the deficit-to-GDP ratio will rise to 3%. Of the deficit, 1.4 trillion yuan will be carried by the central government, and the remaining 780 billion yuan will be carried by local governments. Special bonds for local governments will total 400 billion yuan, and local government debt-converting bonds will continue to be issued. China's deficit-to-GDP ratio and government debt ratio are lower than those of other major economies; such steps are necessary, feasible, and also safe.

The moderate increase in government deficit is projected primarily to cover tax and fee reductions for enterprises, a step that will further reduce their burdens.

The following three measures will be adopted this year.

First, business tax will be replaced with VAT in all sectors. Starting from May 1st, the scope of work to pilot this measure will be extended to the construction, real estate, financial, and consumer service industries, and VAT deductions will cover all new immovable property of enterprises to ensure that the tax burdens on all industries are reduced.

Second, government-managed funds set up without authorization will be abolished; the collection of contributions to certain government-managed funds will be suspended, and some of these funds will be consolidated; and more enterprises will be exempted from contributing to water conservancy construction funds and other government-managed funds.

Third, exemptions from 18 administrative charges which currently apply only to small and micro businesses will be expanded to include all enterprises and individuals.

Through the above policies, the burdens on enterprises and individuals will be cut by more than 500 billion yuan this year. At the same time, we will increase government expenditures and investment as appropriate to work on living standards and other areas in need of strengthening. We will develop new ways for government funds to be spent and improve the government spending mix to ensure that all essential items receive sufficient funding, while non-essential items are cut.

Fiscal and tax reforms will be stepped up. We will move forward with the reform of the way powers and expenditure responsibilities are shared between the central and local governments, ensuring that the proportion of VAT revenue received by the central and local governments is determined appropriately. Taxes suitable as sources of local government revenue will be handed over to local governments along with the corresponding administrative powers. Central government special transfer payments to local governments will be further reduced, while this year's general transfer payments will be increased by 12.2%. We will extend ad valorem rates to all resource taxes. We will promote the law-based administration of tax collection. We will establish a well-regulated mechanism for local governments to secure financing through bond issuance and make moderate upward adjustments to debt ceilings for local governments with strong financial resources and low debt risks through statutory procedures. Governments at all levels must tighten their belts and spend every sum of money where it can be seen and where it's most needed.

-- We will pursue prudent monetary policy that is flexible and appropriate.

Both the M2 money supply and aggregate financing in the economy are forecasted to grow by around 13% in 2016. We will use a full range of monetary policy tools including open market operations, interest rates, required reserve ratios, and re-lending to maintain sufficient liquidity at a proper level, improve the transmission mechanism of monetary policy, and reduce financing costs. We will provide more support for the real economy, particularly for small and micro businesses as well as agriculture, rural areas, and farmers.

We will deepen reform of the financial sector. We will move faster in the reform to improve the modern financial regulatory system and ensure that the financial sector serves the real economy more efficiently and that regulation covers all financial risks.

Interest rates will be further liberalized. Improvements will be made to the market-based mechanism for setting the RMB exchange rate to ensure it remains generally stable at an appropriate and balanced level. We will deepen reform of state-owned commercial banks as well as development and policy-backed financial institutions, develop private banks, and launch trials to allow commercial banks to participate in combined debt-equity investments into startups and small businesses. We will move forward with the reform of stock and bond markets and increase the level of rule of law in their development, promote the sound development of the multilevel capital market, and ensure that the proportion of direct financing is increased. The Shenzhen-Hong Kong Stock Connect will be launched at an appropriate time. A catastrophe insurance system will be established. We will work to see that Internet finance develops in line with regulations, and we will make a major push to develop inclusive and green finance. We will strengthen unified, macroprudential management of foreign debt. We will tighten institutional constraints, safeguard order in the financial sector, crack down on financial fraud, illegal fundraising, and unlawful and criminal activities in the securities and futures markets, and make sure that no systemic or regional financial risks arise.

2. Strengthen supply-side structural reform to drive sustained growth

To solve acute problems in key areas, we must work faster to remove institutional obstacles and carry out supply-side structural reform to improve the quality and efficiency of the supply system, and further stimulate market vitality and the creativity of society.

-- We will deepen reforms to streamline administration, delegate more powers, improve regulation, and provide better services.

With the people in mind, we will streamline administration, transform the functions of the government, and improve its performance. As we continue to cancel the requirement of government review for more matters, we will focus on addressing unsynchronized, uncoordinated, and incomplete delegation of powers and make sure that local governments to which powers of review have been delegated are able to properly exercise those powers.

We will deepen reform of the business system and launch trials to separate operating permits and business licenses. We will release the lists of all powers and responsibilities of local governments, and begin piloting a negative list for market access in some regions. We will draw up lists and catalogues to manage administrative charges, business fees and charges set by the government or set under its guidance, government-managed funds, and professional qualifications recognized by the state. We will move faster to establish a unified, open, competitive, and orderly market system, and put an end to local protectionism. We will deepen pricing reform and tighten up supervision of prices.

We will revise or abolish any administrative regulations and normative documents that are holding back development. We will develop new ways of conducting oversight over the whole process of business operations, and introduce across the board an oversight model drawing on random inspections by randomly selected law enforcement officers or inspectors and requiring the prompt release of results. We will implement the reform for coordinated administrative law enforcement and adopt a unified approach to gathering information on enterprise credit, release such information in accordance with the law, ensure joint punitive action is taken where necessary, and encourage public oversight.

We will carry out the "Internet Plus government services" model and promote better information sharing between government departments, so that the public and businesses need to make fewer visits to government departments to get things done, find procedures simpler, and find the service satisfactory. We will cut red tape and root out illegalities to ensure that the people have more equal opportunities and greater space for creativity.

-- We will ensure that the whole country's potential for starting businesses and making innovations is released.

We will implement the strategy of innovation-driven development, see that science and technology become more deeply embedded in the economy, and improve the overall quality and competitiveness of the real economy.

First, we will ensure that enterprises lead in making innovations. We will implement additional tax deductions for their research and development, accelerate the depreciation of their fixed assets, and increase tax policy support for high-tech enterprises and science and technology business incubators. We will support leading enterprises in building top-level research and development institutions. We will move faster to achieve nationwide implementation of the policy of national innovation demonstration zones, and establish another set of national innovation demonstration zones and high-tech development zones.

Second, we will help people to pool their ideas and talents through a synergy of business startups, innovation, and the Internet Plus. Platforms will be created for crowd innovation, crowd support, crowdsourcing, and crowdfunding, and mechanisms will be built to encourage new types of business startups and innovation-making through cooperation between enterprises, institutions of higher learning, research institutes, and makers. We will establish demonstration centers for business startups and innovation, foster a business startup and innovation service industry, and ensure angel investment, venture capital, industrial investment, and other investment develop in accordance with regulations. We will give our support to the development of a sharing economy and see that resources are used more efficiently and that more people take part and benefit. We will adopt more active, open, and effective policies to attract talent from overseas. We will strengthen the protection and use of intellectual property rights and look to the law to crack down on the infringement of these rights and on the production and sale of counterfeit products.

Third, we will deepen the reform of the management system for science and technology. Greater autonomy will be given to universities and research institutes, and red tape will be cut in the management of research projects. Policies and measures will be implemented to support the transfer and commercialization of scientific and technological achievements, and tax incentives for stocks and options, and profit sharing and bonus plans will be improved to encourage researchers to start businesses and make innovations. We will foster a culture of innovation and create an enabling environment for innovation in which people venture to break new ground and failure is tolerated. I am sure that these initiatives will inspire entrepreneurialism and motivate our society to start businesses and make innovations, and thus create a powerful force to drive development.

-- We will ensure that overcapacity is cut, costs are lowered, and business performance is improved.

We will focus on addressing the overcapacity in the steel, coal, and other industries facing difficulties. In this process, the market should serve as a check, enterprises should be the major actors, local governments should play a coordinating role, and the central government should provide support. We will use economic, legal, technological, environmental, quality inspection, and safety-related means to strictly control the expansion of production capacity, shut down outdated production facilities, and eliminate overcapacity in a planned way. We will address the issue of “zombie enterprises” proactively yet prudently by using measures such as mergers, reorganizations, debt restructurings, and bankruptcy liquidations. Fiscal, financial, and other policies will be improved to support this work. One hundred billion yuan in rewards and subsidies will be provided by the central government, which will be mainly used to resettle employees laid off from these enterprises. We will take a full range of measures to reduce the transaction, logistics, financial, and energy consumption costs of enterprises, and work to put a stop to the collection of arbitrary and unwarranted fees from enterprises and be strict about investigating and punishing violations of regulations.

-- We will work to ensure the supply of goods and services is improved.

We will concentrate our efforts on the following three areas:

First, we will see that the quality of consumer goods is improved. We will move faster to bring domestic quality and safety standards in line with international standards, and establish a system for making producers pay punitive compensation for failing to meet product quality standards. We will also encourage enterprises to use flexible and custom-tailored production processes and foster a craftsmanship spirit of striving for the best, so that more types of products, products of a higher quality, and brand products will be made.

Second, we will work to upgrade manufacturing. We will intensify efforts to promote the integrated development of Made in China 2025 and the Internet Plus action plan; build national platforms for innovation in manufacturing; carry out demonstration programs in smart manufacturing; launch projects to build a more solid foundation for industry development, promote green manufacturing, and develop high-end equipment; and carry out major technological transformation and upgrading initiatives.

Third, we will accelerate the development of the modern service sector. We will launch a new round of national pilot projects for all-round service sector reform as well as projects to promote innovation in high-tech services, and channel great efforts into developing the digital creative industries. We will relax restrictions on market access to the service sector, and ensure greater specialization in producer services and higher refinement in consumer services. Fiber-optic networks will be developed in a number of cities and 50,000 administrative villages will be linked up to fiber-optic networks, thus enabling more urban and rural residents to enjoy a more digital way of life.

-- We will push for progress in SOE reform.

This year and next, we will use reform to promote the development of SOEs and push hard to ensure success in upgrading them and improving their performance. We will prompt SOEs, especially those managed by the central government, to make structural adjustments so that some will be developed through innovation, others will be reorganized or merged, and still others will exit the market. We will carry out reforms to diversify their types of equity and introduce on a trial basis the assumption of powers and responsibilities by corporate boards of directors, competitive open selection and recruitment of executives, recruitment of professional managers, mixed ownership, and employee equity stakes. We will deepen the reform of the enterprise personnel management system and explore the possibility of establishing remuneration systems for senior ranking personnel and corporate executives that are compatible with competitive selection and recruitment. We will work faster to establish state capital investment and management companies through reorganization. To prevent the loss of state assets and ensure their value is maintained or increased, we will encourage state-owned asset supervisory and management authorities to shift their focus to the use of state capital. Local governments will be granted more power over SOE reform. We will move more quickly to relieve SOEs of their obligations to operate social programs and resolve their other longstanding issues, enabling them to become leaner and healthier and to increase their core competitiveness.

-- We will energize the non-public sector.

We will significantly relax restrictions on entry into markets such as electricity, telecommunications, transport, petroleum, natural gas, and municipal public utilities, remove hidden barriers, and encourage private companies to increase investment in these areas and participate in SOE reform. In these fields, private companies will enjoy the same treatment afforded to SOEs in terms of project verification and approval, financing, fiscal and tax policies, and land availability. We will, in accordance with the law, provide equal protection to the property rights of entities under all forms of ownership; and we will ensure that, without fail, infringements on the legitimate rights and interests of non-public sector enterprises and individuals are investigated and prosecuted. We will create a rule of law environment that is fair, just, transparent, and stable and establish new government-business relations to help all types of enterprises develop side by side based on their own respective strengths.

3. Tap the potential of domestic demand to increase the space for development

We will work to achieve a moderate expansion of aggregate demand, adjust and reform the composition of demand, strive for better alignment between supply and demand and between investment and consumption, and work to achieve greater balance in the development of urban and rural areas and of different regions. This will create steady and long-term domestic demand to sustain economic development.

-- We will strengthen the foundational role of consumption in promoting economic growth.

To adapt to the trend toward high-end consumption, we will remove policy barriers, improve the consumer environment, and safeguard the rights and interests of consumers. We will support the growth of consumption in elderly care, health services, housekeeping services, educational and training services, and cultural and sports services. We will work to strengthen the growth of emerging areas of consumption such as information goods and services, smart homes, and personalized fashion. We will promote coordination, interaction, and fair competition between the online and the offline and encourage physical stores to transform themselves through innovation. We will help ensure the improvement of logistics networks and the healthy development of express delivery services. We will work to stimulate the second-hand car market, channel great effort into developing and promoting the use of new-energy vehicles, particularly electric vehicles, and move faster to build urban car parks and install charging facilities. We will carry out nationwide trials to set up consumer financing companies and encourage financial institutions to develop new consumer credit products. We will cut import tariffs on some consumer goods and increase the number of duty-free stores. We will ensure people are able to take their paid vacations, strengthen the development of tourist and transport facilities, scenic spots and tourist sites, and recreational vehicle parks, and see that the tourist market operates in line with regulations. With these efforts, we will usher in a new era of mass tourism.

-- We will see that effective investment plays a key role in maintaining stable growth and making structural adjustments.

The many weak areas in infrastructure and public services in China and the urgent need for industry upgrading leave vast scope for growth in effective investment. This year, we will launch a number of projects set forth in the 13th Five-Year Plan. More than 800 billion yuan will be invested in railway construction, and investment in road construction will reach 1.65 trillion yuan. A further 20 water conservancy projects will be carried out, and major projects will be launched to develop hydropower, nuclear power, ultra high-voltage power transmission, smart grids, pipelines for oil and gas transmission, and urban rail transit. Central government budgetary investment will be 500 billion yuan. We will deepen the reform of the investment and financing systems. Funds for specific projects will continue to be raised through market-based mechanisms. Local financing platforms will be required to transform themselves and shift toward market-based financing, the securitization of tangible assets such as infrastructure will be explored, and debt financing will be increased. We will improve the public-private partnership model, make good use of the 180 billion yuan in seed funds, and strictly honor contracts in accordance with the law, so as to bring the enthusiasm of private investors to the table.

-- We will advance new urbanization.

Urbanization is the path we need to take to develop a modern China. It is where we will find the greatest potential for domestic demand and the most powerful force for sustaining economic development. This year, we will take the following three major steps regarding urbanization.

First, we will move faster to see that urban residency is granted to more people with rural household registration living in urban areas.

We will deepen reform of the household registration system and relax restrictions on eligibility for urban residency. We will introduce policies for making both the transfer payments and the land designated for urban development granted to the government of a local jurisdiction conditional upon the number of people with rural household registration who are granted permanent urban residency in that jurisdiction. The full range of trials for developing new urbanization will be extended to more areas. Residence cards are important assets for their holders. We must move faster to ensure that permanent urban residents without urban residency are issued residence cards, thus enabling them to enjoy, as provided for by law, the right to access compulsory education, employment, medical care, and other basic public services. We will promote the development of small towns and small and medium-sized cities in the central and western regions to help more rural migrant workers find employment or start businesses in urban areas closer to home so that they do not have to choose between earning money and taking care of the families they leave behind.

Second, we will promote the construction of government-subsidized housing in urban areas and the healthy development of the real estate market.

This year, we will see to it that six million housing units are rebuilt in rundown urban areas and that more people displaced by the rebuilding of such areas receive monetary housing compensation rather than housing. Taking into consideration people's demand for buying homes or improving their housing situation, we will improve the tax and credit policies to support justified personal housing consumption and adopt different policies in different cities as appropriate to their local conditions, in order to cut housing inventory and promote stability in the real estate market. We will put in place a housing system which encourages both renting and purchasing and, over time, enable eligible non-registered urban residents to apply for public rental housing.

Third, we will redouble our efforts to improve urban planning, development, and management.

We will make urban planning more sound, forward-looking, authoritative, and transparent and encourage local governments to integrate their various types of urban plans into a single master plan. Construction will begin on at least 2,000 kilometers of utility tunnels. We will actively promote environmentally friendly buildings and construction materials, make a big push to develop steel understructures and prefabricated modules, accelerate work to ensure adherence to construction standards, and see that the level of technique in building and the quality of construction projects are improved. We will encourage institutional innovation in urban management, work hard to create smart cities, improve public transport networks, address traffic congestion and other prominent problems, and improve living environments so that people can enjoy a more secure, relaxing, and satisfying city life.

-- We will work to improve the layout of development across regions.

We will push ahead with the Belt and Road Initiative, carry out the development plan for the Beijing-Tianjin-Hebei integration initiative, and speed up the development of the Yangtze Economic Belt. We will draw up and implement the 13th five-year plan for the large-scale development of the western region, implement a new round of strategies for revitalizing the old industrial bases in the Northeast and other parts of the country, adopt the new ten-year plan for fuelling the rise of the central region, and support the eastern region as it leads the country in making breakthroughs in institutional innovation and coordinated land and maritime development. We will promote the economic transformation and upgrading of resource-dependent regions. We will support the development of old revolutionary base areas, areas with concentrations of ethnic minorities, border areas, and poor areas. We will work out and implement a national maritime strategy, safeguard national maritime rights and interests, protect marine ecosystems and habitats, and open up more space for the blue economy so as to strengthen China's maritime development.

4. Speed up efforts to develop modern agriculture and ensure sustained increases in rural incomes

We will, with as much care and attention as ever, continue focusing on our work related to agriculture, rural areas, and farmers. We will strengthen policy support for these areas, deepen rural reform, expand the channels through which farmers can find employment and increase their income, and work to ensure that the quality, performance, and competitiveness of agriculture improve.

-- We will speed up structural adjustment in agriculture.

The output of food crops has continued to rise in recent years. This has helped to keep prices stable and ensure people's wellbeing, but it has also resulted in a buildup of excess stockpiles and falling market prices. To resolve this problem, we will improve the pricing mechanisms for agricultural products, while guiding farmers in adjusting what and how much they grow and breed in response to market demand and in making appropriate reductions to the amount of cultivated land devoted to growing corn. Following the principle of letting the market determine prices and delinking subsidies from prices, we will reform in an active yet prudent way the system of corn purchase and storage to ensure reasonable returns for corn-growing farmers. We will adopt a full range of measures to reduce excess stockpiles of food, provide strong support for the processing of agricultural products to increase their value, develop the livestock industry, and extend the agricultural production chain. We will formulate a plan for a new round of initiatives to turn marginal farmland

into forest or grassland, with the target for this year being more than one million hectares. There is much to be gained in this, and it must be carried out to full effect.

We will promote the development of suitably scaled-up agricultural operations in diversified forms; improve policy support for family farms, large and specialized agricultural family operations, farming cooperatives, and other emerging forms of agribusiness; and cultivate a new type of skilled farmer. We will encourage farmers, on a voluntary basis and in accordance with relevant laws, to transfer the land they contract to work on in return for compensation, enter into cooperation or association based on land as shares, or place their land under trusteeship. We will deepen the reform of the rural collective property rights system, state farms on reclaimed land, collective forest tenure, state forestry farms, farmland irrigation and water conservancy, and rural supply and marketing cooperatives.

-- The foundation of agriculture will be strengthened.

We will complete our work nationwide on designating permanent basic cropland and provide special protection for such cropland, promote the development of high-standard cropland, improve the subsoil of an additional ten million hectares of cropland, and increase the area of cropland covered by efficient water-saving irrigation by 1.33 million hectares. We will explore trials of crop rotation and fallow land. We will promote the innovation and application of agricultural science and technology. We will promote green, high-yield, and cost efficient food crop production and achieve zero growth in the use of chemical fertilizers and insecticides. In fiscal allocations, investment in agriculture will be ensured, a national agricultural credit guaranty system will be established, the agricultural insurance system and rural financial services will be improved, and more investment in agricultural modernization will be encouraged.

-- We will improve public services and facilities in rural areas.

We will step up the development of rural infrastructure. An additional 200,000 kilometers of rural roads will be built or upgraded. In towns, townships, and incorporated villages, where conditions allow, efforts should be stepped up to build paved roads and provide access to bus services. We will act promptly to launch a new round of efforts to upgrade rural power grids, and our goal is to ensure a stable and reliable supply of power to all rural areas and all electric pumpsets on rural flatlands within the next two years. We will build on past progress to make further advances in providing access to safe drinking water. We will encourage the introduction of e-commerce into rural areas. We will work hard to improve rural living environments, building an even more livable and beautiful countryside.

-- We will combat poverty.

This year, we will help more than ten million rural residents lift themselves out of poverty, including over two million poor residents who are to be relocated from inhospitable areas, and continue to rebuild the dilapidated housing of poor rural households. Central government funds for poverty alleviation efforts will be increased by 43.4%. In poor counties, various funds for rural development will be integrated. We will take targeted measures to alleviate and eliminate poverty in light of local conditions. We will channel significant energy into cultivating business operations with distinctive local features in support of employment and business development. We will construct infrastructure such as roads, water and power supply, and Internet access, and work to strengthen the ability of contiguous poor areas and persons in need to achieve development. National programs aimed at providing people with policy support and promoting people's wellbeing will be weighted toward poor areas. We will give stronger support to targeted poor areas, encourage the eastern region to help in the alleviation of poverty in the western region, and support nongovernmental participation in combatting poverty. Poverty reduction is a must, governments at all levels have made the pledge, and it must be accomplished both qualitatively and quantitatively within the timeframe set.

5. Carry out a new round of high-quality opening up and work to achieve mutually beneficial cooperation

In the face of profound changes in international economic cooperation and competition, and in response to the urgent need to improve the performance of and upgrade China's economy, we must open wider to the outside world with unwavering resolve. By doing so, we can strengthen new drivers of development, add new forces to propel reform forward, and create new competitive strengths for China.

-- We will work to secure solid progress in pursuing the Belt and Road Initiative.

We will promote domestic regional development and opening up and international economic cooperation in a coordinated way, work with other countries and regions to build overland economic corridors and maritime cooperation hubs, and promote connectivity, economic and trade cooperation, and cultural exchange. We will work to develop cooperative mechanisms for achieving compatibility in customs clearance procedures along the routes and build international logistics networks. We will promote the development of border economic cooperation zones, cross-border economic cooperation zones, and overseas economic and trade cooperation zones. With a commitment to achieving common development and shared growth through joint consultation, we will ensure that the Belt and Road Initiative creates bonds of peace, friendship, and common prosperity.

-- We will work to achieve greater industrial-capacity cooperation with other countries.

We will launch demonstration projects in accordance with the principle that enterprises should be the main actors, that government should provide support, and that operations should be market based. We will improve and implement related supporting fiscal, tax, and financial policies, establish an RMB overseas cooperation fund and make good use of bilateral industrial-capacity cooperation funds. We will promote greater use of Chinese equipment, technology, standards, and services in the international market, and help Chinese manufacturing brands gain international recognition.

-- We will develop innovative ways to promote foreign trade.

Faced with continuously weak foreign demand, we need to take a combination of measures to stop the decline in imports and exports.

First, we will move faster to improve and implement policies.

We will improve the structure of export tax rebate rates, ensure rebates are paid promptly and in full, and crack down on fraudulent claims. We will increase short-term export-credit insurance and provide export financing insurance for all insurable complete sets of equipment.

Second, we will encourage innovative business models.

We will expand trials in cross-border e-commerce, support enterprises in developing overseas warehouses for export products, and promote the development of enterprises that provide comprehensive foreign trade services.

Third, we will improve the trade mix.

We will launch trials to create innovative ways of developing trade in services, see that more cities become trendsetters in providing foreign outsourced services, and accelerate the development of foreign trade in cultural goods and services. We will further integrate and improve special customs regulation zones, and encourage processing trade to move to the central and western regions and extend to the medium-high end of the industrial chain.

Fourth, we will further facilitate trade.

We will see that the single window system is implemented for international trade nationwide. We will reduce the frequency of inspections for exports.

Fifth, we will adopt a more proactive import policy.

We will increase the import of advanced technology and equipment, key spare parts and components, and energy and raw materials in short supply in China.

-- We will work to make better use of overseas investment.

We will continue to relax market access restrictions on investment, further open the service sector and the general manufacturing sector, simplify procedures for establishing companies with overseas investment, and step up efforts to attract more investment. We will create new models of opening up for inland and border areas,

develop new overseas-oriented industrial clusters, and encourage more overseas investment in the central and western regions. Pilot free trade zones will be established in more parts of the country. We will improve the systems and mechanisms for governing development zones. With these efforts, China's investment environment will become even more fair, transparent, and predictable, and China will be able to maintain strong appeal and serve as a favorite destination for overseas investment.

-- We will accelerate implementation of the free trade zone strategy.

We wish to actively negotiate and sign the Regional Comprehensive Economic Partnership agreement. We will help speed up negotiations on the establishment of the China-Japan-RoK free trade area. We will work to make progress in negotiations on investment agreements between China and the United States and between China and the European Union. We will help strengthen collective strategic research on the Free Trade Area of the Asia-Pacific. China wishes to work with all interested parties to move ahead with trade and investment liberalization and establish an international economic and trade system that is balanced, inclusive, and beneficial for all.

6. Step up environmental governance efforts and work to see breakthroughs in green development

Pollution control and environmental protection are important to both the health of our people and sustainable development, so we must work hard moving forward and resolve to take a path that leads to both economic development and environmental improvement.

-- We will take strong measures against air and water pollution.

This year, we will ensure that chemical oxygen demand and ammonia nitrogen emissions are both reduced by 2%, sulfur dioxide and nitrogen oxide emissions are cut by 3%, and the density of fine particulate matter (PM2.5) in key areas continues to fall. We will focus on promoting the reduction of emissions from the burning of coal and motor vehicles. We will work to promote cleaner and more efficient use of coal, ensure there is less use of untreated coal, and do more to see coal substituted with electricity and natural gas. We will upgrade coal-burning power plants nationwide to achieve ultra-low emissions and energy efficiency, and we will move faster to shut down coal-fired boilers that do not meet compulsory standards.

We will increase natural gas supply, improve policy support for the development of wind, solar, and biomass energy, and increase the proportion of clean energy in total energy consumption. We will encourage a whole range of forms of straw utilization and restrict open burning. We will push for the use of automobile gasoline and diesel fuel that meet National-V standards nationwide and see that 3.8 million old or high-emission vehicles are taken off the roads.

We will coordinate efforts to prevent and control air pollution in regions where it presents a problem. We will press ahead with the nationwide development and upgrading of urban sewage treatment facilities, and strengthen comprehensive efforts aimed at controlling agricultural pollution from non-point sources and at improving the water environment in river basin areas. We will step up efforts to deal with industrial pollution at the source and conduct online monitoring of all polluting enterprises. We will strengthen environmental inspection and reward and punish as appropriate. We must ensure that the newly revised Environmental Protection Law is strictly enforced, that those who emit pollutants beyond the limit allowed by their permit or without a permit are severely punished as stipulated by law, and that those who knowingly allow such violations are held to account in accordance with the law.

-- We will work to develop the energy conservation and environmental protection industries.

We will ensure that environmental standards are applied in more areas. We will improve policy support to encourage the use of energy-saving and environmentally friendly advanced technologies and equipment, promote on a large scale contracted energy management and third-party treatment of environmental pollution, and work to see that energy-saving renovations in buildings are strengthened and efforts are accelerated to make traditional manufacturing more eco-friendly. We will encourage everyone to conserve energy and water, make progress in using sorted treatment of waste, improve the networks for recycling renewable resources, and turn the energy

conservation and environmental protection industries into pillar industries underpinning China's development.

-- We will continue to develop ecological security barriers.

We will improve mechanisms for compensating for ecological conservation efforts. Commercial logging in natural forests will be banned, and a new round of subsidy and award policies for grassland ecological conservation efforts will be implemented. Trials to comprehensively deal with the over-abstraction of groundwater will be moved ahead, more will be done to protect and restore wetlands and other ecosystems, and continued efforts will be made to curb desertification, rock desertification, and soil erosion. Every one of us has an obligation to protect the environment -- we call on every member of society to act and contribute to the building of a Beautiful China.

7. Strengthen social development to promote people's well being

The best form of governance is that which puts people's wellbeing first. We must never lose sight of this and do more to improve the lives of our people and address their concerns. Growth in government revenue is slowing, but when it comes to getting things done for the welfare of the people, we mustn't drop a single thing.

-- We will promote growth in employment and new businesses.

We will pursue a more proactive employment policy and encourage business startups that create employment. This year, there will be up to 7.65 million college graduates. We will use multiple channels to increase employment and encourage entrepreneurship by implementing initiatives for promoting employment of college graduates and guiding them in starting up their own businesses. We will make good use of the surplus from unemployment insurance funds and increase funds for keeping job creation stable to provide skills training for laid-off enterprise employees and help them find new employment and offer basic needs assistance to those in urban areas who face difficulties in securing employment. Over 21 million training opportunities should be provided for migrant workers to improve their skills. We will strengthen assistance for flexible employment and new forms of employment. We will see that demobilized military personnel are settled into new jobs or have good access to employment and business startup services.

-- We will promote fairer access to quality education.

Education is where a country's future and its people's hopes and aspirations lie. We will allocate a greater share of funds for public education to the central and western regions and to remote and poor areas. We will unify the urban and rural mechanisms for funding compulsory education and improve conditions in boarding schools and schools which are badly built or poorly operated. We will support the development of kindergartens open to all children. We will see that special needs education is well provided. We will work faster to modernize the vocational education system and, type by type, begin waiving all tuition and miscellaneous fees at schools providing secondary vocational education. Students from families with financial difficulties will be the first to be exempted from tuition and miscellaneous fees at regular senior high schools. The salary and other benefits of teachers in rural areas will be increased. We will move faster to promote distance learning and expand the reach of quality educational resources. Institutions of higher learning should strengthen their teaching and their capacity for innovation. Regular undergraduate institutions will be encouraged to shift their focus toward providing applied education if they are in a position to do so. We will continue to help see the increased enrollment of students from poor rural areas into key colleges, and improve and implement policies enabling children who live with their migrant worker parents to go to secondary school or take college entrance exams in their city of residence. We will support the development of privately run educational institutions and work to ensure they meet all relevant standards.

Education should promote the moral, intellectual, physical, and artistic development of students, and particular attention should be given to fostering all kinds of high-caliber creative talent. Families, schools, governments, and our society as a whole must together shoulder the responsibility of ensuring our children, our hope for tomorrow, are safe, healthy, and can grow up with the opportunity to reach their full potential.

-- We will advance the coordinated reform of medical services, medical insurance, and the medicine industry.

Health is at the root of happiness. This year, we aim to realize full coverage of the serious disease insurance scheme, and government funding for the scheme will be increased to reduce the financial burdens of more people suffering from serious diseases. The central government will allocate 16 billion yuan to be used in both rural and urban areas for medical assistance and subsidies, an increase of 9.6% over last year. We will merge the basic medical insurance systems for rural and non-working urban residents and raise government subsidies for the scheme from 380 to 420 yuan per capita per annum. We will reform the ways for making medical insurance payouts and expedite the building of a nationwide network for basic medical insurance so that medical expenses can be settled where they are incurred via basic medical insurance accounts.

We will see that more cities participate in piloting comprehensive public hospital reform; move forward in a coordinated way with medical service pricing reform and reform in medicine distribution; and deepen the reform of the evaluation and approval systems for medicines and medical equipment. We will move faster to train general practitioners and pediatricians. We will carry out trials for tiered medical services in around 70% of prefecture-level cities, increase basic annual per capita government subsidies for public health services from 40 to 45 yuan, and see that more medical resources are channeled toward the community level in urban areas and toward rural areas. We will encourage the development of privately run hospitals. We will promote the development of traditional Chinese medicine and the medical traditions of ethnic minorities. We will establish HR and remuneration systems suited to the medical sector to motivate medical practitioners and protect their enthusiasm. We will work to ensure harmony in the relationship between doctor and patient. We will improve the supporting policies to complement the decision to allow all couples to have two children. To see that the health of our people is protected, we will speed up the development of unified and authoritative safety monitoring systems for food and pharmaceuticals and reinforce every line of defense from the farm to the dining table, and from the enterprise to the hospital. This should ensure that people have access to safe food and medicine and can have confidence in what they are eating and taking.

-- We will build an extensive and tightly woven social safety net.

We will continue to raise basic pension benefits for retirees. Local governments need to fulfill their duties to ensure that pension benefits are paid on time and in full. We will work out methods for putting a portion of state capital into social security funds. Initiatives will be launched to pilot comprehensive reform of the elderly care service industry, and progress should be made in developing a variety of forms of combined medical and care services for the elderly. We will implement the temporary assistance scheme and the system for providing basic assistance to persons living in extreme poverty, appropriately determining how much to grant and improving how it is granted. Per capita subsidies for subsistence allowances in rural and urban areas will be increased by 8% and 5%, respectively. We will speed up the development of social assistance systems so that people with urgent needs have access to assistance and support, helping society become a caring and warm one.

-- We will promote the reform and development of the cultural sector.

We will draw on the Chinese Dream and socialism with Chinese characteristics to build consensus and pool strength, nurture and practice the core socialist values, and make greater efforts to foster patriotism. We will carry out an initiative to encourage innovation in philosophy and the social sciences. We will promote the development of literature and art; the press and publishing; radio, television, and film; and archiving. New types of Chinese think tanks will be developed. China's cultural relics and intangible cultural heritage will be more effectively protected and put to better use. We will support popular activities which promote cultural and ethical progress. We will work to foster a love of reading in our people, popularize scientific knowledge, promote the spirit of science, improve the overall caliber of the population and raise the level of civility in society. We will promote the integrated development of traditional and new media. We will encourage the development of a healthy online culture. We will work to deepen cultural exchanges with other countries and strengthen our capacity for international communication. We will deepen structural reform of the cultural sector, see that more public cultural resources are made available in rural and urban communities, promote the creative development of the cultural sector, see that markets for cultural products and

services flourish, and strengthen regulation of such markets. We will enable more households to enjoy digital broadcasting. We will make thorough preparations for the 2022 Beijing Winter Olympic Games and Paralympic Games. We will encourage new trends in popular fitness activities.

-- We will strengthen and develop new forms of social governance.

We will make sure foundational work and work at the community level is carried out to proper effect. We will promote urban and rural community development and encourage democratic consultation at the community level. We will support the participation of people's organizations, such as trade unions, Communist youth league organizations, and women's federations, in social governance. We will move faster to untie industry associations and chambers of commerce from any connections they still have with the government. Social organizations will be developed and regulated in accordance with the law, and support will be given to the development of specialized social work, volunteer services, and charity. We will step up the development of the social credit system. We will ensure the full protection of the rights and interests of women, children, and people with disabilities, and strengthen support and services provided to the children, women, and elderly who remain in rural areas while their family members work away in the cities. We will deepen the reform of the judicial system, work to raise public awareness of the rule of law, begin to implement the seventh five-year plan for increasing public knowledge of the law, and see that a good job is done in terms of legal aid provision and community corrections. We will improve the national system for cybersecurity. New ways will be developed to improve the mechanisms for maintaining law and order, an IT-based system for crime prevention and control will be developed, unlawful and criminal activities will be punished in accordance with the law, and violent terrorist activities will be dealt with severely. All these steps will ensure people's security. We will improve on work related to the handling of complaints made by letter or in person and refine the mechanisms for multimodal dispute mediation, so as to address disputes and ensure social peace and harmony.

Nothing is more valuable than life, and ensuring public safety is of paramount importance. We must continue our efforts to ensure workplace and public safety, improve safety infrastructure and build capacity to prevent and mitigate disasters, enhance monitoring, early-warning, and emergency response mechanisms, improve meteorological services, and deliver a good performance in seismology, surveying, mapping, and geology. We will improve and implement the system of accountability, management, and evaluation for workplace safety to ensure that both CPC committees and governments are held accountable and that officials take responsibility for workplace safety in performing their duties, and intensify efforts to see that those who fail to uphold safety standards are held accountable. We will tighten oversight and law enforcement to guard against and prevent the occurrence of major workplace accidents and protect the lives and property of our people.

8. Improve government functions, strengthen our administrative capacity, and deliver quality government services

The most formidable tasks demand the greatest sense of mission. Faced with the onerous and complex tasks of reform and development, we in governments at all levels should follow the new vision on development in our work, bear the weight of finishing building a moderately prosperous society in all respects on our shoulders, keep the people's wellbeing at the forefront of our minds, and build a law-based, innovative, clean, and service-oriented government that the people are satisfied with.

-- We will ensure that all government duties are performed in accordance with the law and that all government activities are carried out in line with the rule of law.

Governments at all levels and all their employees must take the lead in strictly abiding by the Constitution and other laws and conscientiously apply rule of law thinking and approaches in their work; they must carry out all statutory functions and duties and may not do anything not authorized by law. We will actively promote the legal consultation system for government. We will intensify efforts to make government operations more open by making use of both traditional and new media including the Internet to respond in a timely manner to social concerns and inform the public about what the government is doing and how. We in governments at all levels must, as required by law, subject ourselves to the oversight of the people's congresses at the same levels and their standing committees, and we should willingly subject ourselves to the democratic oversight of CPPCC committees, public

oversight, and public opinion-based oversight, so as to exercise power in an open and transparent way.

-- We will ensure that government duties are performed with integrity and intensify efforts to fight corruption.

We will see that leading Party and government officials at all levels assume full responsibility for improving Party conduct and government integrity, and we will severely punish all types of behavior that constitute flagrant violations of discipline. Administrative supervision will be strengthened, and the whole government system will be placed under auditing. Steps will be taken, such as reducing or limiting certain powers and adopting new forms of supervision, to eliminate room for rent-seeking and eradicate the breeding grounds of corruption. We will ensure that efforts to improve Party conduct and government integrity are extended right down to the community level, resolutely correct improper conduct that harms the interests of the general public, and punish corruption without fail.

-- We will ensure that officials perform their duties diligently, that government decisions are fully implemented, and that the government's public credibility is improved.

Government workers must take an active approach to their work, carry out effective planning and decisive implementation, fulfill all their duties, and work tirelessly in service of the public. We will practice the Three Stricts and Three Honests; become more aware of the need to uphold political integrity, keep in mind the bigger picture, follow the CPC as the core of the Chinese leadership, act consistently with CPC Central Committee policy; and improve conduct and competence in order to become a contingent of top-performing public servants with a good command of professional expertise. We will improve and strictly enforce the work responsibility system and fully execute all policies and tasks without fail. We will improve oversight and accountability systems, root out incompetence, inertia, and negligence, and show zero tolerance for those who are on the government payroll but do not perform their duties. We will improve incentive mechanisms and mechanisms to allow for and address mistakes, supporting and motivating those who are committed to carrying out reforms and making innovations. This will help ensure that our officials want to act, are not afraid to act, and are able to act and deliver. The remarkable achievements made in China's reform and opening up over the past 30 plus years are a result of the actions of our people and our officials.

Success belongs to those who share, from top to bottom, in one purpose. We will keep both the central and local governments fully motivated. Localities which work diligently and make notable achievements will receive greater incentives and support in terms of development funds, land designations for new construction projects, and idle budgetary funds made available to them. We will encourage all localities to conduct their work in light of their particular circumstances and create a motivational sense of competition in pursuit of development.

There are several other areas I wish to address.

First, all the people of China are of one family. Helping the people of all our ethnic groups to live together, share in a common cause, and develop in harmony is in the fundamental interests of us all, and is our joint responsibility. We will stick to the Chinese way-the right way-of managing ethnic issues, and uphold and improve the system of regional ethnic autonomy. We will follow closely the Party's policies concerning ethnic groups, launch extensive activities to promote ethnic unity and progress, facilitate the development of a social structure and a community environment in which different ethnic groups are integrated, and promote interaction, communication, and integration between ethnic groups. We will implement differentiated policies in support of the development of areas with concentrations of ethnic minorities, offer assistance through pairing programs, and protect and develop the fine traditional cultures of ethnic minorities and towns and villages rich in ethnic heritage. We will step up support for the development of ethnic groups with smaller populations and boost efforts to promote the development of the border regions to improve the lives of the people there. In short, we will ensure that all the people of China work together for a moderately prosperous society in all respects.

We will fully implement the Party's basic policy on religion, regulate religious affairs in accordance with the law, promote harmonious relations between religions, and

see that religious leaders and believers are actively involved in promoting economic and social development.

We will implement our policies on work related to overseas Chinese, and work in accordance with the law to safeguard the lawful rights and interests of overseas Chinese nationals, Chinese nationals who have returned to China from overseas, and the relatives of overseas Chinese nationals who live in China. We will give full expression to their unique strengths and important roles, rally their support, and strengthen the bonds of attachment and affection of all Chinese, whether at home or overseas, to our motherland.

Second, last year saw significant progress in strengthening national defense and the armed forces. This year, in keeping with the Party's goal of building strong armed forces under new conditions, we will boost efforts to build the armed forces through political work and reform, and run them by law. We will work to make the military more revolutionary, modern, and well-structured in every respect, and remain committed to safeguarding national security. We will uphold the fundamental principle and institution of the Party having absolute leadership over the armed forces, and put into practice the guiding principles adopted at the military's meeting on political work held in Gutian, Fujian. We will strengthen in a coordinated way military preparedness on all fronts and for all scenarios, and work meticulously to ensure combat readiness and border, coastal, and air defense control. We will step up the development of logistics and equipment. We will make steady progress in reforming military leadership and command structures, and launch reform of the military's size and structure as well as its policies and institutions. We will ensure law-based development of the armed forces. We will modernize the armed police force. Public awareness about the importance of national defense and national defense mobilization will be strengthened. Closer military-civilian integration will be promoted in important fields, and full consideration will be given to defense needs in the development of important infrastructure. We will develop defense-related science, technology, and industries. Governments at all levels should give full support to strengthening national defense and the armed forces, and we should strive to forge an ever closer bond between the military and the government and between the military and the people in this new era.

Third, we will implement, both to the letter and in spirit, the principles of "one country, two systems," the people of Hong Kong governing Hong Kong, the people of Macao governing Macao, and both regions enjoying a high degree of autonomy, and we will act in strict compliance with China's Constitution and the basic laws of the Hong Kong and Macao special administrative regions. We pledge our full support to the chief executives and governments of the two regions as they conduct governance in accordance with their respective laws. We will give expression to the distinctive strengths of Hong Kong and Macao, and elevate their positions and roles in China's economic development and opening up. We will work to deepen cooperation between the mainland and these two regions and help Hong Kong and Macao strengthen their competitiveness. We are convinced that Hong Kong and Macao will maintain long-term prosperity and stability.

We will remain committed to our major policies on Taiwan, uphold the 1992 Consensus as the political foundation, resolutely oppose separatist activities for the independence of Taiwan, safeguard China's sovereignty and territorial integrity, maintain the peaceful growth of cross-Straits relations, and safeguard peace and stability in the Taiwan Straits. We will strive to make progress in cross-Straits economic integration. We will encourage cultural, educational, scientific, and technological exchanges and help strengthen exchanges between ordinary people and the younger generation between both sides of the Straits. Guided by the conviction that people on both sides of the Straits belong to one and the same family, we will share with our fellow countrymen and women in Taiwan both the responsibility of the Chinese nation and opportunities for development and jointly build a cross-Straits community of common destiny.

Finally, we will continue to hold aloft the banner of peace, development, cooperation, and mutual benefit, practice the distinctive vision guiding China in conducting its diplomacy as a major country, and safeguard its sovereignty, security, and developmental interests. We will host the G20 leaders' summit to promote innovative growth in the global economy and improve global economic and financial governance. We will step up coordination and cooperation with all other major countries and develop with them relations characterized by positive interaction and win-win cooperation. Guided by the policy of amity, sincerity, mutual benefit, and inclusiveness in developing relations with our neighbors, we will work with other

countries in our region to maintain lasting peaceful relations and coordinated and integrated development. We will help deepen South-South cooperation, promote common development, and safeguard the legitimate rights and interests of developing countries. We will participate constructively in solving global and sensitive issues. We will move faster to strengthen our capacity for safeguarding China's overseas interests and protect the safety of Chinese nationals and legal persons. China will work tirelessly with the rest of the international community to promote the peace and development of all of humanity.

Esteemed Deputies,

Our future can be secured only through hard work. Let us rally closer around the CPC Central Committee headed by General Secretary Xi Jinping and, working together and remaining of one mind, strive to fulfill this year's economic and social development tasks and targets. Let us thus make a good start to the decisive stage of finishing building a moderately prosperous society in all respects, and make new contributions to turning China into a modern socialist country that is prosperous, strong, democratic, culturally advanced, and harmonious and to achieving the Chinese Dream of the rejuvenation of the Chinese nation.

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