

# REPORT ON THE WORK OF THE GOVERNMENT

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Premier of the State Council

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Fellow Deputies,

On behalf of the State Council, I will now report to you on the government's work of the past five years and lay out what we propose for this year's work for your deliberation and approval. I also invite comments from the members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

I will begin with a review of our work over the past five years.

The five years since the first session of the 12th National People's Congress (NPC) have been a truly remarkable five years in the course of our country's development. Facing an extremely complex environment both at home and abroad, the Central Committee of the Communist Party of China with Comrade Xi Jinping at its core, has rallied and led the Chinese people of all ethnic groups to forge ahead. We have moved forward with the five-sphere integrated plan<sup>1</sup> and the four-pronged comprehensive strategy,<sup>2</sup> and made new advances on all fronts of reform, opening up, and socialist modernization.

At its 19th National Congress, the Party established the position in history of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and mapped out an inspiring blueprint and a program of action for securing a decisive victory in building a moderately prosperous society in all respects and for striving for the success of socialism with Chinese characteristics for a new era. This is of great immediate significance and far-reaching historical significance.

All regions and all government departments have strengthened their consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment. The new development philosophy has been thoroughly acted upon, the 12th Five-Year Plan has been fully completed, and implementation of the 13th Five-Year Plan has seen smooth progress. In economic and social development we have made historic achievements and seen historic change.

*Over the past five years, economic strength has reached a new high.*

China's gross domestic product (GDP) has risen from 54 trillion to 82.7

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<sup>1</sup> The "five-sphere integrated plan" is a plan to promote coordinated economic, political, cultural, social, and ecological advancement.

<sup>2</sup> The "four-pronged comprehensive strategy" is a strategy of comprehensive moves to finish building a moderately prosperous society in all respects, deepen reform, advance law-based governance, and strengthen Party self-governance.

trillion yuan, registering average annual growth of 7.1 percent; and its share in the global economy has grown to roughly 15 percent, up from 11.4 percent. China's contribution to global growth has exceeded 30 percent. Government revenue has increased from 11.7 trillion to 17.3 trillion yuan. Consumer prices rose at an average annual rate of 1.9 percent, maintaining a relatively low level of growth. More than 66 million new urban jobs have been added, and our country, with its population of over 1.3 billion, has achieved relatively full employment.

*Over the past five years, the structure of the Chinese economy has seen a major transformation.*

With the share of the service sector rising from 45.3 to 51.6 percent of the economy, consumption's contribution to growth has increased from 54.9 to 58.8 percent, becoming the main driver of growth. High-tech manufacturing has achieved an average annual increase of 11.7 percent, and the annual grain yield has reached 600 million metric tons. China's urbanization rate has risen from 52.6 to 58.5 percent, and more than 80 million people who have relocated from rural to urban areas have gained permanent urban residency.

*Over the past five years, innovation-driven development has yielded fruitful outcomes.*

China's investment in research and development (R&D) has grown at an average annual rate of 11 percent, ranking second in the world in scale. The contribution of technological advances to economic growth has risen from 52.2 to 57.5 percent. In manned spaceflight, deep-water exploration, quantum communications, large aircraft development, and more, China has seen a stream of major outcomes of innovation. In high-speed rail, e-commerce, mobile payments, and the sharing economy, China is leading the world.

The Internet Plus model has permeated every industry and every field. Business startups and innovation are thriving all over the country, and the average number of new businesses opened daily has risen from over 5,000 to more than 16,000. Rapidly emerging new growth drivers are reshaping China's growth model, are profoundly changing the way we live and work, and have become a new hallmark of China's innovation-driven development.

*Over the past five years, significant headway has been made in reform and opening up.*

In reform, we have made strong moves across the board, secured major advances in many areas, and driven deeper in pursuing progress, making breakthroughs in reforms in important fields and key links. Reforms to streamline administration and delegate powers, improve regulation, and

optimize services, have driven profound shifts in the functions of government, and significantly strengthened market dynamism and public creativity. The Belt and Road Initiative has been making major progress. The composition of both Chinese foreign trade and foreign investment in China has been improved, with volumes ranking among the largest in the world.

*Over the past five years, living standards have been constantly improving.*

We have made decisive progress in the fight against poverty: More than 68 million people have been lifted out of poverty, including a total of 8.3 million relocated from inhospitable areas, and the poverty headcount ratio has dropped from 10.2 to 3.1 percent. Personal income has increased by an annual average of 7.4 percent, outpacing economic growth and creating the world's largest middle-income group. Tourist departures have grown from 83 million to over 130 million. Social old-age pension schemes now cover more than 900 million people, and the basic health insurance plans cover 1.35 billion people, forming the largest social safety net in the world. On average, life expectancy has reached 76.7 years. Over 26 million housing units have been rebuilt in rundown urban areas, and more than 17 million dilapidated houses have been renovated in rural areas. Thanks to these efforts, more than one hundred million Chinese have moved into new homes.

*Over the past five years, the environment has seen gradual improvement.*

To address air, water, and soil pollution, we have designed and enforced a ten-point list of measures for each and achieved solid progress. Both energy and water consumption per unit of GDP have fallen more than 20 percent, the release of major pollutants has been consistently declining, and the number of days of heavy air pollution in key cities has fallen 50 percent. Forest coverage has increased by 10.87 million hectares, and the area of desertified land has been reduced by close to 2,000 square kilometers on average each year. Encouraging progress has been made in green development.

In the year just passed, all main targets and tasks for economic and social development were accomplished and performance has exceeded expectations. GDP grew 6.9 percent and personal income rose 7.3 percent, both beating the previous year's growth rates. Around 13.51 million new urban jobs were created, and the jobless rate was the lowest in recent years. Industrial growth began to rebound, and corporate profits increased 21 percent. Government revenue grew 7.4 percent, reversing the slowdown in growth. The total import and export value rose 14.2 percent. Inward foreign investment reached 136.3 billion U.S. dollars, hitting a new all-time high.

The state of play in the economy was good, with growth and quality,

structural improvement, and performance each reinforcing the other. This is the result of the cumulative effect of a raft of major policies over the past five years and of consistent efforts in all areas of endeavor.

Over the past five years, the ground breaking achievements made on every front and the profound and fundamental changes that have taken place, have attracted global attention and are the pride and inspiration of all of us in China.

Over the past five years, we have worked with dedication to implement the decisions and plans made by the Party Central Committee with Comrade Xi Jinping at its core. The following are the highlights of that work:

First, with a commitment to the general principle of pursuing progress while ensuring stability, we have focused on developing new and better approaches to macro regulation, kept major indicators within an appropriate range, and achieved stable, positive economic performance.

The past few years have witnessed anemic world economic recovery, volatility in global financial markets, and a sharp rise in protectionism. In China, structural issues and underlying problems have become more acute, downward pressure on the economy has continued to mount, and we have met with no small number of dilemmas.

In confronting this new environment, we have maintained strategic focus and refrained from resorting to a deluge of strong stimulus policies. Instead, we have adapted to, addressed, and steered the new normal in economic development, and taken coordinated steps to ensure steady growth, advance reform, make structural adjustments, improve living standards, and guard against risk. We have made fresh innovations in and refined macro regulation, developed the idea of and ways to achieve ranged-based regulation, and enhanced targeted, well-timed, and precision regulation.

We have been clear that as long as the major economic indicators are within an acceptable range, with employment growing, incomes increasing, and the environment improving, then our energies should be focused on advancing reform, making structural adjustments, and adding growth drivers.

We have adopted measures that are good for the near term and even better for the long term, made strong moves to advance supply-side structural reform, appropriately expanded aggregate demand, and worked for a dynamic equilibrium of supply and demand at a higher level.

With grit and determination, we have overcome downward pressure on

the economy, avoided a “hard landing,” maintained a medium-high growth rate, and promoted structural upgrading. The economic fundamentals that will sustain long-term growth have been cemented and enhanced.

We have continued to follow a proactive fiscal policy and a prudent monetary policy. Despite a fairly big imbalance between government revenue and expenditure, China has led the way in slashing taxes and fees with the aim of using accommodative measures to strengthen the basis for sustained growth. Step by step, we have extended the replacement of business tax with value added tax (VAT) to all sectors across the country, calling time on the 66-year history of business tax. The result so far has been a tax cut of more than 2 trillion yuan. We have also adopted measures like preferential tax policies for small low-profit businesses and an overhaul of different types of fees. All in all, our market entities have seen savings of more than 3 trillion yuan. We have strengthened management over local government debt, and issued local government bonds to replace outstanding debt, cutting interest liability by 1.2 trillion yuan. We have adjusted the structure of government expenditure, put idle funds to work, and ensured the spending for undertaking major projects and meeting basic public needs. The deficit-to-GDP ratio has been kept within 3 percent.

Monetary policy has remained prudent and neutral. The M<sub>2</sub> money supply growth rate has been trending downward, while credit and aggregate financing have seen moderate growth. Differentiated policies, such as targeted reserve requirement ratio cuts and targeted re-lending, have been adopted to strengthen support for key fields and weak links. The growth of loans to small and micro businesses has outstripped the average growth in lending. We have reformed and improved the market-based exchange rate mechanism and kept the RMB exchange rate basically stable; and foreign exchange reserves are now rising not falling. We have responded appropriately to abnormal market fluctuations such as the cash crunch, brought better order to the financial markets, prevented and diffused risks in key sectors, forestalled systemic risks, and thus safeguarded China’s economic and financial security.

Second, with a commitment to treating supply-side structural reform as our main task, we have focused on fostering new growth drivers to speed up economic structural upgrading.

We have persevered in relying on reform to overcome economic difficulties and address structural imbalances, made a big push to foster emerging industries, overhauled and strengthened traditional industries, and improved the quality and performance of the supply system.

*Solid work has moved us forward in the five priority tasks of cutting overcapacity, reducing excess inventory, deleveraging, lowering costs, and strengthening areas of weakness.*

Over the past five years, building on work to cut backward production capacity in the cement, plate glass, and other industries, we have intensified efforts to cut overcapacity, prioritizing industries such as steel and coal; and a 100-billion-yuan fund for rewards and subsidies has been put in place by the central government to support efforts to assist affected employees. We have cut steel production capacity by more than 170 million metric tons and coal production capacity by 800 million metric tons, and over 1.1 million affected employees have been assisted.

Thanks to city-specific policies and category-specific guidance, clear progress has been made in reducing commercial residential housing inventory in third- and fourth-tier cities, and the growth of housing prices in the most popular cities has been brought under control.

We have taken active and prudent steps to deleverage, control the scale of debts, and expand equity finance. The debt-to-asset ratio of industrial enterprises has been consistently declining. Macro leverage ratio is increasing by much smaller margins and is generally stable.

We have used a combination of measures to bring down costs: 30 percent of government-managed funds and fees have been cut; over 60 percent of the fees and charges levied on businesses by the central government have been abolished; the ratio of enterprise contributions to old-age pension, medical insurance, unemployment insurance, and maternity insurance, workers' compensation, and housing provident fund schemes has been reduced for the time being, and work has been done to lower energy, logistics, and telecommunications costs.

We have stepped up efforts to strengthen areas of weakness, with a focus on key issues.

*We have sped up the replacement of old growth drivers.*

We have done more in carrying out the Internet Plus Initiative, exercised accommodative and prudential regulation, and promoted the extensive application of big data, cloud computing, and the Internet of Things; emerging industries have achieved vigorous growth, and traditional industries have undergone a thorough remodeling.

Implementation of the Made in China 2025 initiative has brought progress in major projects like the building of robust industrial foundations, smart manufacturing, and green manufacturing, and has accelerated the



development of advanced manufacturing.

We unveiled reform and development measures to foster modern services; and this has led to a marked rise in new forms of business in the services sector and new service models as well as the integration and upgrading of multiple sectors.

Deepened supply-side structural reform in agriculture has brought the emergence of a large number of new types of agribusiness. The share of appropriately scaled-up farming has increased from 30 to over 40 percent.

We have taken measures to increase the incomes of those in low- and middle-income brackets, and helped to see an upgrading of traditional forms of consumption, and a boom in new forms of consumption. Online retail sales have been growing at an average annual rate of over 30 percent, and total retail sales of consumer goods have enjoyed an average annual increase of 11.3 percent.

We have improved the composition of investment, encouraged private investment, used government investment to play a catalytic role, and guided more funding toward areas that strengthen the economic foundation, enhance sustainability, and improve people's lives.

China's in-operation high-speed railways have grown from over 9,000 to 25,000 kilometers, accounting for two thirds of the world's total. Our expressways have grown from 96,000 to 136,000 kilometers. We have built or upgraded 1.27 million kilometers of rural roads, built 46 new civilian airports, and begun work on 122 major water conservancy projects. We have completed the latest round of rural power grid upgrading, and put in place the largest mobile broadband network in the world.

Over the past five years, new growth drivers have rapidly grown in strength. Economic growth, in the past mainly driven by investment and exports, is now being fueled by consumption, investment, and exports. In the past dependent mainly on secondary industry, growth is now powered by a combination of the primary, secondary, and tertiary industries. This is a major structural transformation that for years our sights have been set on but we were always unable to achieve.

*Advancing supply-side structural reform demands removing barriers to market based allocation of the factors of production and reducing government-imposed transaction costs.*

To address the longstanding issues of excessive emphasis on approval procedures, insufficient attention to regulatory processes, and a failure to provide strong services, we have been consistently deepening reforms to

streamline administration, delegate powers, improve regulation, and strengthen services. We have sped up efforts to transform government functions, reduced micromanagement and direct intervention, and done more to improve macro regulation, market regulation, and public services.

Over the past five years, the number of items subject to approval by State Council offices and departments has been slashed by 44 percent, the practice of non-administrative approval has been completely put to a stop, the number of business investment items subject to central government approval has been cut by 90 percent, intermediary services needed for obtaining government approval have been cut by 74 percent, and the requirements for professional qualification approval and accreditation have been significantly reduced. The number of items for which central government sets the prices has been cut back by 80 percent, and local government-priced items have been cut down by over 50 percent. Comprehensive reforms have swept the business system, including business and capital registration, reducing the time it takes to start a business by over a third.

We have developed new and better ways of conducting compliance oversight, and introduced a new model of oversight combining randomly selected inspectors who inspect randomly selected entities and the prompt release of results. These efforts have made regulation more effective and impartial.

We have rolled out the Internet Plus Government Services model and adopted measures such as the one-stop service model.

Thanks to the above reforms, the business environment has consistently improved, the market is more energized, and people can access government services more easily.

Third, with a commitment to innovation-driven development, and a focus on unlocking public creativity, we have achieved a remarkable improvement in our general capacity for making innovations and for seeing that innovation delivers.

We have put into action the innovation-driven development strategy and worked to build a better ecosystem for innovation, giving shape to innovation involving multiple actors making across-the-board advances.

Research institutes and universities now have greater say over their research; research projects and funding are better managed, and the way of managing rights and interests relating to scientific and technological advances has undergone reform.

We have supported Beijing and Shanghai in building themselves into centers for scientific and technological innovation, and set up 14 new national innovation demonstration zones, thus creating a number of regional innovation hubs.

With enterprises as the main actors, we have boosted the development of a system for technological innovation. China has seen the emergence of a number of world-class innovative enterprises and new-type R&D institutions.

We have launched and taken bold moves in the nationwide business startup and innovation initiative, adopted support policies designed to benefit all entrepreneurs and innovators, and improved the incubation system.

China's market entities, all types included, now total over 98 million, an increase of more than 70 percent over the past five years. The number of in-force Chinese invention patents issued in China has tripled, and the volume of technology transactions has doubled. In the global race of scientific and technological innovation, China has shifted place, from following others to keeping pace and even leading the pack in more and more areas. Our country has become a globally recognized fertile ground for innovation and business ventures.

Fourth, with a commitment to deepening reform across the board, we have taken major steps to remove institutional barriers, thus steadily boosting the driving forces powering development.

Solid progress has been made in the reform of state-owned enterprises (SOEs) and state assets; the reform to convert SOEs into standard companies has now basically been completed; and efforts to merge and restructure, reduce the organizational levels in, and improve the quality and efficiency of SOEs have made good progress. The performance of SOEs has been much improved, with profits last year growing by 23.5 percent. We have deepened reform in sectors like energy, rail, and the salt industry.

Market access to the non-public sector has been expanded. An integrated registration system for immovable property has been put in place, and the property rights protection system has been improved.

Fiscal and tax reforms have made major progress. We have introduced the requirement nationwide for government budgets and final accounts to be released to the public, developed a system based mainly on tax sharing for dividing revenue between central and local government, launched the reform to define the respective financial powers and expenditure responsibilities of central and local government, and significantly scaled up general transfer payments from central to local government, while also cutting by two thirds

the number of items for which special purpose transfer payments are made.

We have largely lifted controls on interest rates, established a deposit insurance system, encouraged large and medium commercial banks to set up inclusive finance divisions, deepened the reform of policy-backed and development financial institutions, and strengthened the mechanisms for coordinating financial regulation.

We have improved the mechanisms for promoting more balanced development of urban and rural compulsory education, and reformed the examination and enrollment systems.

We have established unified basic pension and health insurance schemes for rural and non-working urban residents, and brought government office and public institution pension schemes into line with enterprise schemes. We have unveiled a plan for appropriating a share of state capital to replenish social security funds.

We have carried out coordinated medical service, medical insurance, and pharmaceutical reforms. We have introduced a comprehensive reform in all public hospitals, rescinded the policy, long in effect, of allowing hospitals to profit from higher priced medicine, and made breakthroughs in the reform of approval systems for medicine and medical devices.

We have pursued reform to separate rural land ownership rights, contract rights, and use rights, and already seen that over 80 percent of contracted rural land covered by this reform. We have reformed the system for purchasing and stockpiling important agricultural products.

We have improved the functional zoning system, established performance evaluation and accountability systems for ecological conservation, and instituted the river chief and lake chief systems. We have piloted a system placing government environmental offices below the provincial level directly under the supervision of provincial-level environmental offices.

The deepening of reform in each and every field has given a boost to sustained, healthy economic and social development.

Fifth, with a commitment to China's fundamental policy of opening up, we have focused on promoting win-win cooperation, and significantly improved the performance of our country's open economy.

We have launched and worked with other countries in the Belt and Road Initiative. We initiated the Asian Infrastructure Investment Bank, set up the Silk Road Fund, and launched a number of major connectivity and economic and trade cooperation initiatives.

Beginning with the China (Shanghai) Pilot Free Trade Zone, we have established 11 pilot free trade zones. A number of successful outcomes from pilot reforms are now being applied nationwide.

We have reformed the cost-sharing mechanism for export tax rebates, and the central government now pays the full sum of increases in export tax rebates. We have set up 13 comprehensive experimental zones for cross-border e-commerce. Single-window document processing for international trade has been applied nationwide, cutting the average time for customs clearance by over half. Imports and exports have rebounded and steadily grown.

For foreign investment, we have replaced the approval system with a negative list model, and have cut restrictions by two thirds. The composition of foreign investment has improved, with investment in high-tech industries doubling. We have intensified efforts to attract talent, and the number of foreign experts working in China has grown by 40 percent.

We have guided the healthy development of outbound investment. We have moved forward with international cooperation on production capacity; high-speed rail, nuclear power, and other types of Chinese equipment have entered international markets. We have signed or upgraded eight free trade agreements. We have launched the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect, and the Bond Connect. The RMB was included in the IMF's Special Drawing Rights basket, representing a major step forward in its internationalization.

China has opened its doors wider to the world. This opening has played a powerful role in our own development, and it presents important opportunities for the rest of the world.

Sixth, with a commitment to implementing the coordinated regional development and new urbanization strategies, we have promoted more balanced development, and seen new growth poles and belts developing faster.

We have actively pursued coordinated development of Beijing, Tianjin, and Hebei, and the development of the Yangtze Economic Belt, drawn up and implemented related plans, and undertaken a number of key projects. We have unveiled a whole series of reforms and innovative measures to see the western region develop, northeast China revitalized, the central region rise, and the eastern region spearhead development. We have stepped up support for old revolutionary base areas, areas with large ethnic minority populations, border areas, and poor areas, and strengthened aid work in Tibet, Xinjiang,

and Qinghai. We have steadily moved forward with protecting and developing maritime resources.

We have implemented plans for developing major city clusters, and pursued more balanced development of small, medium, and large cities, and small towns. The vast majority of cities in China have eased restrictions on permanent residency. A residence card system has been put into effect nationwide, and basic urban public services now cover all permanent residents. Development between urban and rural areas and between regions has become better coordinated.

Seventh, with a commitment to a people-centered development philosophy, we have endeavored to ensure and improve living standards and seen the growing satisfaction of the people.

Despite fiscal constraints, we have consistently increased spending on improving people's living standards. We have made comprehensive moves in targeted poverty reduction and alleviation, and built a robust working mechanism with central government responsible for overall planning, provincial-level governments assuming overall responsibility, and city and county governments responsible for program implementation. Over the past five years, the central government has appropriated over 280 billion yuan to fund poverty reduction.

We have implemented a proactive employment policy and ensured that key target groups have better access to employment.

We have been committed to prioritizing the development of education; and government spending on education has remained above four percent of GDP. In rural areas, we have improved conditions in badly built and poorly operated schools providing compulsory education, and increased the pay packages of teachers, and our Better Nutrition Plan has benefited more than 36 million students. We have launched an initiative to build world-class universities and world-class disciplines. The number of students from rural and poor areas enrolled in key universities through special programs has grown from 10,000 to 100,000. We have increased financial aid to students from financially-challenged families studying in all types of schools, giving out 430 million grants in total. The average length of schooling of the working-age population has been raised to 10.5 years.

Government subsidies for basic medical insurance schemes have been increased from 240 to 450 yuan per person; the serious disease insurance system is basically in place, and has already benefited more than 17 million people; the costs of hospitalization can now be settled where incurred; and

the development of tiered medical diagnosis and treatment and healthcare consortiums has picked up pace.

We have consistently made appropriate increases to basic old-age pensions for retirees. We have raised subsistence allowances, benefits for entitled groups, and other allowances, and improved the social assistance system, ensuring the livelihoods of close to 60 million people on subsistence allowances or living in extreme poverty. We have put in place a system to provide living allowances for people with disabilities in financial difficulty and nursing care subsidies for people with serious disabilities, a system that has benefited over 21 million people. All couples can now have two children.

We have moved faster to develop cultural programs, and seen the cultural industry grow at an average annual rate of over 13 percent. We have carried out Fitness-for-All programs, which are now in full swing; and Chinese athletes have excelled in competition.

Eighth, with a commitment to achieving harmony between human and nature, we have taken major steps to address pollution, and achieved notable progress in ecological conservation.

We have established the notion that lucid waters and lush mountains are invaluable assets and acted with resolve and intensity as never before to strengthen environmental protection.

We have struck out hard against air pollution, thus achieving a drop of over 30 percent in the average density of fine particulate matter (PM<sub>2.5</sub>) in key areas. We have done more to reduce the use of low quality coal, pushed for progress in energy conservation and emission reductions in key industries, and seen 71 percent of coal-fired power plants achieving ultra-low emissions. We have improved the energy mix, cutting the share of coal consumption by 8.1 percentage points and increasing the share of clean energy consumption by 6.3 percentage points. We have improved fuel quality, and taken over 20 million high-emission and old vehicles off the roads.

We have strengthened prevention and control measures against water pollution in key drainage basins and sea areas, and achieved zero growth in chemical fertilizer and pesticide use. We have pursued major ecological conservation and restoration projects, expanded the coverage of initiatives to turn marginal farmland into forest, grassland, and wetlands, and intensified comprehensive efforts to curb desertification, rock desertification, and soil erosion.

We have launched central government inspections on environmental protection and investigated and prosecuted cases involving legal violations.

We worked toward and saw that the Paris Agreement was put into force; China has played an important role in responding to global climate change.

Ninth, with a commitment to fully performing government functions in accordance with law, we have focused on enhancing and developing new forms of social governance, and ensured social harmony and stability.

We have submitted proposals to the NPC Standing Committee on formulating or revising 95 laws, formulated or revised 195 sets of administrative regulations, and revised or rescinded a large number of government department regulations. Lists of powers and obligations have been formulated and released by provincial, city, and county government departments. We have introduced State Council accountability inspections and special inspections, and commended and created policy incentives for those working proactively and doing an outstanding job, while holding strictly to account those failing to fulfill their duties.

We have been making innovations in urban and rural primary level governance. The system for handling public complaints has been improved. The coverage of legal aid has been expanded. We have promoted reform and improvements in workplace safety, and seen a continued drop in both the total number of accidents and the number of serious and major accidents. We have reformed and improved food and drug regulation and strengthened risk control over all related processes.

We have strengthened work on preventing, reducing, and providing relief for disasters, including earthquakes and serious flooding, and built stronger emergency response mechanisms employing a division of responsibilities between levels and close coordination. With this we have minimized the damage and loss inflicted by disasters to the greatest possible extent.

China's national security is better safeguarded. We have improved the crime prevention and control system, worked in accordance with law to hit back against all types of crime and illegal behavior, and effectively safeguarded public security.

We have implemented the Party Central Committee's decisions on exercising full and strict Party self-governance and done more to improve Party conduct, build a clean government, and fight corruption. We have taken extensive action in raising awareness of and putting into practice the Party's mass line, in the Three Stricts and Three Earnests<sup>1</sup> campaign, and in the drive

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<sup>1</sup> The Three Stricts and Three Earnests refers to the need to be strict with oneself in practicing self-cultivation, using power, and exercising self-discipline; and to be earnest in one's thinking, work, and behavior.



to see that Party members develop a good understanding of the Party Constitution, Party regulations, and General Secretary Xi Jinping's major policy addresses and live up to Party standards. We have worked hard to ensure compliance with the Central Committee's eight-point decision on improving conduct and staying engaged with the people and worked nonstop to address the practice of formalities for formalities' sake, bureaucratism, hedonism, and extravagance. We have strictly enforced the three-point State Council decision on curbing government spending.

We have enforced strict controls over the construction of new government buildings and over the total number of people on the government payroll; and spending on official overseas visits, official vehicles, and official hospitality has been significantly reduced.

We have strengthened government supervision and auditing-based oversight. We have taken strong steps to investigate, prosecute, and address violations of laws and regulations and severely punished those who have committed corruption. The anti-corruption campaign has built into a crushing tide, a tide with stronger and growing momentum.

Fellow Deputies,

Over the past five years, we have made new improvements in work related to ethnic groups, religion, and overseas Chinese nationals. We have supported faster development in areas with large ethnic minority populations, and have seen efforts to promote ethnic unity and progress truly paying off. We have actively guided religions in adapting to socialist society. Overseas Chinese nationals, Chinese nationals who have returned from overseas, and the relatives of overseas Chinese nationals who reside in China have made their own unique contributions to the country's modernization.

Over the past five years, under the leadership of the Party Central Committee and the Central Military Commission, we have embarked on a new stage in strengthening and energizing the armed forces. We have developed a military strategy for new conditions; convened the Gutian military political work meeting; and taken extensive steps to see that the armed forces are built on political loyalty, strengthened through reform and technology, and run in accordance with law. As a result, our people's armed forces have achieved a remodeling of their political ecosystem, of the way they are organized, of the structure of their forces, and of their conduct and image.

We have undertaken major missions involving the protection of maritime rights, countering terrorism and maintaining stability, disaster rescue and

relief, international peacekeeping, escort services in the Gulf of Aden, and humanitarian rescue. With the cooperation of all those involved, we have basically completed the task of reducing the armed forces by 300,000 troops. Military equipment has been significantly modernized, and we have deepened military-civilian integration. The people's armed forces, full of new drive, have taken solid strides toward building themselves into a powerful military with Chinese characteristics.

Over the past five years, fresh progress has been made in work related to Hong Kong, Macao, and Taiwan. The practice of "one country, two systems" has been consistently enriched and developed; the authority of China's Constitution and the basic laws of the Hong Kong and Macao special administrative regions has been further raised in these two regions. Exchanges and cooperation between the mainland and Hong Kong and Macao have been steadily enhanced; the construction of the Hong Kong-Zhuhai-Macao Bridge has been completed, and Hong Kong and Macao have thrived and remained stable.

We have upheld the one-China principle and the 1992 Consensus, strengthened cross-Strait economic and cultural exchanges and cooperation, and held a historic meeting between the leaders of the two sides. We have resolutely opposed and deterred separatist forces advocating Taiwan independence, firmly safeguarding peace and stability in the Taiwan Strait.

Over the past five years, we have pursued distinctively Chinese major country diplomacy on all fronts. We successfully hosted the first Belt and Road Forum for International Cooperation, the 22nd APEC Economic Leaders Meeting, the G20 Hangzhou Summit, the BRICS Xiamen Summit, and other major diplomatic events at home.

President Xi Jinping and other Chinese leaders have visited many countries and attended major events including United Nations summits, Climate Change Conferences, World Economic Forum meetings, and the East Asian Leaders Meetings on Cooperation. China's diplomatic agenda has been further advanced on every front.

China has called for building a community with a shared future for mankind and has contributed more Chinese ideas to the reform of the global governance system. Notable achievements have been made in our country's economic diplomacy and people-to-people and cultural exchanges. We have been resolute in upholding China's sovereignty and maritime rights and interests. As a responsible major country, China has played a constructive role in addressing international and regional hotspot issues, thus making significant new contributions to global peace and development.

Fellow Deputies,

Looking back at the past five years, we have encountered a great many interwoven problems and a stream of risks and challenges. Both at home and abroad, there have been many new developments, developments that we have not faced since reform and opening up began. The achievements we have made in China's reform and development have certainly not come easily. We owe them to the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, to the sound guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and to the concerted efforts of the Party, the military, and the people of all our nation's ethnic groups.

On behalf of the State Council, I wish to express sincere thanks to the people of all our ethnic groups, and to all other political parties, people's organizations, and public figures from all sectors of society. I express our sincere appreciation to our fellow countrymen and women in the Hong Kong and Macao special administrative regions, in Taiwan, and overseas. I also wish to express our sincere thanks to the governments of other countries, international organizations, and friends from all over the world who have shown understanding and support for China in its endeavor to modernize.

As the Chinese saying goes, when all is calm forget not danger; when all is well be awake to woes. We are keenly aware that China is still in the primary stage of socialism and will remain so for a long time to come, that it remains the largest developing country in the world, and that it faces a number of acute problems caused by unbalanced and inadequate development that so far have remained unsolved.

The internal forces powering economic growth are not yet sufficient, China's ability to innovate needs to be stronger, and the quality and performance of development need to be improved. Some enterprises, particularly small and medium ones, are finding it tough going. Growth in private investment is weak; some regions still face considerable downward economic pressure, and risks and potential dangers in the financial and other sectors are not to be ignored.

Poverty alleviation remains a formidable task; agriculture is not based on a strong foundation. The disparities in development between rural and urban areas, between regions, and in income distribution remain substantial. Serious and major workplace accidents happen all too often. People still have a lot of complaints about air quality, environmental sanitation, food and drug safety, housing, education, healthcare, employment, and elderly care.

The transformation of government functions has not yet reached where it should be. In government work there are places where we fall short. Some reform measures and policies have not been fully implemented. Some officials are weak on awareness that they are there to serve and must uphold the rule of law, and some lack commitment to their work and willingness to bear the weight of responsibility. Bureaucratism and the practice of formalities for formalities' sake exist to varying degrees. There are many complaints from the people and the business sector about the difficulty of accessing government services and the excessive array of charges. In some sectors misconduct and corruption are still a common problem.

With a deep sense of responsibility to our country and people, with courage in the face of adversity, and with determination that won't be broken, we must give our work everything we've got, to make sure that the people's government does not let the people down.

I now wish to address the overall requirements and policy direction for economic and social development in 2018.

This year will kick off our efforts to put all the guiding principles from the Party's 19th National Congress into action. It is the 40th anniversary of reform and opening up, and it is a crucial year for securing a decisive victory in building a moderately prosperous society in all respects and for continuing to implement the 13th Five-Year Plan.

To accomplish the government's work for the year, we must, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, do the following:

- follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of Three Represents, the Scientific Outlook on Development, and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era;
- implement fully all the guiding principles from the Party's 19th National Congress and the second and third plenary sessions of the 19th Party Central Committee;
- act on the Party's basic theory, line, and policy;
- adhere to and strengthen Party leadership in all of our work;
- remain committed to the general principle of pursuing progress while ensuring stability and to the new development philosophy;

- respond to the change in the principal contradiction in Chinese society;
- heed the requirement that development must be high quality;
- coordinate efforts to pursue the five-sphere integrated plan and the four-pronged comprehensive strategy;
- continue to regard supply-side structural reform as our main task;
- coordinate all work to maintain stable growth, promote reform, make structural adjustments, improve living standards, and guard against risk;
- work hard to reform and open up further;
- explore new ideas on and improve macro regulation;
- promote a change in quality, change in efficiency, and change in growth drivers;
- work particularly for solid progress in forestalling and defusing major risks, in targeted poverty alleviation, and in addressing pollution;
- guide and stabilize expectations, improve living standards, and promote sustained, healthy economic and social development.

A comprehensive analysis of how things stand at home and abroad tells us that China, in its development, faces both opportunities and challenges.

We can expect continued recovery of the global economy, but there are also many factors that bring instability and uncertainty. The policy changes of the major economies and their spillover effects create uncertainty; protectionism is mounting, and geopolitical risks are on the ascent.

China's economy is now in a pivotal period in the transformation of its growth model, its structural improvement, and its shift to new growth drivers. There are still many hills to climb and gorges to cross; we will have to face risks and challenges, some foreseeable and others not.

In fact it's always been the case that China's achievements in development have been made whilst overcoming difficulties. Today, China's material and technological foundations are much stronger; its industrial system is complete, its market is vast, its human resources are abundant, and its entrepreneurs and innovators are dynamic. We enjoy composite advantages, and all this means that we have the ability and the conditions to achieve higher quality, more efficient, fairer, and more sustainable development.

Based on the above considerations, we have set the following projected targets for development this year:

- GDP growth of around 6.5 percent
- CPI increase of around 3 percent
- Over 11 million new urban jobs, the surveyed urban unemployment rate within 5.5 percent, and the registered urban jobless rate within 4.5 percent
- Basic parity in personal income growth and economic growth
- A steady rise in import and export volumes, and a basic equilibrium in the balance of payments
- A drop of at least 3 percent in energy consumption per unit of GDP, and continued reductions in the release of major pollutants
- Substantive progress in supply-side structural reform, basically stable macro leverage, and systematic and effective prevention and control of risk

The above targets take into consideration the need to secure a decisive victory in building a moderately prosperous society in all respects, and are fitting given the fact that China's economy is transitioning from a phase of rapid growth to a stage of high-quality development. Given our economic fundamentals and capacity for job creation, GDP growth of around 6.5 percent will enable us to achieve relatively full employment. The surveyed urban unemployment rate covers rural migrant workers and other permanent urban residents. This year, for the first time we are using this indicator as a projected target; this is intended to give a fuller picture of employment and to better reflect the requirement that development that is to be shared by everyone.

This year, we will continue to develop new ways of improving macro regulation and ensure that the degree of macro regulation is right. We will maintain the continuity and consistency of macro policies, and better coordinate fiscal, monetary, industrial, regional, and other policies.

The proactive direction of our fiscal policy will remain the same, and we will concentrate efforts to increase efficiency. This year's deficit as a percentage of GDP is projected to be 2.6 percent, 0.4 percentage point lower than last year. The government deficit is projected to be 2.38 trillion yuan, with a central government deficit of 1.55 trillion yuan and local government deficit of 0.83 trillion yuan. The reduction in the deficit-to-GDP ratio is mainly due to China's economic growth being steady and the foundation being there

for an increase in revenue; it also keeps policy options open for macro regulation.

Government expenditure is budgeted at 21 trillion yuan, representing a further increase in the scale of spending. The central government will increase general transfer payments to local governments by 10.9 percent, to strengthen local finances, especially in the central and western regions.

We will improve the structure of budgetary spending, making sure that more financial allocations are used for the public good and universal benefit, increasing support for the three critical battles against potential risk, poverty, and pollution, and weighting spending toward innovation-driven development, agriculture, rural areas, and rural residents, and the improvement of living standards.

Although the government finances are improving, government at all levels must keep its belt tightened, keep things as simple as possible, abstain from all excess, and strictly control general expenditures, so that these precious funds are used to add growth drivers for sustaining development and meet people's most urgent needs.

Our prudent monetary policy will remain neutral, with easing or tightening only as appropriate. We need to make sure that the valve of aggregate monetary supply is well controlled, maintain moderate growth in M<sub>2</sub> money supply, credit, and aggregate financing, ensure a reasonable, stable level of liquidity, and increase the proportion of direct finance, particularly equity finance. We will improve the transmission mechanism of monetary policy, make better use of differentiated reserve ratio and credit policies, and encourage more funds to flow toward small and micro businesses, agriculture, rural areas, and rural residents, and poor areas, and to better serve the real economy.

For government to deliver this year, we must act on Xi Jinping's economic thinking for new-era socialism with Chinese characteristics, continue following the general principle of pursuing progress while ensuring stability, and regard stability and progress as being indivisible. Specifically, we will do the following:

First, we will strongly promote high-quality development. Development is the underpinning and the key for solving all our country's problems. We will devote attention to addressing unbalanced and insufficient development. Centering on developing a modernized economy, we will put quality first and give priority to performance, and promote economic structural improvement and upgrading. We must respect objective economic laws, consider both long-

and near-term needs, ensure the economy performs within a reasonable range, and achieve a situation in which steady economic growth and improvement in quality and performance reinforce each other.

Second, we will be bolder in reform and opening up. Reform and opening was a game-changing move in making China what it is today; it now remains a game-changing move for us to achieve China's two centenary goals.<sup>1</sup> Standing at a new historic starting point, we must go further in freeing our minds, in deepening reform, and in opening up. We need to give full play to the pioneering drive of the people, and encourage all localities, based on their own conditions, to dare to explore, dare to try things out, and dare to confront the toughest of issues, to keep reform and opening up constantly moving forward.

Third, we will ensure success in the three critical battles against potential risk, poverty, and pollution, battles that are important for decisively bringing to completion the building of a moderately prosperous society in all respects. We need to adopt targeted approaches and specific measures, draw up timetables and roadmaps, and set well-defined priorities. We will make sure risks and potential dangers are effectively controlled, make sure poverty alleviation is fully accomplished, and make sure there is an overall improvement in the quality of the environment.

All of our work is work for the people. We will stay true to the vision of people-centered development, start by considering China's own situation, and do everything within our capacity to resolve each and every one of the issues that most affect and worry our people, promote social fairness and justice and well-rounded human development, and see that the people's lives, along with our country's development, keep getting better year after year.

Fellow Deputies,

Let me turn to what we propose for the work of government in 2018.

The tasks of economic and social development this year are formidable. We will make the most of this period of historic opportunity—a period for making things happen. We will take coordinated action that covers all sectors and focus on clear priorities, to deliver a solid performance in all areas of work.

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<sup>1</sup> The two centenary goals are to finish building a moderately prosperous society in all respects by the time the Communist Party of China marks its centenary and to build China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful by the time the People's Republic of China celebrates its centenary.



## 1. Stepping up supply-side structural reform

In economic development we need to focus on the real economy. We will continue to cut overcapacity, reduce excess inventory, deleverage, lower costs, and strengthen areas of weakness. We will take big steps to streamline administration and cut taxes and fees, keep improving the business environment, and further energize market entities, to increase the quality of economic growth.

*We will develop powerful new growth drivers.*

We will create big, strong industrial clusters in emerging industries, implement the big data development action plan, step up next-generation artificial intelligence R&D and application, and do more to promote the Internet Plus model in many fields like medical care, eldercare, education, culture, and sports. We will develop intelligent industries and expand intelligent living. We will use new technologies, new forms of business, and new models to transform and upgrade the traditional industries. Statistics on emerging industries will be strengthened.

We will do more to speed up broadband and bring down internet rates, achieve high-speed broadband access in both urban and rural areas, and make free internet access available in more public places. We will significantly lower the rates of home broadband, and corporate broadband and dedicated internet access services; domestic data roaming charges will be abolished, and rates for mobile internet services will be cut by at least 30 percent. These steps will bring tangible benefits to people and businesses, and boost the development of a Digital China.

*We will speed up work to build China into a leader in manufacturing.*

We will promote the development of integrated circuits, 5G mobile communications, aircraft engines, new-energy vehicles, and new materials, launch an initiative to shore up weaknesses in major equipment manufacturing, develop industrial Internet of Things platforms, and create Made in China 2025 demonstration zones.

We will significantly scale back industrial production licensing, and strengthen product quality oversight. Taking steps in all sectors to improve quality, we will work toward meeting the highest international standards, encourage the spirit of workmanship, and ignite a revolution in the quality of Chinese-made goods.

*We will continue cutting ineffective supply.*

With a commitment to using approaches consistent with market

principles and the rule of law, we will strictly enforce environmental protection, quality, and safety laws, regulations, and standards, and ease overcapacity and close down outdated production facilities. This year, we will further cut steel production capacity by around 30 million metric tons and coal production capacity by approximately 150 million metric tons. Coal-fired power generating units with a capacity of less than 300,000 kilowatts that fail to meet standards will be closed.

We will strengthen work on “zombie enterprise” bankruptcy liquidations and reorganization, and ensure that affected employees are given assistance and debts are dealt with. We will act faster to reduce excess food stockpiles. In cutting ineffective supply, we will knuckle down to produce new results.

*We will deepen the reforms designed to delegate powers, improve regulation, and provide better services.*

A negative list for market access will be instituted nationwide. The reform separating permits and certificates from business licenses will be rolled out nationwide. With the main thrust of this reform being to cut back on the permits and certificates now required once a business license is issued, all that can be cut will be cut, and all that can be merged will be merged. This will further trim a chunk off the time it takes to complete all the procedures required for starting a business. The trademark registration timeline will be significantly shortened, and the time it takes for a construction project to get government approval will again be halved.

We will implement across the board an oversight model using randomly selected inspectors to inspect randomly selected entities and requiring the prompt release of results. There will be zero tolerance for counterfeit and substandard products and corrupt law enforcement.

We will make progress with the Internet Plus Government Services model, enabling more matters to be processed online, and doing our best to see that things requiring presence in person get done in one place and without the need for a second trip. We will work hard to advance the comprehensive institutional reform of law enforcement bodies, focusing on resolving the problem of layers of duplication in law enforcement. We will work faster to develop government information system connectivity and connect up information islands. We will review all types of certificates required of individuals and businesses when accessing government services, and put a stop to anything being required that does not have a basis in law or regulations. Creating a better business environment will unlock productivity and increase competitiveness. We need to remove barriers, cut red tape, and build even pathways, to energize market entities and bring greater

convenience to the people.

*We will further lighten the tax burden on businesses.*

We will reform and improve VAT: We will turn the three tax brackets into two and adjust rates, prioritize lowering rates in manufacturing and transportation, and raise the threshold for annual sales revenue for small-scale taxpayers. Far greater numbers of small low-profit businesses will see their income tax halved, and the ceilings on deductible business purchases of instruments and equipment will be significantly raised. A policy of uniform corporate income tax exemption on the overseas earnings of Chinese businesses will be put into implementation. More logistics companies will enjoy preferential tax treatment on their use of land for storage facilities. Some expiring preferential policies, such as those on VAT and deed transfer tax on land transactions in enterprise reorganizations, will be extended.

These measures will, over the year, reduce taxes on businesses and individuals by more than 800 billion yuan, promote the transformation and upgrading of the real economy, and do much to unleash market vitality and public creativity.

*We will slash non-tax burdens on businesses.*

We will further review and standardize government administrative fees, and lower required payments to some government-managed funds. We will continue the policy of lowering the share paid by businesses for contributions to old-age pension, medical insurance, unemployment insurance, workers' compensation, maternity insurance, and housing provident fund schemes for the time being. Power grid charges and electricity transmission and distribution prices will be lowered, and the price of electricity for general industrial and commercial businesses will be cut by an average of 10 percent. We will deepen reform of the system of highway tolls and reduce tolls on highways and bridges. We will thoroughly overhaul charges for intermediary services.

By abolishing all unjustified fees and cutting all excessive fees, we expect to lighten the non-tax burden on market entities by over 300 billion yuan this year, which will leave enterprises with a much lighter load and free to focus their resources on their development.

## **2. Moving faster to make China a country of innovators**

The latest global revolution in science and technology and industrial transformation are trends we must be on board with. We will do more in implementing the innovation-driven development strategy, and keep on making the Chinese economy more innovative and competitive.

*We will improve national innovation systems.*

We will strengthen basic research and application-oriented basic research, launch a number of major science and technology innovation programs, and build top-quality national laboratories. We will encourage enterprises to head up major science and technology programs, support collaborative innovation by research institutes, universities, and enterprises, and speed up the commercialization and application of innovations. State investments in science and technology will be weighted toward fields related to improving living standards. We will strengthen efforts to reduce smog and prevent and cure cancers and other serious diseases, thus making science and technology do more to benefit the people.

*We will act on and improve policies that stimulate innovation.*

We will reform the science and technology management system, and speed up the shift in performance assessment from emphasis on processes to emphasis on outcomes. We will empower innovation teams and leaders by seeing that they have more human, financial, and material resources at their disposal and more power to make decisions related to technology roadmaps. For researchers working for major scientific and technological breakthroughs we will adopt flexible remuneration systems and reward schemes. We will explore ways to grant researchers ownership or permanent use rights over their scientific and technological outputs.

All outdated rules and regulations that sap the inspiration for innovation will be modified or abolished without delay, and all red tape that strangles efforts to unlock innovation will be torn clean away.

*We will see the nationwide business startup and innovation drive is taken to the next level.*

China is home to the biggest pool of human resources and talent in the world. In this we have the greatest gold mine there is for innovation and development. We will provide services that tick every box for inventors, innovators, and entrepreneurs, and establish more business startup and innovation demonstration centers. We will encourage large enterprises, universities, and research institutes to enable access to resources necessary for innovation, boost the platform economy and the sharing economy, and create an innovation and entrepreneurship landscape featuring online-offline combination, collaboration between enterprises, universities, research institutes, and end-users, and partnering between businesses of all sizes. With these efforts, we will create an upgraded edition of the national drive to promote business startups and innovation.

We will establish a state financing guaranty fund, support leading innovative enterprises in going public, and extend nationwide the pilot preferential tax policies for venture capital investment and angel investment.

We will deepen the reform of institutions for talent development, promote free flows of human resources, support enterprises in increasing pay packages for technical workers, and strengthen the incentives for highly skilled personnel.

We will encourage overseas Chinese students to return to China after completing their studies to pursue business and other innovative ventures; we will create a fast track to attract more foreign talent to China. We have no doubt that by bringing together myriad intellects and pooling everyone's energies, China will break into a sprint in innovation.

### **3. Deepening reforms in fundamental and key areas**

We will, drawing on the important momentum generated by the 40th anniversary of reform and opening up, endeavor to make new breakthroughs in reform, and continue to unleash and develop productive forces.

*We will advance the reform of state capital and SOEs.*

Lists of investor rights and obligations regarding oversight and regulation will be formulated. We will deepen trial reforms in state capital investment and management companies, and grant them more decision-making power. We will continue moving forward with the improvement and restructuring of SOEs and the joint-stock reform of central government enterprises, and move faster to give shape to corporate governance structures with effective checks and balances and flexible and efficient market-based operating mechanisms. We will work consistently to make SOEs into leaner, better performers, increase the core competitiveness of their main business, and strengthen, expand, and increase returns on state capital.

We will prudently move forward with reforms introducing mixed ownership in SOEs. The system for State Council reporting to the NPC Standing Committee on the management of state-owned assets will be implemented. Our SOEs should, through reform and innovation, become front-runners in pursuing high-quality development.

*We will support the development of private enterprises.*

There will be no irresolution about consolidating and developing the public sector and no irresolution about encouraging, supporting, and guiding non-public sector development; we will uphold the principle of equal rights, equal opportunities, and fair rules. We will implement fully all policies and

measures in support of non-public sector development, earnestly address salient problems that concern private companies, and take firm action to remove hidden barriers.

We will build a new type of cordial and clean relationship between government and business, and improve mechanisms for entrepreneurs to participate in enterprise-related policy formulation. We will encourage and protect entrepreneurship, boost entrepreneur confidence, and enable private enterprises to reach their maximum potential in the market economy.

*We will improve property rights systems and mechanisms for market-based allocation of the factors of production.*

The property rights system is the cornerstone of the socialist market economy. We will improve the relevant laws and regulations to see that property rights are protected, contracts are honored, the market is unified, exchanges are equal, and competition is fair. All types of infringements on property rights will be rigorously dealt with in accordance with law, and all property rights dispute cases will be reviewed and settled in accordance with law.

We will strengthen the protection of intellectual property, and enforce a punitive compensation system for intellectual property rights infringements. We will speed up reforms making the pricing of factors of production like technology and land increasingly market-based, deepen reform of the pricing mechanisms for resource products and public services, break government monopolies, and protect against market monopolies. We will see that strong protection of property rights and fluid flows of the factors of production enable a great increase in market dynamism and public creativity.

*We will continue structural fiscal and tax reforms.*

We will advance reforms to clearly define the respective fiscal powers and expenditure responsibilities of central and local government, move quickly on formulating a plan for reforming the division of revenues, and improve the transfer payments system.

We will improve local tax systems, and prudently advance legislation on real estate tax. We will reform the personal income tax. We will implement performance-based management across the board, and ensure the proper and secure use of fiscal budgets.

*We will speed up reforms in the financial sector.*

We will reform and improve the financial service system, support financial institutions in expanding their business in inclusive finance, promote

the well regulated development of small and medium local financial institutions, and focus on solving the problem of small and micro enterprises finding it tough and expensive to access financing.

We will deepen the reform to develop a multi-tiered capital market, and promote the development of the bonds and futures markets. We will expand the insurance market's role in protecting against risk. We will deepen reforms to make the interest rate and exchange rate more market-based, and see that the RMB exchange rate remains generally stable at an adaptive and equilibrium level.

*We will advance institutional social reforms.*

We will deepen reform of the old-age pension system, and establish a central system for enterprise employees' basic old-age pension funds to be used inter-provincially. We will deepen comprehensive public hospital reform and make coordinated moves to reform healthcare pricing, staffing and remuneration, medicine distribution, and health insurance payment models. We will improve the quality of healthcare services and work hard to resolve the difficulties people face in accessing medical care. We will continue reforms in education, culture, and sports, fully unlocking society's vast potential for development.

*We will build a more robust system for developing an ecological civilization.*

We will reform and improve the system for ecological and environmental regulation, strengthen regulation over the use of natural ecological spaces, roll out a system of compensation for ecological and environmental damage, and improve the compensation mechanisms for ecological conservation, using more effective institutions to achieve ecological and environmental protection.

#### **4. Fighting three critical battles**

To fulfill our key annual tasks, we need to make everyone involved clear about their responsibilities, strengthen policy implementation, and ensure that every element of work is done to good, solid effect.

*First, we will strive for notable progress in forestalling and defusing major risks.*

At present, China's economic and financial risks are on the whole manageable. What we need to do is to tackle both symptoms and root causes and take effective measures to defuse potential risks.

There will be a serious crackdown on activities that violate the law like illegal fundraising and financial fraud. Debt-to-equity swaps and business acquisitions and reorganizations, conducted in a way consistent with market

principles and the rule of law, will be accelerated.

We will see that internal risk controls are tightened in financial institutions. We will strengthen coordination in financial regulation, improve regulation over shadow banking, internet finance, and financial holding companies, and further improve financial regulation.

We will forestall and defuse local government debt risk. All forms of borrowing and debt underwriting that violate the law and regulations are strictly prohibited. Provincial-level governments should assume overall responsibility for debts incurred by local governments within their jurisdictions; governments below the provincial level should live up to their own responsibilities; and all must take active, prudent steps to deal with outstanding debt. We will improve the standard mechanisms for local governments to secure financing. This year, local government special bonds issued will total 1.35 trillion yuan, an increase of 550 billion yuan year on year, to be used as a matter of priority for financing the smooth implementation of ongoing projects; and the scope of the use of special bonds will be appropriately expanded.

The fundamentals of the Chinese economy remain sound, and we have many policy tools at our disposal. We are fully capable of forestalling systemic risks.

*Second, we will step up targeted poverty alleviation.*

This year, we will further reduce the poor rural population by over 10 million, including 2.8 million people who are to be relocated from inhospitable areas. More will be done to alleviate poverty through the development of local industries, education, and healthcare, and through the development and conservation of local ecological resources. We will shore up weak links in infrastructure and public services, creating self-generated impetus to reduce poverty.

We will do more to support areas affected by extreme poverty, and the central budget's newly enlarged poverty reduction funds and related transfer payments will be weighted toward these areas. We will tailor measures to individuals and individual households to ensure that targeted poor populations, including elderly people, people with disabilities, and people with serious diseases, receive the assistance they need. Poverty relief policies will remain unchanged for those already lifted out of poverty while the battle goes on, and the newly poor and those who slip back into poverty will receive prompt support.

Poverty alleviation funds will be better integrated and performance-based



management will be strengthened. We will take targeted measures against corruption and misconduct in poverty alleviation, and improve the methods used in evaluation and oversight. We will continue to apply the current poverty alleviation standards and ensure that poverty reduction progresses as planned and meets all standards, so that our poverty alleviation work wins the approval of the people and stands the test of time.

*Third, we will work to make greater progress in addressing pollution.*

We will consolidate the gains made in the fight to defend the blue of our skies. This year, we will cut sulfur dioxide and nitrogen oxide emissions by 3 percent and achieve a continuous decline in PM<sub>2.5</sub> density in key areas.

We will encourage upgrading in the steel and other industries to achieve ultra-low emissions. We will raise standards on the emission of pollutants, and set deadlines for meeting required discharge standards. A special program will be launched to reduce exhaust emissions by diesel trucks that exceed standards.

We will continue efforts to prevent and control water and soil pollution. This year, chemical oxygen demand and ammonia nitrogen emissions will be cut by 2 percent. Water environments in key river basins and sea areas will be improved through comprehensive measures, and thorough action will be taken to clean up black, malodorous water bodies. We will strengthen the development of sewage treatment facilities, and improve policy on charges for their services. We will completely prohibit garbage from being brought into China.

We will redouble efforts to protect and restore ecosystems, and finish setting redlines for ecological conservation across the country. This year, more than 6.67 million hectares of land will be afforested, and crop rotation and fallow land trials will be increased to cover 2 million hectares of farmland. Wetland protection and restoration will be expanded and pilot reforms for the national parks system will be continued. We will impose strict control over coastal area reclamation. Environmental laws and regulations will be strictly enforced. We all need to join hands and take action to build a Beautiful China where the skies are blue, the land is green, and the waters are clear.

## **5. Making strong moves in the rural revitalization strategy**

Plans will be well designed and the institutions and mechanisms needed to achieve integrated urban-rural development will be improved. We will rely on reform and innovation to build powerful new growth drivers for rural development.

*We will advance supply-side structural reform in agriculture.*

We will promote innovative development in the farming, forestry, livestock, fishing, and seed industries, speed up work on developing modern agriculture industrial parks and areas producing local specialty agricultural products, and ensure stable and optimized grain output. We will increase the area of high-standard cropland by at least 5.33 million hectares, and expand the coverage of efficient water-saving irrigation by 1.33 million hectares.

We will cultivate new types of agribusiness and improve commercial services catering to small agricultural households. We will develop the Internet Plus Agriculture model, use multiple channels to increase rural incomes, and encourage the primary, secondary, and tertiary industries to develop in an integrated way in rural areas.

*We will deepen all rural reforms.*

We will implement the policy extending second round rural land contracts by another 30 years upon their expiration. We will experiment with separating the ownership rights, qualification rights, and use rights for rural land designated for housing.

We will improve the measures on offsetting cultivated land used for other purposes, and establish a mechanism that allows the surplus quotas produced by linking newly-added cropland quotas with the amount of land used for construction to be adjusted inter-provincially. All profit therefrom will be used to fight poverty and support rural revitalization.

We will deepen reforms related to grain purchasing and storage, collective property rights, collective forest tenure, state forestry areas and farms, state farms, and supply and marketing cooperatives, and see that agriculture and rural areas are full of life and dynamism.

*We will promote the full development of all programs in rural areas.*

We will improve the infrastructure for supplying water and power, for information, and so on, and build or upgrade 200,000 kilometers of rural roads. We will take steady steps in carrying out a three-year campaign to improve rural living environments, and continue the Toilet Revolution.

We will encourage a shift away from outdated social practices. The rural governance model, based on self-governance, rule of law, and rule of virtue, will be improved. We will continue to pursue a Chinese path to socialist rural revitalization, and work faster to achieve agricultural and rural modernization.

## **6. Making solid progress in the coordinated regional development strategy**

Regional development policies will be refined, progress will be made in equalizing access to basic public services, the gap in urban-rural and regional development will gradually be narrowed, and the comparative advantages and potential of each region will be fully leveraged.

*We will create a new landscape in regional development.*

We will step up support for reform and development in old revolutionary base areas, areas with large ethnic minority populations, border areas, and poor areas.

We will promote coordinated development of the Beijing-Tianjin-Hebei region, with the focus on relieving Beijing of functions nonessential to its role as the nation's capital, and develop the Xiongan New Area in line with forward-looking plans and high standards. We will move forward with developing the Yangtze Economic Belt, giving primary consideration to protecting ecosystems and pursuing green development. We will unveil and implement the development plan for the Guangdong-Hong Kong-Macao Greater Bay Area, and promote in all areas mutually beneficial cooperation between the mainland, Hong Kong, and Macao.

We will draw up new guidelines for large-scale development in the western region, implement policies for revitalizing northeast China and other old industrial bases, continue to promote the rise of the central region, and support the eastern region in spearheading development.

We will promote economic transformation in resource-depleted areas. We will strengthen the maritime economy, and resolutely safeguard China's maritime rights and interests.

*We will pursue better-quality new urbanization.*

This year, another 13 million people will be registered as permanent urban residents, and we will speed up work on granting permanent urban residency to people from rural areas living in cities.

We will prioritize the development of public transportation, and improve local amenities like food markets and parking facilities. We will take planned steps to rebuild villages in cities and old residential areas, improve supporting utilities, and encourage the installation of elevators in old residential buildings where conditions permit. We will do more to improve drainage pipeline networks and underground utility tunnels.

Satisfying the needs of the people is what new urbanization is all about.

We need to provide services that are attentive to detail and exercise management that puts people first. Our goal is to see that every person has equal opportunity for development and to make everyday life more convenient and comfortable.

### **7. Actively increasing consumption and promoting effective investment**

We will boost consumption in response to the new changes in consumer demand, focus on making structural adjustments in increasing investment, and create a positive cycle of supply structure upgrading and appropriate expansion of aggregate demand.

*We will strengthen the fundamental role of consumption in driving economic growth.*

We will promote consumption upgrading and develop new forms and models of consumption. We will extend preferential policies on purchase tax on new-energy vehicles by another three years, and rescind all local policies that restrict sales of non-local second-hand vehicles. We will support private actors in providing more services in healthcare, elderly care, education, culture, and sports.

We will create integrated tourism demonstration zones, and lower ticket prices at key state tourist sites. We will promote the healthy development of online shopping and express delivery services. All types of behavior that infringe on consumers' rights and interests will be punished in accordance with law without leniency.

*We will enable investment to play the pivotal role in improving the supply structure.*

This year will see 732 billion yuan invested in railway construction and around 1.8 trillion yuan invested in highway and waterway projects; the scale of investment in ongoing water conservancy projects will reach 1 trillion yuan.

The central and western regions will continue to be the priority for major infrastructure construction. We will carry out a new round of major technology transformation and upgrading projects.

The central government budget will include 537.6 billion yuan of investment, an increase of 30 billion yuan over last year. We will implement policies and measures designed to encourage private investment, introduce a number of attractive projects in sectors like rail, civil aviation, oil and natural gas, and telecommunications, and make sure that private investment can gain entry and is able to develop.

## 8. Creating a new landscape in all-around opening up

China will further expand the scope and raise the quality of its opening up; the structure, layout, institutions, and mechanisms for opening up will be improved, and we will use high-standard opening up to generate high-quality development.

*We will advance international cooperation under the Belt and Road Initiative.*

We are committed to achieving shared growth through discussion and collaboration, and will act on the outcomes of the Belt and Road Forum for International Cooperation. We will work toward building major international corridors and deepen cooperation on streamlining customs clearance along the routes of the Belt and Road Initiative. We will expand industrial capacity cooperation with other countries, and with this enable Chinese manufacturing and Chinese services to go global. We will improve the composition of outbound investment. We will expand opening up in the western region, inland areas, and border areas, creating new opportunities for China's economic cooperation with other countries.

*We will promote a steady growth in foreign investment.*

We will strengthen alignment with international business rules, and foster a world-class business environment. The general manufacturing sector will be completely opened up, and access to sectors like telecommunications, medical services, education, elderly care, and new-energy vehicles will be expanded. We will phase in an opening up of bank card clearing and other markets; lift restrictions on the scope of operations of foreign-invested insurance agent companies, and ease or lift restrictions on the share of foreign-owned equity in companies in sectors including banking, securities, fund management, futures, and financial asset management. We will make market entry standards the same for both Chinese and foreign banks.

Overseas investors will be granted tax deferral for the reinvestment of profit made in China. Procedures for setting up foreign-invested enterprises will be simplified, and business filing and business registration will be processed together in one go. We will spread the use of practices developed in free trade zones all over the country, and explore opening free trade ports, working toward new heights in reform and opening up.

*We will consolidate the healthy trend toward stable growth in foreign trade.*

We will expand the coverage of export credit insurance, and shave another third off the total time taken for customs clearance. We will reform the mechanism for developing trade in services. We will foster new forms and models of trade. We will encourage processing trade to shift to the central and

western regions.

We will actively expand imports, host the first China International Import Expo, and lower import tariffs on automobiles, some everyday consumer goods, and so on. We will open our market wider to promote industry upgrading and more balanced development of trade, and to provide Chinese consumers with a broader range of choices.

*We will promote trade and investment liberalization and facilitation.*

China is committed to promoting economic globalization and protecting free trade. We are ready to work with all relevant parties to advance multilateral trade negotiations, and will work for the early conclusion of negotiations on the Regional Comprehensive Economic Partnership, and speed up efforts to build the Free Trade Area of the Asia-Pacific, and the East Asia Economic Community. China calls for trade disputes to be settled through discussion as equals, opposes trade protectionism, and will resolutely safeguard its lawful rights.

### **9. Doing more to ensure and improve people's wellbeing**

We will, in line with economic growth, do more to directly benefit the people, address the difficulties that affect their lives, and ensure that their basic living needs are met. Our aim is to help people feel more satisfied, happier, and more secure.

*We will focus on boosting employment and business startups.*

We will strengthen the full set of public employment services, launch a large-scale vocational skills training initiative, and use the Internet Plus model to create new kinds of jobs. With over 8.2 million college students graduating this year, reaching an all-time high again, we need to expand the channels for employment and support job creation through business startups.

We will take substantive steps to see demobilized military personnel resettled into new jobs. We will give stronger support to people with disabilities and other groups having difficulty securing employment. We will create more jobs for rural migrant workers, and take comprehensive measures to address the problem of wage arrears. We will improve labor relations consultation mechanisms, put an end to gender and identity discrimination, and work to make fairer and fuller employment an outstanding highlight of our country's development.

*We will steadily increase people's incomes.*

We will continue raising basic pension payments for retirees and basic pension benefits for rural and non-working urban residents. Minimum wages

will be appropriately adjusted. We will improve the wage and subsidy system for the employees of government offices and public institutions, and weight the system toward regions where conditions are harsh and toward special posts. We will raise the personal income tax threshold and create expense deductions for items like children's education and treatment for serious diseases, appropriately lightening burdens, and encouraging our people to increase their incomes and achieve prosperity through hard work.

*We will develop fair, high-quality education.*

We will promote the integrated development of urban and rural compulsory education, and continue to weight funding for education toward poor areas and weak links. We will significantly reduce the rural drop-out rate, move faster to put an end to big class sizes in urban schools, and give attention to addressing the problem of heavy extracurricular burdens on primary and secondary school students.

Children are the hope of their families and the future of our nation. We will increase the supply of preschool educational resources through multiple channels and use the internet and other IT-based approaches to strengthen oversight over the whole process of childcare provision, making certain that parents can have peace of mind.

We will support the provision of vocational education by private actors. We will work to make senior secondary education universally available. With the needs of economic and social development as our compass, we will improve the structure of higher education, act faster to develop world-class universities and world-class disciplines, and support the central and western regions in building universities with character and of high quality.

We will continue the higher education admissions scheme with preferential provisions for students from rural and poor areas. We will develop ethnic minority education, special needs education, continuing education, and online education. We will improve the competence of our educators and strengthen teacher ethics. We need to work hard to provide education that our people are satisfied with, and ensure that every individual has an equal opportunity to change their life and realize their dreams through education.

*We will implement the Healthy China strategy.*

We will raise the basic medical insurance and serious disease insurance benefits. Per capita government subsidies for basic health insurance for rural and non-working urban residents will be increased by 40 yuan, half of which will be used for the serious disease insurance scheme. We will expand the

coverage of interprovincial on-the-spot settlement of medical bills through basic insurance accounts and make this applicable to community-level hospitals, and to rural migrant workers and other workers and business owners without local household registration.

We will strengthen efforts to build up the ranks of general practitioners, and make progress in developing tiered diagnosis and treatment. We will continue to increase per capita government subsidies for basic public health services. Maternal and child healthcare will be improved. We will preserve traditional Chinese medicine and support its development.

We will develop new ways of conducting food and drug oversight, and use the internet and big data to increase the effectiveness of this oversight. We will move faster to see that the entire process can be tracked and all information is traceable. We will see that there is nowhere to hide for substandard products, that there is no escaping justice for those involved in their production and sale, and that consumers can consume confidently and eat safely.

We will make thorough preparations for the Beijing Winter Olympics and Paralympics. Multiple channels will be used to increase sports venues and facilities available for the general public. If our people are fit and healthy, are strengthening social morality, and are striving to succeed, our country is certain to thrive and progress toward prosperity.

*We will better address people's housing needs.*

We will launch a new three-year renovation plan to address housing in rundown urban areas, starting with construction this year on 5.8 million units. We will step up efforts to supply public-rental housing so that all eligible low-income families struggling with housing, including eligible houseless first-time workers and migrant workers, are able to access public-rental housing under this scheme.

We must be clear that houses are for living in, not for speculation. We expect local governments to fulfill their primary responsibility in this respect, and will continue exercising differentiated regulation and put in place robust permanent mechanisms to promote the steady and healthy development of real estate markets. We will support people in buying homes for personal use, and develop the housing rental market and shared ownership housing.

We need to speed up the establishment of a housing system with multiple types of suppliers, multiple channels for housing support, and encouragement for both renting and purchase, so that more people will soon have a place to call home.



*We will strengthen efforts to meet people's basic living needs.*

We will steadily raise urban and rural subsistence allowances, social assistance benefits, and benefits for entitled groups. We will take proactive measures to tackle population aging, including developing at-home, community-based, and mutual-aid elderly care, promoting integrated medical and elderly care services, and improving the quality of services at senior care facilities.

The families of military personnel and martyrs will be well taken care of. Rehabilitation services for people with disabilities will be improved. We will improve social assistance systems, and support the development of public welfare activities and charity.

We will bring empathy and energy to our work to meet basic needs; there will be no reluctance to act because something is not easy, and no failure to act because the benefit seems small; we must ensure that care and compassion reach everyone in need.

*We will develop a new model of social governance based on collaboration, co-governance, and common gains.*

We will improve the system of primary level self-governance and strengthen community governance. We will see that trade unions, Communist Youth League organizations, women's federations and other people's organizations are all playing their due roles. We will promote the healthy development of social organizations, specialized social work, and volunteer services.

We will strengthen work on building the social credit system. We will improve the public legal service system, and enforce a system of responsibility for popularizing legal knowledge.

We will foster a positive culture in which women are respected, children are cared for, the elderly are treated with respect, and people with disabilities are treated considerately. We will develop new approaches to handling public complaints, and see that the justified demands of our people are addressed promptly in accordance with law.

We will strictly enforce the workplace safety responsibility and resolutely prevent the occurrence of serious and major accidents. We will carry out solid work in seismology, meteorology, and geology, and improve disaster prevention, mitigation, and rescue capacity.

We will continue the Peaceful China initiative, take strict preventive measures against violent and terrorist activities and see them firmly stamped

out, and launch a campaign to crack down on organized crime and local mafia in accordance with law. We will punish theft, robbery, fraud, pornography, gambling, drug-related crime, and other illegal and criminal behavior, and address salient problems such as telecommunications and internet fraud, the abuse of personal information, and pyramid schemes. With these steps we will safeguard national and public security.

*We must provide rich cultural nourishment to help our people to live better lives.*

We will strive to keep fine traditional Chinese culture alive and thriving, see our revolutionary culture is inherited and carried on, develop advanced socialist culture, and foster and practice core socialist values. We will strengthen efforts toward building intellectual and moral standards and hold more popular activities to promote cultural and ethical advancement.

We will speed up the development of philosophy and social sciences with distinctive Chinese characteristics, see that art and literature flourish, and develop the press, publishing, radio, film, television, and archiving. We will ensure China's cultural relics are more effectively protected and put to better use, and cultural heritage is better preserved and passed on. We will see that China's new-type think-tanks are well run. The provision of content on the internet will be improved.

We will launch more cultural projects to benefit the people, and work to foster new forms of cultural businesses. China's cultural and people-to-people exchanges with other countries will be enhanced. We will see that a rich and thriving socialist culture with distinctive Chinese features acts as a powerful source of inspiration for the whole Chinese nation to achieve rejuvenation.

Fellow Deputies,

Entering a new era, the government's work in the new year must bring new steps and make new advances. We must become deeply conscious of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment. We must strengthen confidence in the path, theory, system, and culture of socialism with Chinese characteristics. We must resolutely uphold the core position of General Secretary Xi Jinping, resolutely uphold the authority of the Party Central Committee and its centralized, unified leadership, and act on the requirement for full and rigorous Party self-governance. We will improve our government, intensify efforts to transform government functions, and deliver to the people high-quality and efficient services.

*All governance will be exercised in accordance with the Constitution and the law.*

We will strictly observe the Constitution and the law, and speed up work on building a government based on the rule of law, seeing that all government activities are consistent with the rule of law. We will work to ensure that the law is enforced in a strict, procedure-based, impartial, and civil manner. Power cannot be used as one pleases; the exercise of power must be supervised.

We, at every level of government, must subject ourselves, as required by law, to the oversight of the people's congresses at that level and their standing committees; we must readily accept the democratic oversight of CPPCC committees, and we must actively accept public oversight and oversight through public opinion. We should earnestly solicit opinions from deputies to people's congresses and CPPCC committee members, and listen to the views of other political parties, federations of industry and commerce, public figures without party affiliation, and people's organizations.

We in government must honor our commitments; new officials must not be allowed to disavow obligations undertaken by their predecessors. We will make government affairs more transparent across the board. Decisions will be made in a sound and democratic way on the basis of law, and before making decisions on any major issue related to public interests, we will solicit input, including criticism, from all parties.

Ours is a government of the people, and everything we do should reflect their will. Whether we've done a good job only the outcomes can tell and ultimately it is for the people to judge.

*All initiatives to improve Party conduct and ensure clean government will be strengthened.*

All Party members should gain a good command of the Party Constitution, Party regulations, and General Secretary Xi Jinping's major policy addresses, and meet Party standards; we will work to see this become a regular and institutionalized practice. And we will keep reminding ourselves of our commitment to our original aspiration and have our mission always in mind.

We must resolutely put into action the central Party leadership's eight-point decision on improving conduct and staying engaged with the people and its detailed rules for implementation. We should work ceaselessly to address the practice of formalities for formalities' sake, bureaucratism, hedonism, and extravagance, with particular focus on seeing the first two stamped out.

We will strengthen auditing-based oversight. We will consolidate and build on the overwhelming momentum of the anti-corruption campaign, locking power in an institutional cage, and cracking down on all manifestations of corruption.

All government employees must cultivate personal integrity and have a strong work ethic and sense of responsibility; we must keep our hands clean and work hard for the people, and never fail to live up to the name of the people's public servants.

*All aspects of government performance will be improved.*

We will improve government institution setups and functions, deepen institutional reform, form a system of governance by government with clearly defined duties and obligations and administration in line with law, and strengthen government credibility and executive capacity.

Every last achievement in China's reform and development has been made by doing. To us—all levels of government and all government employees—getting things done for the people is our unquestionable duty; not doing is a dereliction of that duty.

We will improve incentive and restraint mechanisms and mechanisms to allow for and address errors, give unequivocal backing to the driven and the doers, and hold strictly to account the incompetent and the idle. Talking big and setting ambitious goals but taking little action to achieve them will not be tolerated; nor will sitting around in a government post and getting nothing done.

We in government need to improve our political integrity and professional competence, be realistic and pragmatic, and make doing our top priority. Only by doing can we make solid new achievements, earn public endorsement, and contribute to a dynamic atmosphere in which everyone is motivated and driven to get things done.

Fellow Deputies,

The Chinese nation is a big family in which we live together in peace, unity, and amity. We will uphold and improve the system of regional ethnic autonomy and fully implement the Party's policies on ethnic groups. We will continue to strengthen support for development in areas of mainly ethnic minorities and for development of ethnic groups with smaller populations.

We will see that celebrations to mark the 60th anniversaries of the founding of Guangxi Zhuang Autonomous Region and Ningxia Hui Autonomous Region are a great success. We will encourage more exchanges

and interactions among our ethnic groups to strengthen the foundations and bonds of the Chinese national community.

We will fully implement the Party's basic policy on religious affairs, uphold the principle that religions in China must be Chinese in orientation, promote harmony between religions, and encourage religious leaders and believers to actively involve themselves in promoting economic and social development.

We will fully implement policies related to overseas Chinese nationals, protect the legal rights and interests of overseas Chinese nationals, Chinese nationals who have returned from overseas, and relatives of overseas Chinese nationals residing in China. We will create better conditions for them to use their unique strengths and play their important roles in our country's modernization. We encourage all Chinese, both at home and overseas, to work together with one heart and achieve together great things.

Fellow Deputies,

Faced with profound changes in the national security environment, we must treat the Party's goal of building stronger armed forces for the new era as our guide, and firmly uphold the guiding position of Xi Jinping's thinking on strengthening the armed forces as we develop national defense and the armed forces. We will stick to the Chinese path in strengthening our armed forces, advance all aspects of military training and war preparedness, and firmly and resolutely safeguard national sovereignty, security, and development interests.

The fundamental principle and system of absolute leadership by the Party over the armed forces must be observed, and the system of the Chairman of the Central Military Commission assuming full responsibility for military affairs will be fully enforced.

We will continue to reform national defense and the armed forces, and build strong and solid modernized border, coastal, and air defense. We will improve our national defense mobilization system and strengthen public awareness about national defense. We will further implement the strategy for military-civilian integration and deepen reform of defense-related science, technology, and industry.

We, at every level of government, must take more effective measures to support the development and reform of our national defense and armed forces, so that the unity between government and the military and between the people and the military is always strong as stone, and deeply rooted as an evergreen.

Fellow Deputies,

We will continue to implement, both to the letter and in spirit, the principle of "one country, two systems," and act in strict compliance with China's Constitution and the basic laws of the Hong Kong and Macao special administrative regions. The governments and chief executives of the two regions have our full support in exercising law-based governance and in their efforts to achieve strong economic growth, improve living standards, progressively advance democracy, and promote social harmony.

We will support Hong Kong and Macao in integrating their own development into overall national development, and will boost exchanges and cooperation between the mainland and the two regions. We have every confidence that Hong Kong and Macao will develop and thrive together with the mainland.

We will continue to implement the principles and policies on our work related to Taiwan, uphold the one-China principle, promote the peaceful growth of cross-Strait relations on the basis of the 1992 Consensus, and advance China's peaceful reunification. We will remain firm in safeguarding China's sovereignty and territorial integrity, and will never tolerate any separatist schemes or activities for "Taiwan independence."

We will expand cross-Strait economic and cultural exchanges and cooperation, and ensure that over time, people from Taiwan come to enjoy the same treatment as mainlanders when they pursue study, do business, work or live on the mainland.

As fellow Chinese living on both sides of the Taiwan Strait, we share a bond of kinship. As long as we go with the tide of history and work together for our nation's greater good, we will together create the future—a beautiful future of national rejuvenation.

Fellow Deputies,

China's development is closely connected with that of all other countries; we share a common future and a common stake in that future. China's commitment to peaceful development will not change and we will work to build a new type of international relations. We will get actively involved in reforming and improving global governance and will strive to make the global economy more open.

We will promote coordination and cooperation among major countries, deepen friendships and achieve common development with our neighbors, and enhance unity and cooperation with other developing countries.

We will ensure the success of the annual conference of the Boao Forum for Asia, the Shanghai Cooperation Organization Summit, the Summit of the Forum on China-Africa Cooperation, and other diplomatic events that we will host at home.

China will continue to play its part as a responsible major country in resolving international and regional hotspot issues. We will improve institutions for safeguarding Chinese interests and security overseas. China stands ready to work with all other countries to build a community with a shared future for mankind.

Fellow Deputies,

Unity gives us strength; good solid work will shape our future. We will rally even closer around the Party Central Committee with Comrade Xi Jinping at its core, hold high the banner of socialism with Chinese characteristics, and follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.

We will be enterprising, work hard, and promote sustained, healthy economic and social development. We are working to secure a decisive victory in building a moderately prosperous society in all respects, to ensure the success of socialism with Chinese characteristics for a new era, to build China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful, and to realize the Chinese Dream of national rejuvenation. Let us make new contributions to make these goals a reality.

