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Following is the full text of the Report on the Work of the Government delivered by Premier Li Keqiang at the Second Session of the Twelfth National People's Congress on March 5, 2014 and adopted on March 13, 2014:

REPORT ON THE WORK OF THE GOVERNMENT

Delivered at the Second Session of the Twelfth National People's Congress on March 5, 2014

Li Keqiang, Premier of the State Council

Fellow Deputies,

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

I. Review of Work in 2013

Last year was the first year for this government to perform its functions in accordance with the law, and it had arduous tasks. We faced a complex environment: the world economic recovery was difficult. In China, downward pressure on the economy increased, natural disasters occurred frequently, and there was an array of interrelated problems.

However, the people of all of China's ethnic groups, under the leadership of the Central Committee of the Communist Party of China (CPC) with Comrade Xi Jinping as General Secretary, confidently met all challenges, strove to overcome difficulties, fully attained the main targets for economic and social development for the year, and made impressive achievements in reform and opening up and in the socialist modernization drive.

-The economy was stable and improved. The gross domestic product (GDP) reached 56.9 trillion yuan, an increase of 7.7% over the previous year. The rise in the consumer price index (CPI) was kept at 2.6%. The registered urban unemployment rate was kept at 4.1% and 13.1 million urban jobs were created, an all-time high. Total imports and exports exceeded US\$4 trillion, reaching a new high.

-Personal income continued to rise, and economic performance continued to improve. The per capita disposable income of urban residents rose by 7% in real terms, and the per capita net income of rural residents rose by 9.3% in real terms. The number of rural people living in poverty was reduced by 16.5 million and the urban-rural income gap continued to narrow. The profits of industrial enterprises with annual revenue of 20 million yuan or more from their main business operations rose by 12.2%. Government revenue increased by 10.1%.

-Progress was achieved in adjusting the economic structure. Grain output exceeded 600 million metric tons, increasing for the tenth consecutive year. The value-added of the service sector accounted for 46.1% of GDP, surpassing secondary industry for the first time. The proportion of the gross regional product of the central and western regions to China's GDP continued to rise, and development in different regions became better balanced. China's total electricity consumption increased by 7.5%, and the volume of freight transport rose by 9.9%. Main real physical indexes matched economic growth.

-Social programs developed vigorously. Progress was made in education, science and technology, culture, and health. The Shenzhou-10 spacecraft was sent into orbit. The Chang'e-3 lunar lander successfully landed on the moon. The submersible Jiaolong broke the record for manned deep-sea dives. All this shows that the Chinese people definitely have the ability and wisdom to achieve the objective of making the country more innovative.

In the last year, we met more difficulties but delivered a better performance than expected. The economy and society developed both quantitatively and qualitatively, thus laying a good foundation for future development. These achievements encourage us to forge ahead and make further progress.

Last year, we adhered to the general work guideline of making progress while maintaining stability. We worked to maintain stable growth, make structural adjustments and carry out reform in a holistic way. We ensured that the government's macro policies are stable, micro policies are flexible and social policies meet people's basic needs. We improved the ways of exercising macro-control and adopted measures with both short-term and long-term benefits in mind. We strove to break new ground, improve quality, and make progress while ensuring stability. All our work got off to a good start.

First, we deepened reform and opening up, invigorated the market, and stimulated internal impetus to growth. In the face of complex international and domestic developments and difficult choices in macro-control, we endeavored to resolve deep-seated problems and difficulties, took reform and opening up as the fundamental way to advance development, and gave full rein to both the invisible hand of the market and the visible hand of the government to promote steady economic growth.

Taking government reform as our starting point, we made accelerating the transformation of government functions, streamlining administration and delegating more power to lower-level governments the top priority of this government.

Reform of State Council bodies was carried out in an orderly manner. We abolished or delegated to lower-level governments 416 items previously subject to State Council review and approval in batches, revised the list of investment projects requiring government review and approval, and carried forward reform of the business registration system.

Local governments actively transformed their functions and reformed their departments, and greatly reduced the matters requiring their review and approval. The pilot project to replace business tax with value-added tax (VAT) was expanded, and 348 administrative fees were either canceled or exempted, thus reducing the burden on businesses by more than 150 billion yuan.

All this further improved the market environment and invigorated businesses. The number of newly registered businesses increased by 27.6% nationwide. Private investment increased to 63% of the country's total investment. Interest rate controls on loans were completely lifted. A trial on implementing the National Equities and Exchange Quotations was carried out nationwide. Unified registration of immovable property was launched. The reform greatly invigorated the market and stimulated development and social creativity, and boosted our efforts to streamline administration and delegate more power to lower-level governments.

We deepened reform endeavors. The China (Shanghai) Pilot Free Trade Zone was established and the management model of pre-establishment national treatment (PENT) with a negative list was introduced. The vision of establishing a Silk Road economic belt and a 21st century maritime Silk Road was put forward. The China-ASEAN Free Trade Zone was upgraded. Free trade agreements were respectively signed with Switzerland and Iceland.

We implemented the policy to keep increases in foreign trade stable and improved customs, inspection, quarantine and other supervision and control services. Major trade disputes over anti-dumping and countervailing duties on Chinese products, such as photovoltaic solar products, were successfully resolved. We marketed China's high-speed rail and nuclear power technologies and equipment on the international market. China's outbound investment increased significantly. The number of Chinese tourists going overseas reached close to 100 million. The sustained progress of opening up created more space for China's development.

Second, we improved our thinking on and ways of conducting macro-control and ensured that the economy performed within a proper range. In the face of economic fluctuations, we maintained confidence, and stressed the need to maintain steady growth and ensure that employment does not fall below the prescribed minimum level and that inflation does not rise above the projected level. As the economic performance remained within the proper range, we concentrated our efforts on improving the growth model and making structural adjustments by unswervingly following the underlying principles of our macro-control policy. This enhanced public confidence in the market and kept expectations stable.

In the first half of last year, China's exports fluctuated drastically, the economic growth rate continued to decline, central government revenue registered negative growth for the first time in many years, and the inter-bank offered rate for lending rose sharply. There was overseas speculation that China's economy would have a "hard landing."

In response to all this, we adhered to a proactive fiscal policy and a prudent monetary policy. We did not adopt short-term stimulus measures, increase the deficit or issue excessive currency. Instead, we increased effective supply, unleashed potential demand, confidently dealt with short-term market fluctuations, and kept economic activities from sliding out of the proper range. All these efforts reassured the market and played a vital role in sustaining steady economic growth. Last year, the deficit was kept within the budgeted range and the broad money supply (M2) increased by 13.6%, well within the target range.

While keeping macroeconomic policy stable, we made good use of both existing and additional monetary and financial resources. We improved the structure of budgetary expenditures and

integrated and cut special transfer payments. The regular expenditures of central Party and government departments and public institutions were cut by 5%, and the regular expenditures of local governments were also reduced. The money saved was used to improve people's lives and grow the economy. Over six million small businesses with low profits benefited from tax breaks. We got a clear picture of total government debt in the whole country through auditing. We tightened financial supervision and liquidity management, thus ensuring sound financial operations.

Third, we focused on adjusting the economic structure and raising the quality and returns of development. To address structural problems that hinder development, we strove to take well-targeted steps and used both the market and differential policies to maintain steady growth while upgrading the economic structure. And we also promoted industrial transformation in the course of carrying out innovation-driven development, thereby raising the quality and returns of development, promoting industrial upgrading and creating conditions for sustaining long-term development.

The foundation of agriculture was consolidated and strengthened. We carried out integrated and comprehensive pilot reforms to modernize agriculture and supported the development of diversified and large-scale farming. Reinforcement of 15,000 small reservoirs was completed. More than 63 million additional rural people gained access to safe drinking water. Ecological conservation and development were strengthened, and China's forest coverage increased to 21.6% of the total land area.

Adjustment of the industrial structure was accelerated. We encouraged the development of the service sector, and supported the development of strategic emerging industries. The 4G mobile communications system was put into commercial operation. We worked actively to resolve the serious problem of excess production capacity in some industries. We tried hard to conserve energy, reduce emissions and prevent and control pollution. Energy intensity was cut by 3.7%, and emissions of sulfur dioxide and chemical oxygen demand decreased by 3.5% and 2.9%, respectively.

Infrastructure was strengthened. The first phase of the eastern route of the South-to-North Water Diversion Project was put into operation ahead of plan, and the main part of the first phase of the central route was completed as planned. Underground pipe networks and other urban infrastructure were improved. Oil, natural gas and electric power networks were expanded, and electricity generated from non-fossil energy amounted to 22.3% of the total electricity output. Civil aviation, water transport, information and postal service networks were improved. The total length of expressways and railways in service both exceeded 100,000 kilometers, with the length of high-speed railways in service reaching 11,000 kilometers, ranking first in the world.

We continued to pursue innovation-driven development. China's R&D spending accounted for over 2% of its GDP. We deepened reform of the science and technology management system and implemented knowledge and technology innovation projects. Major breakthroughs were made in a number of key technologies, such as the building of supercomputers and smart robots and the cultivation of super-hybrid rice.

Fourth, we ensured and improved people's wellbeing and upheld social fairness and justice. At a time when government expenditures exceeded government revenue by a large amount, we took

improving people's wellbeing as the starting point and goal of our work, gave high priority to improving the relevant systems, ensured that people's basic living needs are met, and promoted the development of social programs.

We ensured that the people have access to basic daily necessities. We implemented the program for promoting employment of university graduates, thus enabling the vast majority of new college graduates to find jobs. We improved employment services and vocational skills training for rural migrant workers, and provided employment assistance to urban residents having difficulties in finding jobs. We improved the systems of social aid and old-age insurance. Subsistence allowances for urban and rural residents were raised by 13.1% and 17.7% respectively, and basic pension benefits for enterprise retirees were increased by 10%. Construction of 6.66 million government-subsidized housing units was started, and 5.44 million such housing units were basically completed. Thanks to these efforts, over ten million people with housing difficulties moved into new homes.

We promoted education development and reform. We launched the project to alleviate poverty through education and continued to implement the plan to improve poorly built and low performing rural schools providing compulsory education. The project to improve nutrition of rural students covered 32 million students, and living allowances were issued to rural teachers in contiguous poor areas. The number of students from poor rural areas who were enrolled by key colleges and universities increased by 8.5% over the previous year.

We deepened reform of the medical and health care systems. The basic medical insurance system now covers all the population in general, and the per capita government subsidy for rural and urban residents covered by this system increased to 280 yuan. The system of using basic medicines was implemented in over 80% of village clinics. Pilot programs of medical insurance covering major diseases were carried out in 28 provincial-level administrative areas. A trial project was launched to provide emergency assistance for disease treatment. We comprehensively implemented the national project to provide basic public health services. Six million rural women received free pre-pregnancy checkups.

We promoted the sound development of the cultural sector. A number of high-quality cultural works were produced, and more public cultural facilities were opened free of charge. We deepened reform of the cultural management system and developed the market for cultural products. The added value of the culture industry increased by over 15%. We improved the national fitness service system, and successfully held the Twelfth National Games in an economic way.

Fifth, we improved social governance and maintained social harmony and stability. In the face of natural disasters and other emergencies, we worked in an orderly and efficient way and in accordance with laws and regulations, put people first, and responded in a well-planned way. We both coped with emergencies effectively and explored how to set up new mechanisms to improve social governance.

Last year, several severe natural disasters occurred in China, including earthquakes in Lushan, Sichuan Province, and in Min and Zhang counties, Gansu Province; floods in the Heilong, Songhua and Nen river areas; high temperatures and drought in southern China; and ferocious typhoons in

coastal areas. The transmission of avian flu to humans also occurred. We improved the emergency response and disaster relief mechanism based on separate responsibilities for central and local governments and close coordination between them. With the central government coordinating overall aid and assistance and local governments in the affected areas exercising direct relief management, people's lives and property received the best possible protection.

Workplace safety and market oversight were strengthened. We improved relevant mechanisms, conducted thorough investigations into major workplace accidents and held those involved accountable. As a result, serious and major work-related accidents decreased by 16.9%. We merged food and drug oversight agencies, carried out a campaign to improve food and drug safety, exercised strict oversight over the quality of infant formula in accordance with drug supervision regulations, and strove to ensure that people have access to safe food and drugs.

To enhance law-based governance, the State Council made proposals to the Standing Committee of the National People's Congress on enacting or revising 34 laws, put forward a bill for abolishing the system of reeducation through labor, and enacted or revised 47 administrative regulations. We improved the system for handling people's complaints expressed in letters or visits and for mediating disputes, and prevented and defused social conflicts. We cracked down on all kinds of crime in accordance with the law.

We fully implemented the CPC Central Committee's eight-point decision on improving Party and government conduct, carried out the campaign to heighten awareness of and implement the mass line, firmly opposed formalism, bureaucracy, hedonism and extravagance, and strictly implemented the State Council's three-point decision on curbing government spending. Spending by central government bodies on official overseas visits, official vehicles, and official hospitality was reduced by 35%, and spending by provincial-level governments on official hospitality decreased by 26%. Efforts to uphold integrity and fight corruption were strengthened and a number of people violating the law or discipline were brought to justice.

Last year, we made new ground in conducting China's diplomacy. President Xi Jinping and other new state leaders accomplished much through their participation in major multilateral events, including the G20 Leaders Summit, the APEC Economic Leaders Meeting, the Shanghai Cooperation Organization Summit, the BRICS Leaders Meeting, and the East Asian leaders meetings, and their visits to a number of countries.

China entered a new phase in pursuing neighborhood diplomacy. Progress was made in economic diplomacy. China's exchanges and cooperation with other developing countries reached a new level. China's relations with other major countries steadily grew through interaction. China played the role of a large responsible country in important international and regional issues and hotspot issues. We resolutely safeguarded China's sovereignty, territorial integrity and maritime rights and interests. China's influence in the world further increased.

Fellow Deputies,

The achievements we made last year did not come easily. We owe them to the correct leadership of the Party Central Committee with Comrade Xi Jinping as General Secretary as well as to the

concerted efforts of the whole Party, the entire armed forces, and the people of all of China's ethnic groups.

On behalf of the State Council, I express our sincere gratitude to the people of all our ethnic groups and to the democratic parties, people's organizations and people from all sectors of society. I express our heartfelt appreciation to our compatriots in the Hong Kong and Macao special administrative regions, our Taiwan compatriots, and overseas Chinese. I also express our sincere thanks to foreign governments, international organizations and friends from all over the world that show understanding of and support China in its endeavor to achieve modernization.

In carrying out our work ahead, we will adhere to the thinking and practices that proved effective in last year's government work and keep improving them.

At the same time, we must be keenly aware of the many difficulties and problems on our road ahead. The main ones are: The foundation for sustaining steady economic growth is not yet firm, and the internal impetus driving growth needs to be increased. Risks and hidden dangers still exist in public finance and banking; some industries are heavily burdened by excess production capacity; and the exercise of macro-controls has become more difficult. Increasing agricultural output and rural incomes is becoming more difficult. Air, water and soil pollution is severe in some places, and the task of conserving energy and reducing emissions remains arduous. There are major structural problems constraining employment. There are still many problems which people are unhappy about in housing, food and drug safety, medical services, old-age services, education, income distribution, land expropriation and resettlement, and public order. Serious and major industrial accidents occur frequently. The social credibility system needs to be improved. Some government employees are prone to corruption and some still do not perform their duties with integrity and diligence.

Some of these problems have arisen in the course of development and others have occurred because we have not done our work well enough. The government must first examine itself to identify the causes of these problems and work out ways to resolve them. It must follow people's wishes in exercising governance. We must firmly bear in mind our duties and mission, increase our sense of vigilance against potential dangers, be eager to take on challenges, work tirelessly and effectively to solve problems, and truly live up to people's expectations.

II. General Work Arrangements for 2014

In 2014, we are still in a complex environment with both favorable and unfavorable factors. The world economic recovery still faces instability and uncertainties. Macro-policy adjustments made by some countries introduce new variables into the equation, and emerging economies are facing new difficulties and challenges. The global economy is undergoing profound adjustment and international competition is getting fiercer.

We are at a critical juncture where our path upward is particularly steep: The basic conditions underpinning development are undergoing profound changes; deep-seated problems are surfacing; painful structural adjustments need to be made; the pace of economic growth is changing; and downward pressure on the economy remains great.

At the same time, it should be noted that China has the foundation and conditions for maintaining a medium-high rate of economic growth for some time to come: We are still in an important period of strategic opportunity during which great progress can be made in China's development; industrialization and urbanization are being advanced; and there is considerable potential for regional development. We must address problems as they emerge, guard against latent problems, and keep the development initiative firmly in our hands.

The overall requirements for the government's work this year are as follows:

Hold high the great banner of socialism with Chinese characteristics; take Deng Xiaoping Theory, the important thought of Three Represents and the Scientific Outlook on Development as our guide; comprehensively implement the guidelines of the Eighteenth National Party Congress and the second and third plenary sessions of the Eighteenth CPC Central Committee; implement the guiding principles of Comrade Xi Jinping's important speeches; adhere to the general work guideline of making progress while maintaining stability; carry out reform and innovation in all areas of economic and social development; maintain continuity and stability of our macroeconomic policies; make macro-control more forward-oriented and targeted; comprehensively deepen reform; constantly expand opening up; drive development through innovation; keep to the new path of industrialization, IT application, urbanization and agricultural modernization with distinctive Chinese features; accelerate transformation of the growth model, structural adjustments, and industrial upgrading; strengthen the development of the basic public service system; ensure and improve people's wellbeing; raise the quality and returns of development; promote socialist economic, political, cultural, social, and ecological advancement; and achieve sound and sustained economic development and social harmony and stability.

The following are the main targets we have set for China's economic and social development this year: Increase GDP by about 7.5%, keep the rise in the CPI at around 3.5%, create ten million more urban jobs, ensure that the registered urban unemployment rate does not rise above 4.6%, achieve basic balance in international payments, and increase personal incomes in step with economic development. We need to make overall planning for and balance major targets, namely, economic growth, employment, prices and international payments.

Here, I will speak more on two of the targets.

On the target for economic growth: China is still a developing country in the primary stage of socialism, and development remains the key to solving all our country's problems. We must keep economic development as the central task and maintain a proper economic growth rate. On the basis of careful comparison and repeatedly weighing various factors as well as considering what is needed and what is possible, we set a growth rate target of around 7.5%.

This target is in keeping with our goal of finishing building a moderately prosperous society in all respects, and it will boost market confidence and promote economic structural adjustment. More importantly, stable growth ensures employment. We need both to meet the need to create new urban jobs and provide opportunities for rural migrant workers who come to cities for work. Ultimately, stable growth will ensure that urban and rural incomes increase and people's lives improve. There are

many positive factors for fulfilling this year's target for economic growth, but to reach it, we must make arduous efforts.

On the target for controlling price increases: We hope to keep the rise in the CPI at around 3.5%. This is based on consideration of both the carry-over effect of last year's price rises and inflationary factors this year. It also demonstrates our resolve and confidence to keep inflation under control and ensure people's wellbeing.

China's agricultural output has gone up for several years in a row; supply of manufactured goods on the whole exceeds demand; and we have substantial reserves of grain and other goods and materials. We are fully capable of adjusting supply and demand through import and export, and all these factors will help maintain basic stability in general prices. However, there are many factors driving up prices this year, so we must not lower our guard. We must keep prices under control to ensure that price increases do not exert a major negative impact on people's lives.

To fulfill this year's goals for economic and social development, we should adhere to the following principles and policies:

First, we should create impetus by deepening reform. Reform has brought us the greatest benefits. China's reform has entered a critical stage and a deep water zone. We must rely fully on the people, break mental shackles and vested interests with great determination, and pursue economic structural reform as the key step to deepen comprehensive reform in all areas. In carrying out reform, we need to focus on areas where the public call for reform is strongest, the most pressing problems hindering economic and social development, and links on which there is extensive public consensus.

We need to ensure that the market plays the decisive role in allocating resources and make the government better play its role, vigorously advance reforms conducive to economic structural adjustment, remove constraints on market actors and efficiently allocating factors of production, fully tap the creative potential in society, promote fairness and justice, and enable everyone to share in the fruits of reform and development.

Second, we should keep economic performance within a proper range. We will improve the macro-control policy framework, maintain a lower limit to ensure stable growth and employment and an upper limit to keep a cap on inflation, and continue to implement a proactive fiscal policy and a prudent monetary policy.

The government budget deficit for this year is projected to be 1.35 trillion yuan, an increase of 150 billion yuan over last year. The projected government budget deficit consists of 950 billion yuan of central government deficit and 400 billion yuan of provincial-level government debt in the form of treasury bonds issued by the central government on provincial-level governments' behalf. The government deficit and national debt are increasing along with the growth in the whole economy. However, the deficit rate will be kept at 2.1%, which demonstrates continuity of our fiscal policy.

We will pursue a balanced monetary policy, move toward a basic balance between overall supply and demand in society, and foster a stable monetary and financial environment. We will strengthen macro-prudential management to encourage an appropriate increase of monetary credit and

nongovernmental financing. This year, M2 is forecast to grow by around 13%. We will strengthen the coordination of fiscal and monetary policies with industrial and investment policies, maintain policy options, make adjustments at an appropriate time and to an appropriate degree, and ensure smooth sailing of the giant ship of China's economy.

Third, we should work hard to raise the quality and returns of development, promote industrial upgrading and keep improving people's wellbeing. The development we seek is development that raises the quality and returns of development, promotes industrial transformation and upgrading, and improves people's lives. While maintaining steady growth, we need to shift from relying mainly on increasing input of factors of production to making development driven more by innovation, and from relying mainly on traditional comparative strengths to utilizing overall competitive advantages. We need to move up from the low to middle range of international division of labor to the middle to high range, and shift from unbalanced urban-rural development to coordinated and balanced development.

We will improve the system for evaluating officials' performance and get everyone involved in a common endeavor to accelerate transformation of the growth model, make structural adjustment and achieve sound development. This will steadily increase employment and personal incomes, improve the environment, and make China's economic and social development more efficient, equitable and sustainable.

III. Major Tasks for 2014

To deliver a good performance in the work of the government this year, we need to deepen reform so as to create powerful impetus, carry out structural adjustment as our main priority, and make improving people's wellbeing our fundamental goal. We need to take a holistic approach, focus on key areas, and achieve solid progress.

1. Making breakthroughs in reform in important areas

Reform is the top priority for the government's work this year. We will focus on economic structural reform, advance it on different fronts in a targeted way in light of different conditions, take key measures that will have an overall impact, strive to make substantive progress and reap more benefits reform.

We will deepen reform of the administrative system.

We will further streamline administration and delegate more power to lower-level governments. This is a revolution the government imposes on itself. This year, we will cancel or delegate to lower-level governments an additional 200 plus items requiring State Council review and approval.

We will deepen reform of the investment approval system, abolish or simplify preliminary review and approval procedures, give businesses full power over their investment decisions, and make it easy to make investments and start businesses.

We will introduce a system to list all items over which government review and approval are required and release the list to the public. No items not on the list will be subject to government review and approval. We will also comprehensively sort out items requiring nongovernmental review and approval.

We will basically complete the reform of government bodies at the provincial, municipal and county levels, and continue to reform public institutions. We will reform the business registration system nationwide and carry out registration of subscribed capital. Issuing an operating permit before a license, which was the practice in the past, will be replaced with the practice of license first, operating permit second. Annual inspections of businesses will be replaced by annual reporting to incentivize market actors.

Stronger oversight will be exercised over delegated matters when they are being handled and after they have been handled. We will attach equal importance to both delegating power and strengthening oversight, establish a mechanism of coordinating management between government bodies at both the same and different levels, and ensure that both responsibility and power are delegated together and that relaxing control and strengthening oversight go hand in hand.

We will expand the one-stop review and approval model and one-window services, and explore ways to conduct unified market oversight. We will move faster to put in place a social credibility system, share more government information between government departments and with the public, introduce unified codes for natural and legal persons, implement a blacklisting system for enterprises that violate market competition principles and infringe on the rights and interests of consumers, and make those who lose credibility pay the price and smooth the way for those who have credibility.

We will give high priority to reforming the fiscal and tax systems.

We will institute a comprehensive, well-regulated, open and transparent budget system. We will work hard to incorporate all government revenue into the budget, and bring all revenue and expenditures under budgetary management. Governments at all levels should release their budgets and final accounts to the public, and budgets released by government bodies should progressively include details down to basic regular and project expenditures. In particular, all public spending on official overseas visits, official vehicles, and official hospitality should be made public. We will ensure transparency of public finance and make it easy for people to understand and oversee it.

We will increase the proportion of general transfer payments, and cut the number of special transfer payments by one third this year and continue to cut them in coming years.

We will advance the reform of the tax system by taking the following steps: Extend trials for replacing business tax with VAT to the railway transport, postal and telecommunications services industries, abolish fees and replace them with taxes, reform the excise tax and resource tax, and move ahead with legislation on a property tax and environmental protection tax. We will grant additional tax breaks to micro businesses with low profits and reduce the burden on businesses.

We will work faster on ways to adjust the power and spending responsibilities between central and local governments, and progressively adjust distribution of revenue between them while keeping the current division of financial resources between them basically stable.

We will establish a standard financing mechanism for local governments to issue bonds and place local government debt under budgetary management. We will implement a comprehensive government financial reporting system and guard against and defuse debt risks.

We will deepen reform of the financial sector.

We will continue to liberalize interest rates by granting financial institutions more power to set their interest rates. We will keep the renminbi exchange rate basically stable at an appropriate, balanced level, expand its floating range, and move toward renminbi convertibility under capital accounts.

We will steadily promote the establishment of small and medium-sized banks and other financial institutions by private capital, and guide private capital to invest in or hold shares in financial institutions and intermediary financing services.

We will establish a deposit insurance system and improve the risk disposal mechanism of financial institutions. Reform in policy-based financial institutions will be carried out. We will speed up development of a multilevel capital market, advance the reform to introduce a system for stock issuance registration, and develop a well-regulated bond market. We will actively develop agricultural insurance and explore how to establish a catastrophe insurance system. We will develop inclusive finance.

We will promote the healthy development of Internet banking, improve the mechanism for coordinating financial oversight, keep a close watch on the cross-border flow of capital, and ensure that no systemic or regional financial risks occur. We will ensure that financial services play an active role in meeting the needs of the real economy, including small and micro businesses, agriculture, rural areas, and farmers.

We will enhance the vitality of economic entities under all forms of ownership.

We will uphold and improve the basic economic system. We will improve the distribution and structure of the state-owned sector of the economy and accelerate the development of mixed-ownership economic entities. We will establish a sound modern corporate structure and corporate governance. We will improve the system for managing state-owned assets, clearly define the functions of different SOEs, and carry out trials of investing state capital in corporate operations. We will improve budgeting for state capital operations and raise the percentage of earnings from state capital turned over to public finance by central government-owned enterprises.

We will formulate measures for non-state capital to participate in investment projects of central government enterprises, and allow non-state capital to participate in a number of projects in areas such as banking, oil, electricity, railway, telecommunications, resources development and public utilities. We will formulate specific measures to permit non-public enterprise participation in franchising.

We will reform the railway investment and financing system, and open competitive operations in more areas so as to create a platform for the full participation of private capital. We will improve the property rights system to ensure that property rights are inviolable in both the public and non-public sectors.

2. Ushering in a new phase of China's opening to the outside world and ensuring its high standard performance

Opening up and reform have been launched as integral parts of the same initiative as they are mutually reinforcing. We will foster a new open-economy system and advance a new round of opening up to embrace the international market. This will lead to deeper reform and structural adjustment and enable us to enhance China's ability to compete internationally.

We will open China wider to the outside world in all areas.

We will continue to utilize foreign investment actively and efficiently, open up more service sectors to foreign capital, and level the playing field for domestic and foreign enterprises to compete on fair terms so as to ensure that China remains a top choice for foreign investment. We will ensure the successful building and management of the China (Shanghai) Pilot Free Trade Zone so that this model can be copied and extended, and we will launch a number of new trials. We will open China's inland and border areas wider to the outside world, and turn these broad areas into hotspots for opening up.

We will make it a strategic priority to upgrade exports and promote balanced growth of foreign trade.

Total imports and exports are projected to grow at around 7.5% this year. We will keep export policies stable and improve them, accelerate reform to facilitate customs clearance, and extend trials of cross-border e-commerce. We will implement policies to encourage imports, and import more products in short supply in China. We will guide the transformation and upgrading of processing trade, support businesses in creating Chinese brands and developing international marketing networks, develop service trade and undertake services outsourced by other countries, and raise the position of Chinese manufacturing in the global division of labor. We will encourage the export of complete sets of large equipment including telecommunications equipment, railways equipment, and power stations, and enhance the international reputation of Chinese equipment.

We will increase China's competitiveness through expanding its overseas business presence.

We will carry out reform of the management of outbound investment so that such investment is mainly reported for the record, and delegate much of the review and approval power over such investment to lower-level governments. We will provide better financial, legal and consular services, ensure orderly overseas business operations, and boost the export of products, project contracting and labor services.

We will intensify the planning and building of a Silk Road economic belt and a 21st century maritime Silk Road, and promote the building of the Bangladesh-China-India-Myanmar Economic

Corridor and the China-Pakistan Economic Corridor. By launching a number of major projects, we will speed up infrastructure connectivity with our neighbors, and open up new space for enhancing international economic and technologic cooperation.

We will engage in bilateral, multilateral and regional opening up and cooperation in a coordinated way.

We will strive to make progress in negotiations on agreements concerning trade in services, government procurement and information technology, and speed up negotiations on new areas such as environmental protection and e-commerce. We will actively participate in developing high-standard free trade areas; continue negotiations on investment agreements with the United States and the European Union, and accelerate free trade area negotiations with the Republic of Korea, Australia, and the Gulf Cooperation Council. We will continue to promote trade and investment liberalization and facilitation, strive for mutual benefit with other countries, and ensure that opening up reinforces and is reinforced by reform and development.

3. Making domestic demand the main engine driving growth

Boosting domestic demand is both a major force driving economic growth and an important structural adjustment. We need to fully leverage the basic role of consumption and the key role of investment, foster new regional economic mainstay belts, stimulate both supply and demand, and establish a permanent mechanism for increasing domestic demand.

In working to increase domestic demand, we will focus on boosting consumption.

We will enhance people's ability to consume by increasing their incomes, improve consumption policies, foster new areas of consumption and increase consumption of services. We will support nongovernmental investors in running various types of services, with the focus on elderly care, health, tourism, and culture, and implement the system of paid vacations.

We will promote information consumption; implement China's broadband strategy; speed up the development of 4G mobile communications; build 100M fiber optic networks in cities and extend broadband connectivity to rural villages; greatly increase the speed of the Internet; deliver telecommunications, radio and television, and Internet services over a single broadband connection across the country; and encourage the creative development of e-commerce.

We will safeguard cyber-security. We will deepen reform of distribution channels; remove all barriers to a nationwide unified market; cut distribution costs; and encourage development of logistics and delivery, express delivery services, and online shopping. We will fully tap the enormous consumption potential of more than a billion people.

We will take investment as the key to maintaining stable economic growth.

We will accelerate reform of the investment and financing systems; encourage more parties to make investment; launch more demonstration projects involving private investment; improve the investment structure; and maintain proper growth in fixed-asset investment.

Budgetary investment of the central government will rise to 457.6 billion yuan, which will be mainly invested in government-subsidized housing, agriculture, major water conservancy projects, railways in the central and western regions, energy conservation, environmental protection and social programs. We hope that such government investment will attract more investment in these areas from other sources.

We will make developing new regional economic belts a strategic step for stimulating development.

We will energetically carry out the master strategy for regional development. We will give high priority to the large-scale development of the western region; fully revitalize old industrial bases in the northeast and other parts of the country; spur the rise of the central region; vigorously support the eastern region in taking the lead in transforming and upgrading the economy; and increase support to old revolutionary base areas, ethnic minority areas, border areas and poor areas.

We will promote a new type of regional development, and extend development in a phased way from the eastern region to the western region, from coastal areas to the interior, and along major rivers and land transportation lines. We will build a new economic development belt along the Yangtze River. We will use major coastal and border ports as fulcrums to develop economic belts that connect the coastal areas with the southwest, central south, northeast and northwest. We will promote economic integration in the Yangtze River Delta, deepen economic cooperation in the pan-Pearl River Delta, and further coordinate development in the Bohai Rim region and the Beijing-Tianjin-Hebei region.

We will implement different economic policies in different regions, speed up relocation of industries, develop trans-regional transportation and goods distribution networks, and create new regional economic growth poles.

The seas are our valuable national territory. We will steadfastly promote land and marine development in a coordinated way, fully implement China's marine strategy, develop the marine economy, protect the marine environment, resolutely uphold China's maritime rights and interests, and build China into a maritime power.

4. Advancing agricultural modernization and rural reform and development

Agriculture is important for expanding domestic demand and making structural adjustment, and it is a sector vital for ensuring China's stability and maintaining public confidence. We must make doing a good job in our work relating to agriculture, rural areas, and farmers the number one priority in all our endeavors and accelerate agricultural modernization in order to ensure China's food security and increase farmers' incomes.

We will make sure that China's cultivated land area does not fall below the red line of 120 million hectares. We will improve the quality of cultivated land, increase overall agricultural production capacity, and guarantee our basic self-sufficiency of cereal grains and absolute grain security. In this way, we will have full control over the food supply of China's 1.3 billion people.

We will strengthen policies for supporting and protecting agriculture.

We will raise the minimum purchase prices of wheat and rice, and continue to implement the policy on purchasing and stockpiling corn, canola seeds and sugar on an ad hoc basis. We will consider the introduction of a system of guaranteed base prices for agricultural products, under which subsidies will be given to producers when market prices are too low and to low-income consumers when market prices are too high.

Increases in agricultural subsidies will be mainly provided to support the production of grain and other major agricultural products, new types of agricultural businesses and major agricultural regions. More rewards and subsidies will be given to major counties that produce grain, canola seed or hogs, and support will also be provided for beef and mutton production.

We will improve the subsoil of farmland to promote the increase in agricultural output, and carry out a trial this year on 6.67 million hectares of farmland. Funds for agricultural development will be merged and allocated in a coordinated way. Even though our financial resources are strained, we must ensure that spending on agriculture always increases.

We will strengthen the foundation of agricultural and rural development.

Investment will be concentrated on building a number of major water conservancy projects. Over 70 billion yuan will be allocated from the central government budget this year to fund major projects to divert water, protect key water sources, harness rivers and lakes, and develop efficient water-saving irrigation. All local governments need to give higher priority to building small and medium-sized water conservancy projects and solve the "last-kilometer" problem of farmland not being connected with main irrigation channels.

Efforts will be sped up to increase the acreage of high-standard farmland that produces good yields in times of drought or excessive rain. We will work harder to breed important superior crop varieties, and develop and extend the use of new types of efficient agricultural machinery. We will improve rural infrastructure such as roads, telecommunications services, and water, electricity and methane supply. A total of 2.6 million rundown rural houses will be rebuilt and 200,000 kilometers of rural roads will be upgraded.

We will give high priority to resolving problems facing children, women and older people who are left behind in rural villages by rural migrant workers working in cities. Safe drinking water will be made available to another 60 million rural residents. Through hard work this year and next, we must provide safe drinking water to all rural residents.

We will vigorously push forward rural reform.

We will adhere to and improve the basic rural management system and grant farmers more property rights. We will ensure that rural land contract relations will long remain unchanged, and promptly determine, register and certify the rights to contracted use of land and the use of collective land for construction purposes in rural areas. We will guide the orderly transfer of contracted land-use rights and prudently carry out trials to reform the rural land system. We will maintain household operations as the basis; cultivate new types of agricultural businesses, such as large and specialized family

businesses, family farms, farmer cooperatives, and agribusinesses; and develop large-scale agricultural businesses of various types. We will train a new type of professional farmers.

We will improve tenure reform for collective forests and accelerate the reform of state-owned farms, grazing land and forestry farms. We will improve commercial agricultural services and carry out trials of comprehensive reform of rural supply and marketing cooperatives. In carrying out rural reform, we need to base ourselves on actual conditions, conduct trials first, fully respect farmers' wishes, and steadfastly protect their legitimate rights and interests.

We will explore new ways to alleviate poverty through development.

We will move faster to promote development of contiguous poor areas and reduce poverty there. The central government will increase support for major trans-regional infrastructure projects and economic coordination, strengthen ecological preservation and improve public services. Local governments need to merge poverty alleviation resources to make better use of them and take targeted measures to ensure that assistance reaches poverty-stricken villages and households. We will guide nongovernmental forces to participate in poverty alleviation. This year, we will lift more than ten million people out of poverty. We will continue to fight poverty and prevent poverty from being passed to future generations.

5. Carrying out a new type of people-centered urbanization

Urbanization is the sure route to modernization and an important basis for integrating the urban and rural structures. We must improve the system and mechanisms for integrating rural and urban development and embark on a new path of urbanization. This new type of urbanization should have the following features: putting people first; integrating the development of industrialization, IT application, urbanization and agricultural modernization; improving the spatial layout; protecting the ecological environment; and carrying forward Chinese culture.

We must follow the natural law concerning urbanization, carry it out actively and prudently, and work harder to raise its quality. For some time to come, we will focus on three tasks, each concerning 100 million people: granting urban residency to around 100 million rural people who have moved to cities, rebuilding rundown city areas and villages inside cities where around 100 million people live, and guiding the urbanization of around 100 million rural residents of the central and western regions in cities there.

We will grant urban residency in an orderly manner to rural people who have moved to cities.

We will reform the household registration system, and implement a household registration policy with different eligibility requirements for people of different conditions, and progressively grant urban residency to rural migrant workers and their families who are both willing and able to stay in cities and towns where they have had jobs or done business for a long time. We will introduce a residence permit system for rural people in urban areas who have not yet gained urban residency.

More children of rural migrant workers living with their parents in cities will be entitled to go to school there, including secondary school and college, and we will provide vocational skills training

to rural migrant workers. We will steadily extend basic public services to fully cover the permanent population of cities and towns so that the rural people who live in them can contribute to the development of modern urban life and enjoy it together with the urban people.

We will increase support for a new type of urbanization in the central and western regions.

We will help their industries develop and attract people and encourage rural migrant workers in the two regions to find employment in local cities and towns. We will speed up development of infrastructure including transportation, water conservancy, energy and municipal services in the two regions and make development of city clusters and towns there more sustainable. We will also improve the structure of cities and towns in the eastern region and raise the quality and standard of urbanization there.

We will strengthen management innovation and institutional development pertaining to urbanization.

We will expand the rebuilding of rundown urban areas so that cities will take on a new look instead of having stretches of rundown areas existing side by side with high-rise buildings. We will make plans for urbanization in a coordinated way in accordance with the national guidelines for developing a new type of urbanization. We will use urban construction land more efficiently, give high priority to developing public transport, protect sites of historical and cultural interest and natural landscapes, and avoid making cities and towns all look the same.

We will strengthen planning management of villages and small towns. We will explore ways to share costs associated with granting urban residency to rural people who have moved to cities and diversify investment and financing for urban development. We will better develop and manage cities and towns so that they are livable and have unique features, good working conditions and more vitality.

6. Using innovation to support and lead economic structural improvement and upgrading

Innovation is the motive force for adjusting and upgrading the economic structure. We need to make innovation the core of China's development endeavors, promote the full integration of science and technology with economic and social development, and elevate China's industries to the high range of the global value chain.

We will accelerate reform of the science and technology management system.

We will strengthen the leading role businesses play in making technological innovation, encourage enterprises to set up research institutes, take the lead in establishing industry-academia-research collaboration in making innovation, and comprehensively implement preferential policies such as extra deductions for businesses' R&D expenses. More science parks and scientific and educational institutions will be covered by the trial reform policy that gives national innovation demonstration zones equity-based incentives for making innovation and the right to transfer and profit from their scientific and technological advances.

We will increase government spending on basic research and research on cutting-edge technologies, technologies for the public good and key standard technologies, and we will improve public science and technology service platforms and the mechanism for launching major science and technology programs.

We will improve and strengthen the management of research projects and their funding, introduce the system of national innovation surveying and science and technology reporting, and encourage researchers and engineers to set up businesses.

The protection and use of intellectual property rights will be strengthened. We will work to propagate scientific knowledge and foster a scientific spirit. We will fully implement the talent development plan, coordinate major programs for nurturing and attracting talent, and encourage the establishment of a mechanism to link researchers' pay with the market value of their research so that researchers' contributions are matched by their rewards. This will enable outstanding individuals of various types to come forth in large numbers, and their talent will be fully unleashed.

In making industrial structural adjustment, we will rely on reform and support growth in some sectors while curbing excess and outdated production capacity in others.

We will support growth more vigorously. We will give high priority to developing production-oriented service industries, and carry out pilot and demonstration projects to advance the comprehensive reform of the service industry. We will integrate the development of cultural and creative industries as well as design services with related industries, and speed up the development of insurance, business, and science and technology services.

We will promote full integration of IT application with industrialization, encourage businesses to accelerate technological upgrading, make management more precise, improve the policy for accelerating equipment depreciation, and make traditional industries more competitive. We will build a platform for supporting business startups and innovation in emerging industries.

We will strive to catch up with and overtake advanced countries in areas of new-generation mobile communications, integrated circuits, big data, advanced manufacturing, new energy and new materials, and to guide the development of emerging industries. We will curb excess and outdated production capacity in a more proactive and orderly manner. We will let market competition determine which businesses survive, and encourage business acquisitions and reorganizations.

In industries with severe overcapacity, we will strengthen environmental protection, energy consumption, and technology standards; abolish preferential policies; absorb some excess production capacity and strictly control increases in production capacity. This year, we will reduce outdated production capacity of 27 million metric tons of steel, 42 million metric tons of cement and 35 million standard containers of plate glass. We will ensure that the target for reducing outdated production capacity set in the Twelfth Five-Year Plan is met one year ahead of schedule, and make sure that these reductions are permanent and such production capacity does not increase again.

7. Accelerating the development of education, health, culture and other social programs

Boosting the development of social programs is an effective way to promote social justice and increase people's happiness. We need to deepen reform of the social system and promote coordinated economic and social development by increasing spending and adopting stronger measures.

We will give high priority to developing education and making it more equitable.

We will continue to allocate more education resources to the central and western regions and rural areas and promote the balanced development of compulsory education. We will comprehensively improve conditions in poorly built and run schools providing compulsory education in poor areas. The number of rural students from poor areas enrolled in key colleges and universities will again be increased by more than 10%, and this will give rural children more opportunity to receive higher education.

We will raise the competence of rural teachers, especially in poor and border areas, expand the reach of quality education resources and improve the nutrition of children in poor rural areas. We will develop preschool education and implement the plan to improve special education.

We will continue to increase central government spending on education, use it more effectively and strengthen oversight over its use. We will deepen comprehensive education reform and actively and prudently reform the school examination and enrollment systems. We will expand the responsibility of provincial-level governments over local education, give institutions of higher learning more decision-making power, and encourage the development of private schools. We will accelerate the establishment of an employment-oriented modern vocational education system. We will provide quality education to the next generation and work hard to ensure that all children have an equal opportunity to develop.

We will deepen medical reform.

We will consolidate the national basic medical insurance system and integrate the basic medical insurance system for rural residents with that for non-working urban residents through reform. We will improve the mechanism for the government, employer and employee to share the costs of basic medical insurance. The annual government subsidy for basic medical insurance for rural and non-working urban residents will be increased to 320 yuan per person. The major disease insurance scheme for rural and non-working urban residents will be introduced nationwide.

We will strengthen urban and rural medical assistance and emergency assistance for disease treatment. Trial comprehensive reform of county-level public hospitals will be extended to cover 1,000 counties and 500 million rural residents. We will expand trial comprehensive reforms of urban public hospitals.

We will abolish the practice of compensating for low medical service charges with high drug prices, adjust the prices of medical care and drugs, and create a mechanism for running hospitals by nongovernmental capital. We will consolidate and improve the system of using basic medicines and the new mechanisms for operating community-level clinics. We will improve the system of tiered medical services, strengthen training of general practitioners, and allow doctors to work in more than

one medical institution so that people have easy access to quality medical services. We will build harmonious relations between doctors and patients.

We will improve our capacity to prevent and treat major communicable and chronic diseases and occupational and endemic diseases. The government subsidy for basic public health services will be increased to 35 yuan per person. We will support the development of traditional Chinese medicine and the traditional medicine of ethnic minorities. We will unwaveringly adhere to the basic state policy of family planning and will implement the policy that allows married couples to have two children if one parent is a single child. We must resolutely press ahead with medical reform and work out a Chinese solution to this global problem so that the Chinese people can enjoy a happier and healthier life.

Culture is the lifeblood of a nation. We should foster and practice core socialist values, strengthen civic morality, and advance cultural and ethical progress.

We will continue to deepen reform of the cultural sector, improve policies pertaining to the cultural economy, and enhance China's overall cultural strength and competitiveness. We will deliver basic public cultural services in a standard and equitable way. We will develop culture and arts, the press and publishing, and radio, television and film, and run archives well. We will promote the flourishing of philosophy and the social sciences. We will encourage the people to read.

We will enhance the development of cultural industries and foster a well-regulated market for cultural goods. We will carry forward China's cultural traditions and work to protect cultural relics. We will accelerate the spread of Chinese culture overseas, develop cultural trade, strengthen our international broadcasting capabilities, and enhance China's cultural soft power. We will develop fitness activities for everyone, competitive sports and the sports sector. China has an ancient civilization with a long history, and it can certainly develop a strong modern culture.

We will promote innovation in social governance.

We will focus on law-based governance and involve all parties in social governance. We will make village and community affairs transparent and strengthen democratic oversight over their management, and get social organizations to play a bigger role in delivering public services and exercising social governance.

We will strengthen emergency management, and become better able to ensure public safety, prevent and mitigate disasters and provide disaster relief. We will do our work related to earthquake, meteorology, surveying and mapping well. We will reform the system of handling public complaints made in the form of letters and visits and promptly resolve social problems as they arise. Administrative review will be strengthened.

We will strengthen education in the general knowledge of law and increase legal aid. We will strengthen comprehensive maintenance of public order, crack down hard on violent crimes of terrorism, safeguard China's national security, create good public order, and work together to ensure public security in China.

8. Making coordinated efforts to ensure and improve people's wellbeing

The people are the foundation of a nation, and a nation can enjoy peace only when its foundation is strong. The fundamental goal of a government's work is to ensure that everyone lives a good life. We will continue to build institutions, improve weak links, help those in need of subsistence assistance, ensure everyone has access to basic necessities, and improve people's living standards and quality of life.

Employment is the basis of people's wellbeing. We will steadfastly implement the strategy of giving top priority to employment and carry out a more energetic employment policy, improve the employment and business startup environment, and foster business startups in an innovative way so they create more jobs.

With 7.27 million college students graduating this year, we need to create more jobs, provide non-stop employment and business startup services, and increase the rate of employment and business startup for college graduates.

We will increase support for urban residents who have difficulty finding jobs, ensure that at least one member in every zero-employment family gets a job, and do a good job in resettling and providing reemployment to workers laid off due to the shutdown of outdated production facilities. We will provide coordinated employment services to rural migrant workers and demobilized service personnel. We will work hard to create more rewarding and higher quality jobs so that people who work can live a decent and dignified life.

Income is the source of people's wellbeing. We will deepen reform of the income distribution system and strive to narrow the income gap. We will improve the mechanism for setting and increasing salaries of enterprise employees on a regular basis, encourage collective wage bargaining and make labor relations harmonious. We will strengthen and improve management of executive compensation in SOEs.

We will implement salary reform in government bodies and public institutions, progressively implement a performance-based salary system in public institutions, improve the salary system for medical personnel so that it is compatible with their profession, and improve the mechanism for increasing allowances for working in hardship and remote areas.

We will increase the income of low-income groups through multiple channels and steadily increase the proportion of middle-income earners in the whole population. We will increase both urban and rural incomes in step with economic development so that everyone benefits.

Social security is the foundation of people's wellbeing. We will focus on advancing reform of the social assistance system, continue to raise subsistence allowances to rural and urban residents, implement the system of providing temporary assistance nationwide, provide safeguards to enable extremely vulnerable groups to meet their basic living needs, and improve social services so that people can focus on work.

We will establish a unified basic old-age insurance system for both rural and non-working urban residents and improve the way it is linked with the old-age insurance system for working people. We will reform the old-age insurance system for government bodies and public institutions, and encourage the development of enterprise annuities, occupational annuities and commercial insurance. We will improve the system of unemployment insurance and insurance against workplace injury. We will implement a mechanism for increasing social assistance and social security benefits when the cost of living rises.

We will develop services for the elderly, protect women's rights and interests, care for the wellbeing of young people, better protect minors, meet the basic living needs of families in straits, provide adequate basic public services to the disabled and effectively prevent disabilities, and support the development of charities. We will make sure that everyone in need receives the support of society and feels its warmth.

We will improve the mechanism for providing adequate housing. To achieve the goal of ensuring housing for all, we will build more government-subsidized housing in accordance with the principle of giving targeted guidance, carrying out step-by-step implementation, and having governments at different levels assume their respective responsibilities.

This year, construction of over seven million government-subsidized housing units will begin, more than 4.7 million of which will be in rundown urban areas, and construction of related supporting infrastructure will be strengthened. We will increase the proportion of government-subsidized housing in large cities. We will integrate the operation of public and low-cost rental housing. We will improve mechanisms and instruments for securing investment and financing for policy-related housing and use market forces to provide long-term, steady funding support to cover the costs of building government-subsidized housing.

Governments at all levels should increase spending on building government-subsidized housing, improve its quality, ensure its fair allotment, and improve the mechanism governing its allotment and re-allotment. By the end of this year, 4.8 million units of such housing should be basically completed so that those in urgent need of housing can move in.

We will regulate housing differently in different cities in light of local conditions, increase the supply of small and medium-sized commercial and joint-ownership housing units, curb demand for housing for speculation and investment purposes, and promote sustained and healthy development of the real estate market.

There is nothing more important than human life, so we must always give our full attention to workplace safety. We must strictly enforce laws and regulations on workplace safety, fully implement the responsibility system for it, and resolutely prevent the occurrence of major and very serious work-related accidents.

We will energetically improve and maintain market order, continue to carry out targeted clean-up campaigns, and crack down on the manufacture and sale of counterfeit or shoddy goods. We will institute a monitoring mechanism with full public participation which oversees the whole process from production and processing to distribution and consumption and can trace problems to the

source. We will improve safety monitoring systems for food and drugs with the involvement of both central and local governments and participation of community bodies. We will strictly follow laws and regulations and comply with standards, and apply the strictest possible oversight, punishment and accountability to prevent and control food contamination and ensure that every bite of food we eat is safe.

9. Building China into a beautiful homeland with a sound ecological environment

Fostering a sound ecological environment is vital for people's lives and the future of our nation. Smog is affecting larger parts of China and environmental pollution has become a major problem, which is nature's red-light warning against the model of inefficient and blind development. We must strengthen protection of the ecological environment and resolve to take forceful measures to complete this challenging task.

We will take strong measures to strengthen pollution prevention and control.

We will fully implement the plan for preventing and controlling air pollution, with the focus on mega cities and regions with frequent occurrence of smog. We will start by reducing PM10 and PM2.5 emissions, and focus on the following key areas: improving the industrial structure, raising energy efficiency, reducing vehicle exhaust emissions, and preventing and monitoring wind-borne dust.

We will improve the new mechanism involving government, enterprises and the general public, coordinate prevention and control efforts in affected regions, and fully implement the action plan for preventing and controlling air pollution.

This year, 50,000 small coal-fired furnaces will be shut down, and we will carry out desulphurization in coal-burning power plants with production capacity of 15 million kilowatts, denitrification in plants with 130 million kilowatts of production capacity, and dust removal in those with 180 million kilowatts of production capacity. Six million old high-emission vehicles will be removed from the roads, spread the use of new-energy vehicles and diesel fuel for vehicles that meets fourth-stage national standards will be provided nationwide.

We will implement the clean water action plan, strengthen the protection of sources of drinking water, prevent and control water pollution in key river basins, and carry out land restoration. We will control non-point agricultural source pollution and build beautiful rural areas. We will declare war against pollution and fight it with the same determination we battled poverty.

We will change the way energy is produced and consumed.

We will strengthen energy conservation and emissions reduction and impose a ceiling on total energy consumption. This year, we aim to cut energy intensity by more than 3.9%. The emissions of sulfur dioxide and chemical oxygen demand will both be reduced by 2%.

We will continue to raise the proportion of electricity generated by non-fossil fuel, develop smart grids and promote balanced distribution of energy resources, encourage the development of wind

and solar power and biomass energy, and start construction of a number of hydropower and nuclear power projects. We will strengthen exploration, exploitation and utilization of natural gas, coal seam gas and shale gas.

We will reform pricing of resource products and establish a sound system of tiered pricing for household water and gas consumption. We will launch projects to enhance energy efficiency of buildings and subsidize the production of energy-efficient products; develop clean production, green and low-carbon technologies and the circular economy; and become better able to respond to climate change. We will intensify water and materials conservation and comprehensive utilization of resources. We will speed up the development and use of energy-efficient and environmentally friendly technologies and products and turn the energy conservation and environmental protection industries into dynamic sunrise industries.

We will move forward with ecological protection and development.

We will continue to carry out the project to convert marginal farmland back to forests and grassland, with this year's target being 333,300 hectares. We will implement major ecological projects to return grazing land to grassland, protect natural forests, prevent and control sandstorms, conserve water and soil, prevent and reverse the expansion of stony deserts, and recover wetlands.

We will strengthen ecological conservation at the sources of the Yangtze, Yellow and Lancang rivers. We will implement the functional zoning system and give impetus to the establishment of trans-regional and cross-watershed mechanisms to compensate for ecological damage. Ecological conservation and environmental protection benefit future generations. Governments at all levels and the whole society should act more vigorously to protect the land our lives depend on.

Fellow Deputies,

To do the government's work well, we must strengthen its internal reform and self-governance. Governments at all levels should faithfully fulfill the responsibilities conferred upon them by the Constitution and laws. We should, in keeping with the requirements for modernizing the country's governance system and governance capacity, speed up the building of a law-based, innovative and clean government, enhance its credibility and law-enforcement capability, and strive to provide high-quality and efficient services to the people.

We will fully implement the basic strategy of law-based governance, act in accordance with the law in all our government work, and be guided by law in both thinking and action in performing our duties.

We will strengthen government work concerning the legal system and reform the system of government law enforcement. We will improve guidelines on and ways of conducting government administration; improve decision-making, enforcement and oversight mechanisms; and advance reforms of government procurement of services. We will raise the competence of public servants and improve their overall performance. All public servants must put people's interests first and perform their duties honestly, diligently and faithfully.

Governments at all levels must practice economy, eliminate waste, and tighten their belts. They must strictly observe the following three rules: The construction of new government buildings and renovation and expansion of existing government buildings are prohibited. The total number of government employees is to be reduced. Government spending on official overseas visits, official vehicles, and official hospitality is to be reduced. Reform of the system for using official vehicles will be launched.

We will strengthen administrative oversight and correct improper conduct in trades. We will intensify auditing and release more auditing results to the public. This year, we will comprehensively audit the revenue from the sale of land-use rights and its use and also audit farmland protection. We will energetically build a system for combating corruption and upholding integrity, resolutely investigate corruption cases, and penalize offenders without mercy in accordance with the law.

Governments at all levels should willingly accept the oversight of people's congresses and their standing committees at the same level; accept the democratic oversight of CPPCC committees; and eagerly solicit the views of deputies to people's congresses, the democratic parties, federations of industry and commerce, public figures without party affiliation and people's organizations.

We will make our operations more open, improve the spokesperson system, and respond to people's concerns promptly. Our government is a government of the people. In all our work, we should fully reflect their aspirations and be completely open to their oversight.

Fellow Deputies,

China is a unified country with many ethnic groups, all of which are equal members of the Chinese nation. We need to fully and faithfully implement the Party's policies concerning ethnic groups, uphold and improve the system of regional ethnic autonomy, and promote ethnic unity, progress, common prosperity and development.

We will conscientiously carry out the central leadership's policies and measures for supporting the development of ethnic minorities and ethnic minority areas. We will support the growth of ethnic groups with small populations and continue to implement programs to boost development of border regions and improve the lives of people there. We will protect and develop the fine cultural traditions of ethnic minorities.

We are the people of all of the ethnic groups in the big family of the Chinese nation. We live in peace and harmony, work together for a common cause, develop in harmony and share mutual affinity. We will definitely enjoy more peace, happiness, and prosperity as well as greater development.

We will comprehensively implement the Party's basic policy on religion, promote harmonious relations among religions, and give full rein to the positive role of religious leaders and believers in promoting economic and social development.

We will promote unity with overseas Chinese nationals, foreign citizens of Chinese descent, overseas Chinese nationals who have returned to China and relatives of overseas Chinese nationals

who live in China. We will give full play to their distinctive role in carrying out China's modernization, advancing its peaceful reunification, and promoting people-to-people and cultural exchanges between China and foreign countries, and strengthen the close bond of all Chinese at home and overseas.

Fellow Deputies,

Last year, we made solid progress in strengthening national defense and the armed forces, and the armed forces and armed police force now are full of new vigor and have enhanced their capabilities. This year, with the Party's goal of strengthening the armed forces under the new conditions in mind, we will comprehensively enhance the revolutionary nature of the Chinese armed forces, further modernize them and upgrade their performance, and continue to raise their deterrence and combat capabilities in the information age.

We will carry out coordinated planning for military preparedness in all scenarios and areas, strengthen and improve the political beliefs of the armed forces, speed up the comprehensive development of modern logistics, and strengthen research on national defense and the development of new- and high-technology weapons and equipment.

We will run the armed forces with strict discipline and in accordance with the law. We will deepen reform of national defense and the armed forces, strengthen military strategic guidance, and improve the system of modern military power. We will strengthen national defense mobilization and the reserve forces, place war preparations on a regular footing, and enhance border, coastal and air defenses. We will deepen the integration of military and civilian sectors.

We will speed up the building of a modern armed police force. The armed forces must resolutely carry out their mission of providing disaster relief, countering terrorism, maintaining stability, keeping peace, providing escort and handling emergencies, and actively participate in and support economic development.

Governments at all levels should continue to concern themselves with and support strengthening national defense and the armed forces, forge closer ties between the people and the army, and build unbreakable unity between the government and the armed forces and between the people and the armed forces.

Fellow Deputies,

We will unswervingly implement the principles of "one country, two systems," fully and faithfully carry out the basic laws of the Hong Kong and Macao special administrative regions, and maintain the two special administrative regions' long-term prosperity and stability.

We will support the chief executives and governments of the two regions in governing their regions in accordance with the law, energetically developing the economy, effectively improving people's wellbeing, advancing democracy in accordance with the law and maintaining social harmony. We will further increase cooperation between the mainland and the two regions and help them become

more competitive. As China continues to comprehensively deepen reform and modernize itself, Hong Kong and Macao will stand to benefit greatly from this process.

We will fully implement the major policies concerning Taiwan affairs, uphold the 1992 Consensus, uphold the one-China framework, strengthen and enhance cross-Straits political trust, promote economic integration, promote exchanges and cooperation, and engage in consultations and negotiations.

Guided by the vision that "we people on both sides of the Straits are one family," we will uphold our kindred friendship and work together with our compatriots to build the beautiful homeland of the Chinese nation and achieve China's peaceful reunification. We hope that the two sides will build increasingly close and intimate ties so that the peaceful growth of cross-Straits relations will become an irresistible and irreversible historical trend.

Fellow Deputies,

This year is the 60th anniversary of the issuance of the Five Principles of Peaceful Coexistence. The Chinese people love peace and cherish development, and China needs a long-term stable international environment for its modernization. We will continue to hold high the banner of peace, development, cooperation and mutual benefit; unswervingly follow the path of peaceful development; and unwaveringly implement a win-win strategy of opening up.

We will resolutely safeguard China's sovereignty, security and development interests, and fully protect the legitimate rights and interests of Chinese citizens and legal persons overseas. We will comprehensively advance China's neighborhood diplomacy, and strengthen friendship and deepen mutually beneficial cooperation with our neighbors. We will safeguard the victory of World War II and the postwar international order, and will not allow anyone to reverse the course of history. We will strengthen unity and cooperation with other developing countries and uphold our shared interests. We will deepen strategic dialogue and communication and pragmatic cooperation with other major countries and promote the sound growth of relations of long-term stability with them. We will be a good host of the APEC Economic Leaders Meeting.

As a responsible power, China will actively participate in international, multilateral affairs, play a constructive role in resolving global and hotspot issues, earnestly safeguard international fairness and justice, and work to make the international order more just and equitable. China will join hands with other countries to achieve enduring peace, common development and prosperity of the human race.

Fellow Deputies,

The people have placed great trust in us, and we will work hard to create the future. Let us rally closely around the Party Central Committee with Comrade Xi Jinping as General Secretary, hold high the great banner of socialism with Chinese characteristics and work together as one. Let us endeavor to break new ground and make solid progress, and strive to finish building a moderately prosperous society in all respects and a modern socialist country that is prosperous, strong,

democratic, culturally advanced and harmonious. With all these efforts, we can surely realize the Chinese Dream of the great rejuvenation of the Chinese nation!