

## China sailing to prosperity with new policies



The 4th session of the 12th National People's Congress opens at the Great Hall of the People in Beijing on March 5.

As China ended its political high season on March 16 with the approval of the government work report and, along with other bills, a new five-year plan, the country is now looking at historic opportunities that will bring concrete benefits to its citizens and the world beyond.

### New momentum boosts economy

As the global economy remains sluggish, the world is concerned about China's performance. At the opening meeting of the fourth session of the 12th National People's Congress (NPC), Chinese Premier Li Keqiang expressed his confidence in the Chinese economy in a government work report that sets this year's economic growth target at between 6.5 and 7 percent and the average annual growth rate over the next five years at above 6.5 percent.

"As long as we stay on the course of reform and opening up, China's economy will not suffer a hard landing," Li told a press conference after the close of the NPC session.

China has initiated the concept of "new economy" to foster new growth drivers for overall economic transformation. It is not just about emerging forms of businesses and industries, such as e-commerce, cloud computing, and the Internet of Things. It is also found in smart manufacturing, large-scale customized production, family farms, and share-holding cooperatives in agriculture, said Li. The new growth drivers will generate new jobs, which will in turn help with larger efforts to cut overcapacity, he added.

The supply-side structural reforms China has been pursuing - including streamlining administration, delegating government powers, and cutting corporate taxes - are designed to unleash more market vitality, he said.

Li also pointed out that urbanization represents the largest source of China's domestic demand and that the campaign of mass entrepreneurship and

innovation will generate powerful momentum to tackle downward economic pressure.

"Propelled by new growth drivers and upgraded traditional ones, China's economy will be able to get through difficulties and rise to a more promising level," he stated.

"China has potential to grow 2-3 times faster than major advanced economies, as long as market-oriented structural reforms prevail. And that is growth by fundamentals," analyzed Dan Steinbock, a global economic and policy analyst and a columnist with China.org.cn

### New plan charts development course

The 13th Five-Year Plan adopted at the NPC session outlines the policy framework, priorities, and economic and social goals for 2016-2020, including an average annual growth rate of more than 6.5 percent. Meeting the targets will be crucial to realizing the goal of building a "moderately prosperous society in all aspects" by 2020, when the country's GDP and per capita personal income should be twice as high as their 2010 levels.

To this end, China vows to continue the reform and opening up drive, to push ahead with urbanization and agricultural modernization, to coordinate development in urban and rural areas, and to improve people's well-being across the board, so that everyone has a share in the fruits of development.

The blueprint, which is called China's "greenest" five-year plan, places heavy emphasis on green development, with 10 out of 25 priority targets related to environmental protection.

According to the plan, an innovation-driven development strategy should be implemented and major progress should be made on the China-proposed Belt and Road Initiative.

"Coming at a time when the global economy is struggling to recover, the 13th Five-Year Plan

has done well to dwell on various possibilities, balancing between growth and the environment, a trade-off between prosperity and redistribution, and building bridges between the old and the new paradigm of growth," noted Niranjana Sahoo, a senior fellow at the Observer Research Foundation in New Delhi.

### New charity law supports poverty relief efforts

While people talk about the progress China has made in human rights protection and its budget cuts in defense spending, another highlight that garnered much attention is the adoption of the country's first charity law.

The new law, which will take effect in September, eases restrictions on the fundraising and operational activities of charity groups and promises tax benefits for the sector. It will also tighten supervision on charity organizations' internal management.

China expects the new law to encourage more ordinary citizens, enterprises, and social organizations to engage in charity programs, and to provide strong support for the ongoing poverty alleviation campaign, which is faced with the pressing goal of lifting all rural residents above the poverty line by 2020.

"China's new charity law establishes a concept of 'big philanthropy' and provides a broad definition of 'charity.'... This illustrates that philanthropy in China has expanded from only solving problems of survival to promoting China's comprehensive development," wrote Eugene Clark, Dean of the Sydney City School of Law.

Commenting on the country's ambitions, Clark is optimistic. "While there are significant challenges ahead, when one considers what has been achieved over the last two decades, the world should remain confident that the Chinese people and their political, economic, and social systems are up to the task."

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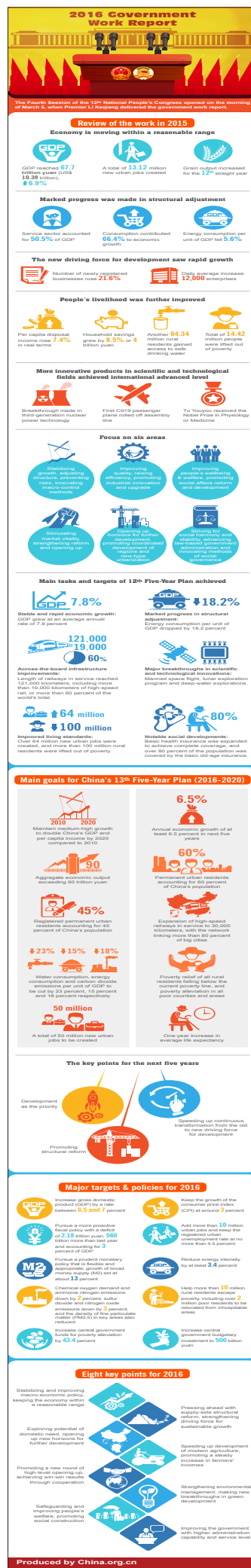
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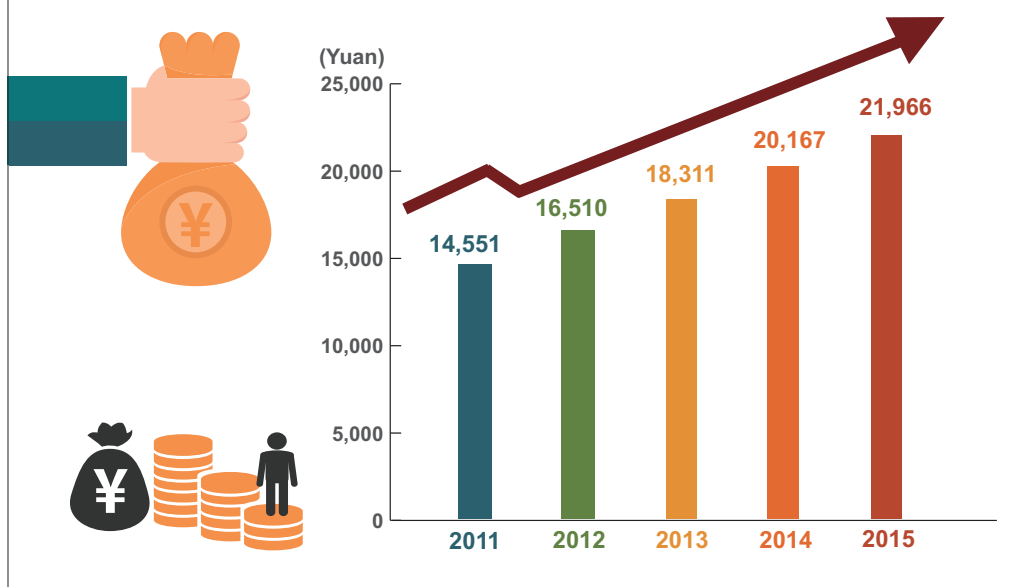
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## National Per Capita Disposable Income



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# Interpreting China through top leaders' remarks during the Two Sessions

## Editor's note:

During the recently concluded annual meetings of China's legislative and advisory bodies, top leaders from the Communist Party of China (CPC) participated in a number of panel discussions with lawmakers from different provincial-level regions and political advisors from various sectors of society. Listed below are some of their most noteworthy remarks from this year's Two Sessions, highlighting the most pressing issues for both politicians and the public. (👉 [Who's who in China's leadership](#))

## Xi Jinping

"Shanghai should use its courageous, pioneering spirit and youthful vigor to be innovative in its methods for advancing reform and should continue to serve as a vanguard and pioneer for opening-up and innovation. The city should speed up measures that will help it establish itself as a globally influential center for technology and innovation."

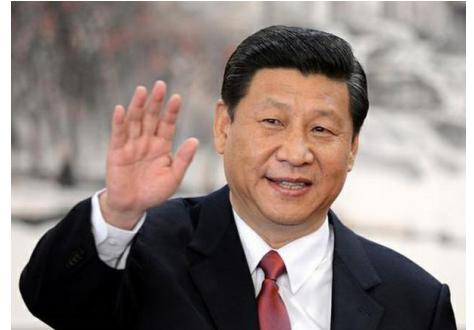
— At a *Shanghai Delegation panel discussion, March 5*

"We should protect the environment just as we would protect our own eyes and treat it as if it were our own life. We must do a good job on the Sanjiangyuan National Park pilot project, promoting and coordinating ecological engineering, energy-saving, and emission-reduction, as well as environmental protection. Let Qinghai be a famous symbol of a beautiful China."

— At a *Qinghai Delegation panel discussion, March 10*

"Innovation is the military's core competitiveness and the driver to advancing fighting capacity. It should be given a key position in China's military development. Military innovation should be included in the national innovation system, and collaboration should be encouraged between the army and the people to create a system conducive to scientific and technological innovation in national defense."

— At a *PLA Delegation panel discussion, March 13*



Xi Jinping, general secretary of the CPC Central Committee and Chinese president



Li Keqiang, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and Chinese premier

## Li Keqiang

"We will continue with structural reform, in particular supply-side structural reform, and implement an innovation-driven strategy. During this period of economic transition, new needs will appear. The supply-side reform is providing new supplies through innovation. Do not look down upon service sectors like housekeeping and senior care. They are growing industries and will provide more jobs than traditional industries. If we can break the frame hindering development, we may get more profits than from the heavy and chemical industries."

— At a *Shandong Delegation panel discussion, March 6*

"Where does the vitality lie? It lies among our people. How can we stimulate people's vitality? It requires administrative streamlining and further reforms. How would it work if anybody who wants to start a business has to go through a complicated procedure to do so? Our government is for the people. So we must be determined to continue delegating power and improving our services so as to unleash market vitality and people's creativity."

— At a *Chongqing Delegation panel discussion, March 8*

## Zhang Dejiang

"We should vigorously promote the optimization and upgrading of industry, phasing out overcapacity, promoting the quality and efficiency of traditional industries, and accelerating the development of new growth momentum. We should deepen the reform of state-owned enterprises, support private economic development, and improve the business environment. In agriculture, we have to make efforts to build a modern agricultural industrial system, production system, management system, and security system, in order to improve agricultural quality, efficiency, and competitiveness. And we should focus all of our work on people's wellbeing, firmly supporting people's livelihoods and solving outstanding concerns to the people, so that they will lead more satisfactory lives."

— At a *Jilin Delegation panel discussion, March 8*



Zhang Dejiang, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee



Yu Zhengsheng, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and chairman of the CPPCC National Committee

## Yu Zhengsheng

"We should fully and faithfully implement the policies of 'one country, two systems', 'Hong Kong people governing Hong Kong', 'Macao people governing Macao', allowing a high degree of autonomy, acting strictly in accordance with the Constitution and the basic laws, and supporting the administrations of chief executives and the governments of the Hong Kong and Macao special administrative regions. We encourage CPPCC members from Hong Kong and Macao to play active roles in both the mainland and in their respective regions, contribute to the deepening cooperation between the two, and extensively participate in projects benefitting young people."

— At the *opening meeting of the Fourth Session of the 12th CPPCC National Committee, March 3*

## Liu Yunshan

"While strictly implementing a management system for Party officials, we should inspire and care for them in a better way, especially for those who work at the front line for a long time, so as to make them concentrate on their work with confidence and assurance. We should optimize the path for development and improve standards for evaluation of Party officials, taking responsibility for those who dare to bear the burdens."

— At a *Ningxia Delegation panel discussion, March 8*



Liu Yunshan, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and secretary of the Secretariat of the CPC Central Committee



Wang Qishan, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and secretary of the CPC Central Commission for Discipline Inspection

## Wang Qishan

"As long as we have a stronger Party, as long as our officials stick to the Party Constitution and its policies, as long as we focus more on the general public than ourselves and have the courage to assume responsibility, there shall be no insurmountable challenges."

— At a *Beijing Delegation panel discussion, March 5*

## Zhang Gaoli

"We should step up construction for a happy and harmonious new Gansu, led by five developmental concepts that are innovation-driven, coordinated, green, oriented toward global progress, and beneficial to all. Gansu should integrate local development with the 'Belt and Road' initiative, making itself an important gateway for westward opening and a strategic base for sub-regional cooperation."

— At a *Gansu Delegation panel discussion, March 8*



Zhang Gaoli, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and Chinese vice premier

## New engines, stronger cooperation to ensure regional growth

Chinese Premier Li Keqiang recently identified China's reform and opening up drive, economic restructuring, and investment in people's livelihood as reliable growth engines, and called for closer financial cooperation among Asian countries.

Just like a high-speed train that is powered by multiple engines installed in individual carriages, China's economy needs stable operation and multiple driving forces, Li said during a keynote speech at the opening ceremony of the 2016 annual conference of the Boao Forum for Asia in China's Hainan Province on March 24.

In terms of reform and opening up, China will step up financial market reforms and retool the economy to cultivate new engines, Li said. According to the premier, China will reform the capital market and draft rules for debt-to-equity swaps, a move that would help ease the nation's high debt levels. The Shenzhen-Hong Kong Stock Connect will be launched within the year, which allows investors to trade on both bourses.

Meanwhile, China will strive to cultivate new growth drivers while transforming and upgrading traditional ones, forming "twin engines" to promote development. Li also called for efforts to boost innovation and entrepreneurship and to develop the service and high-tech industries, small and medium-enterprises, and private businesses. Their development will support the transformation of traditional industries.

China will also work to "weave a safety net" that guarantees people's livelihood in the five areas of employment, education, medical care, old-age care and housing, said Li. Achievement in development should be manifested in the improvement of livelihood, which in turn fuels consumption and economic growth.

The premier reiterated China's annual growth target of a minimum of 6.5 percent in the upcoming five years, reassuring the world of China's flexibility in balancing reform and growth.

"The government will take measures if economic growth slips out of the reasonable range, as a loss of speed is the biggest risk for the nation," he said.

### Financial cooperation among Asian economies

Premier Li also urged Asian economies to enhance economic and financial cooperation and to engage in dialogue to ward off potential risks and contribute to world economic recovery.

"Asian countries must have firm confidence and work together to overcome temporary difficulties," said Li. He proposed in particular to set up an Asian financial cooperation association to "improve markets and prevent financial turmoil."

"China is willing to cooperate with relevant parties to improve the Asian financial market buildup and jointly prevent another round of



Premier Li Keqiang delivers a speech at the opening ceremony of the Boao Forum for Asia annual conference in Boao, south China's Hainan Province, on March 24.

large-scale, regional financial turmoil from materializing," he said.

Asian countries have been a major contributor to the world's economic growth for many years. But in recent years, the export-driven Asian economy faced problems such as rising debts, declining exports, currency depreciation and weak global recovery, casting shadows on the region's economic stability and growth prospects.

However, the Chinese premier voiced his confidence in Asia's economic outlook. The growth rate of Asian economies remain faster than the global average, and Asia is still the world's most dynamic economy, contributing about 44 percent to world growth. Asia also accounts for one-third of the world's total trade.

Asia "is no longer what it used to be. Most (Asian) countries have accumulated rich experience in expanding the real economy and warding off financial risks," he said.

This year's meeting in Boao, which took place from March 22 to 25, was themed "Asia's New Future: New Dynamics and New Vision." More than 2,000 participants from over 60 countries and regions attended the forum. The event featured discussions on the macro-economy, politics, entrepreneurship, innovation, the Internet, public well-being and culture.



Chinese Premier Li Keqiang (6th R) poses for a group photo with foreign leaders attending the Boao Forum for Asia annual conference in Boao, south China's Hainan Province, March 24, 2016.

## The giant consequences of China's 6.5%-7.0% growth target

By John Ross

The economy tops the agenda at this year's National People's Congress (NPC) with a focus on both prospects for 2016 and the 13th Five Year Plan for 2016-2020. Discussion on both was framed by two major events. On March 4, Chinese President Xi Jinping made key statements on China's long term economic strategy while attending a panel discussion at the annual meeting of the Chinese People's Political Consultative Conference (CPPCC). On March 5, Premier Li Keqiang delivered the government's work report to the NPC focusing on medium to short term targets. The relation between the two was clear.

At the CPPCC, Xi Jinping reiterated that China's fundamental economic structure would continue to be based on "diverse" forms of ownership which would develop side by side with a state sector that would play the "dominant" role - a firm restatement of China's fundamental economic strategy since reform was launched in 1978. This economic structure generated in 1978-2015 an average annual GDP growth of 9.6 percent - the fastest sustained expansion by a major economy in history.

Xi Jinping's emphasis may be placed in the context of two statements he made in November. At a politburo study session China's president emphasized that a Marxist political economy would continue to guide China's economic policy. Following a meeting of the Communist Party of China's Central Committee, the president stated that economic growth during the 13th Five Year Plan period must average "at least 6.5 percent."

Premier Li Keqiang's work report to the NPC outlined medium to short term projections within these fundamental parameters. As the international media focused attention on 2016's growth target of 6.5-7.0 percent, and the Five Year Plan's minimum annual 6.5 percent, these will be analyzed first.

Qualitatively, China's target is to achieve a "moderately prosperous" society by 2020. This translates into the Five Year Plan's arithmetic.

To achieve "moderate prosperity," the previous 12th Five Year Plan set the goal of doubling GDP for 2010-2020 - requiring a 7.2 percent annual average growth over the decade. However, in 2010-15 growth was faster than the targeted rate - averaging 7.8 percent. To complete the goal by 2020 now requires 6.5 percent growth. This constitutes the basis of the "at least 6.5 percent" target during the 13th Five Year Plan reiterated in Li Keqiang's government report. The 2016 growth target is to meet or exceed the annual rate required to achieve "moderate prosperity" by 2020.

Both the Five Year Plan and 2016 targets are aimed at achieving their goals without economic overheating. In 2016, inflation is forecasted at 3 percent, accompanied by a budget deficit of 3 percent of GDP - modest by current international standards. Environmental protection is emphasized

with energy consumption per unit of GDP targeted to fall by 3.4 percent in 2016. The Five Year Plan, for the first time, incorporates a total cap on annual energy consumption - an equivalent of 5 billion metric tons of coal by 2020. To sustain technological innovation, R&D expenditure will rise from 2.0 percent of GDP in 2015 to 2.5 percent by 2020.

Socially, strong emphasis was given to poverty reduction, with central government funds being increased by 43 percent in 2016. Over the course of the Five Year Plan, all of China's 70 million people remaining in poverty will be lifted out of it, with 2016's goal being 10 million. Life expectancy, the most sensitive overall indicator of social well-being, is projected to rise by a further year during the Plan.

Achieving these goals will have truly dramatic consequences for China, constituting an enormous increase in human wellbeing. But to understand the world changing consequences of China achieving these goals, and therefore the scale of challenges faced, it is necessary to translate these figures into international standards.

China in 1949 was one of the world's least developed and poorest countries and has already transformed the world by achievements in poverty reduction. From 1981 to the latest World Bank data, 728 million people in China were lifted out of internationally defined poverty - the whole of the rest of the world achieved only 152 million. Now, after 37 years of rapid growth, China is about to transform the world towards the top range of international income levels.

"Moderately prosperous" is a specifically Chinese target, but the World Bank establishes an international criterion for a "high income" economy - per capita GDP of \$12,736 in 2016. While exchange rates would affect the exact figure, China achieving the 13th Five Year Plan's growth and inflation targets would bring it to the threshold of or exceeding World Bank criteria for a "high income" economy.

But in the latest World Bank data, the combined population of all high income economies is 1.368 billion, while China's population is 1.364 billion. China entering the ranks of high income economies would, in a single step, double the number of people living in these countries.

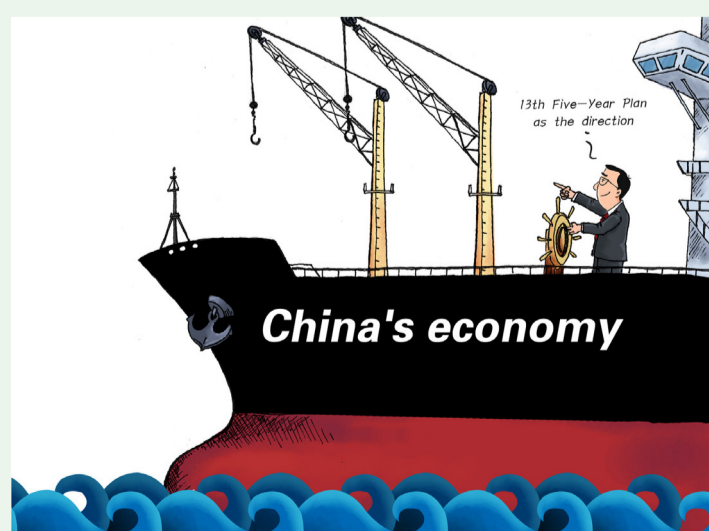
Chinese people achieving "moderate prosperity" would transform the global economic situation. It would also transform China's position in the world, being reflected in corresponding changes in China's defense spending and foreign policy weight. But as a consequence, rather than concentrating on the enormous step forward for humanity that China's "moderate prosperity" would constitute, some forces are attempting to block China's rise - even if this means China's people, one fifth of humanity, would not achieve prosperity.

The most powerful such forces are U.S. neo-cons whose goal, in the words of a recent study for the U.S. Council on Foreign Relations on "Revising U.S. Grand Strategy Towards China," was, "preserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century." To practically achieve this, it called for "new trade arrangements in Asia that exclude China." Parallel anti-China propaganda campaigns attempts are seen as otherwise inexplicable attempts to portray China as facing a "hard landing" when China's growth rate is almost three times that of the U.S. with China adding more to the world's GDP each year than the U.S.

The fact that China has a growth rate of 6.5 percent and above for the next five years has a far greater significance than in domestic terms alone. It is the most important economic target on the planet.



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Setting sail

# A Party member on an 18-year volunteering journey



Zhou Xinwang

In his workplace, forty-something Zhou Xinwang is widely known as a stingy guy. The paint on his eyeglass frames has been peeling off for a long time, but he has no intention of changing them.

But to the surprise of his colleagues, in the Guangzhou Entry-Exit Inspection Bureau, Zhou is very generous in voluntary and charitable activities. Over the past 18 years, he has spared no efforts in helping those less fortunate than himself.

Zhou, born in 1972 in central China's Hubei Province, is a member of the Communist Party of China (CPC). He attributes his enthusiasm for voluntary and charitable affairs to his parents, who sponsored a poor college student while Zhou was also pursuing college education. Their deed deeply impressed Zhou. He decided that he would do the same after he began to earn his own money.

In 1998, a couple of years after Zhou started working, he began to sponsor three kids via the China Youth Development Foundation. After that, he joined a charity website aimed at helping students in poverty-stricken areas and became its executive secretary. With the website's help, hundreds of poor students have received financial aid from society. Of them, eight were sponsored by Zhou himself.

Zhou has donated a lot of money in sponsoring these students, so he has to watch every penny to make ends meet. In 2007, he got

## Getting to Know CHINA through KEYWORDS

### Five concepts for development:

The Communist Party of China called for "innovation-driven development, coordinated development, green development, development for global progress, and development for the benefit of all."

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### The Reform Dividend:

It refers to the totality of the beneficial results in social progress that stem from institutional reform and innovation – benefits that can be channeled towards meeting the people's needs while building momentum for further development.

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a free T-shirt during a hiking activity and has continued to wear it for years.

In addition to helping poor students, Zhou has taken an active part in blood donation. Over the past 17 years, he has donated blood at least once a year and sometimes twice a year. Every time, he chose to donate the maximum amount of blood he could tolerate. As an adult weighing 75 kg, Zhou has approximately 6,200 ml of blood in his body. Since 1998, he has donated a total of 6,400 ml of blood. Moreover, he has registered to be a bone marrow donor and a cornea donor.

In 2010, Zhou became a volunteer for the Guangzhou Asia Games, offering his services in various communities. When the Games were over, he continued to work at the volunteer station despite the withdrawal of funds. To raise money, he makes handicrafts with other volunteers, selling them at charity bazaars. Every week, he goes to the station once or twice. To ensure he has sufficient time and energy to complete his volunteer work, he has to refuse family and friends' invitations during weekends and holidays.

To promote volunteer activities, Zhou joined the volunteer team in the Guangzhou Entry-Exit Inspection Bureau and became its vice head and chief consultant. Under Zhou's leadership, the team has recruited over 430 volunteers, more than half of the bureau's entire staff. Over the past three years, the team has provided 3,122 hours of volunteer services to 6,860 people.

"I think what sustains his enthusiasm is his belief that giving makes people happy. I respect his pursuit," said Zhou's wife.

Zhou's dedicated efforts in charity and volunteer work have earned him many accolades, including the Most Outstanding Volunteer in China award. "Life is transient. Only those who give can make it impressive," he said.

## Major events in March

### [March 21: China-Nepal community of common destiny urged](#)

**Keywords: Xi Jinping, Nepal, community of common destiny**

Chinese President Xi Jinping met with visiting Nepali Prime Minister K. P. Sharma Oli, calling on both governments to carry forward the traditional friendship and expand practical cooperation to make the two nations a "community of common destiny."

### [March 22: Xi meets German president on stronger ties](#)

**Keywords: Xi Jinping, Germany**

President Xi Jinping and his German counterpart Joachim Gauck held talks, agreeing to strengthen the all-round strategic partnership between the two countries.

### [March 23: China, Zambia agree to enhance cooperation](#)

**Keywords: Zambia, Africa**

China and Zambia have agreed to enhance bilateral ties in various fields as Chinese top legislator visited the African country.

### [China eyes co-op plan for Lancang-Mekong countries](#)

**Keywords: Lancang-Mekong River, Li Keqiang**

China called on nations along the Lancang-Mekong River to make the upcoming leaders' meeting fruitful for future cooperation.

### [March 24: Li vows no leniency in scandal over bad vaccines](#)

**Keywords: vaccines scandal**

Premier Li Keqiang said there will be no leniency for anyone involved in a vaccine scandal that has shocked the nation and ignited wide public concern about vaccine safety.

### [March 25: China announces detailed rules on VAT reform](#)

**Keywords: VAT reform**

China's financial and taxation authorities announced a set of detailed rules on value-added tax (VAT) reform, which will be effective from May 1.