

**REPORT ON THE IMPLEMENTATION OF THE 2012 PLAN FOR
NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT
AND ON THE 2013 DRAFT PLAN FOR NATIONAL
ECONOMIC AND SOCIAL DEVELOPMENT**

*First Session of the Twelfth National Peoples Congress
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National Development and Reform Commission

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Fellow Deputies,

The National Development and Reform Commission has been entrusted by the State Council to submit this report on the implementation of the 2012 plan and on the 2013 draft plan for national economic and social development to the First Session of the Twelfth National People's Congress (NPC) for your deliberation and approval and for comments and suggestions from members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

I. Implementation of the 2012 Plan for National Economic and Social Development

Last year, in the face of severe and complicated economic situations abroad and arduous tasks of reform, development and stability at home, all localities and departments followed the decisions and plans of the Central Committee of the Communist Party of China (CPC) and the State Council, and took developing in a scientific way as the underlying guideline and accelerating the change of the growth model as the major task. In accordance with the keynote of making progress while ensuring stability and based on the plan for national economic and social development adopted at the Fifth Session of the Eleventh NPC, we implemented the central leadership's macro-control policies and maintained a good momentum in China's economic and social development. Overall, we successfully implemented the plan for 2012.

1. On the whole the economy operated steadily.

Downward pressure on economic growth increased considerably in early 2012. In response the central leadership sized up the situation, gave higher priority to ensuring steady growth, adopted a number of targeted measures, and yielded the desired results. Preliminary estimates suggest China's gross domestic product (GDP) amounted to 51.9322 trillion yuan, an increase of 7.8%, and 0.3 percentage points higher than the targeted figure. We followed a proactive fiscal policy and increased structural tax reductions, thereby ensuring spending on major areas including those related to the people's wellbeing. National revenue totaled 11.721 trillion yuan, an increase of 12.8%, and the fiscal deficit was 800 billion yuan. We followed a prudent monetary policy, maintained stable, reasonable growth in the money and credit supply, and increased support for key areas and weak links. We granted 8.2 trillion yuan in RMB loans for the year, 732 billion yuan more than the previous year. At the end of 2012, the balance of broad money supply (M_2) rose 13.8%. We improved regulation of economic activities, and ensured stable and orderly supplies of coal, electricity, petroleum, gas, and transport. The performance of enterprises steadily picked up, and the profits of large industrial enterprises reached 5.5578 trillion yuan, an increase of 5.3% over the previous year.

Domestic demand played a leading role in achieving stable growth. We further

enhanced people's ability to consume, cultivated new areas of high consumption, improved the consumption environment, and got consumption to be the main driving force behind economic growth. Retail sales of consumer goods totaled 21.0307 trillion yuan, an increase of 14.3%, and 0.3 percentage points higher than the target. Investment maintained stable growth, and the structure of investment was optimized. We launched a number of major projects laid out in the Twelfth Five-Year Plan, and accelerated development of infrastructure that has a bearing on people's lives. China's total fixed-asset investment amounted to 37.4676 trillion yuan, up 20.3%, and 4.3 percentage points higher than the target. This includes a 24.8% increase in nongovernmental investment, which accounted for 61.4% of the total fixed-asset investment, 2 percentage points higher from the previous year. Final consumption and capital formation contributed 51.8% and 50.4% to the economic growth, respectively.

2. Price increases dropped steadily.

We made keeping overall price levels stable our main task in carrying out macro-control measures, and strengthened comprehensive price regulation and oversight, with the rise in consumer price index (CPI) for the year dropping 2.8 percentage points to 2.6% and being kept below the targeted figure. Adequate market supply was ensured. We strengthened coordination of the production, transportation, and sale of important commodities, as well as handling of their reserves and adjustment of their imports and exports. We released a total of 18.5 million tons of policy-supported grain for the year. We successfully implemented the contingency plan for adjusting the market price of hogs, improved the reserve system for winter and spring vegetables in major northern cities, and carried out trials of the policy-supported insurance system for basic vegetables in an orderly fashion. We tightened oversight and control on market prices and charges, regulated preschool education fees and prices of teaching and tutorial materials for primary and secondary school students, lowered drug prices, and reviewed and rectified illegal and unreasonable road tolls and fees related to enterprises, thereby effectively lightening the burden on consumers and enterprises. We inspected problems in marking of commodity housing prices, fees charged by commercial banks and telecommunication services, and fees related to agriculture and imports and exports. We pushed forward law enforcement efforts to counter price fixing. Last year, we investigated and dealt with 37,800 cases of pricing irregularities, and imposed economic penalties worth 2.122 billion yuan.

3. The position of agriculture as the foundation of the economy was further consolidated

We increased policy support to strengthen agriculture, benefit farmers, and enrich rural areas. Total central government expenditures on agriculture, rural areas, and farmers increased by 18%; the proportion of investment funds from the central government budget used in this area were raised to 50.5%; and supply of credit for this purpose rose by 20.7%.

We implemented the strictest possible system for protecting arable land, and kept the total area of arable land above 121.3 million hectares. We fully implemented the plan to increase China's grain production capacity by 50 million tons, and projects to develop the community-level service system for spreading agricultural technology were carried out in nearly all towns and townships. We accelerated the development of projects to harness major rivers and lakes and protect major water sources in an all-around way, and strengthened efforts to build and transform large and medium-sized irrigated areas, upgrade and retrofit large irrigation and drainage pumping stations, develop small water conservancy projects, and harness small and medium-sized rivers. We upgraded more sea fishing boats and built more large-scale standardized hog and dairy cow farms. We raised the price floors for wheat and rice, offered higher prices for corn, soybeans, and rapeseed purchased and stockpiled on a temporary basis, and increased temporary purchases and stockpiling of cotton and sugar. Total grain output increased for the ninth consecutive year and amounted to 589.6 billion kilograms, up 3.2%, and output of cash crops rose steadily. Working and living conditions in rural areas improved. We provided safe drinking water to 81% of the rural population, installed or upgraded an additional 317,600 kilometers of electric power lines in the countryside, laid or upgraded 194,000 kilometers of rural roads, made methane available to another 1.8 million rural households, and renovated dilapidated houses for 5.6 million rural households. We supported the construction of grain depots with a total capacity of 4.22 million tons, as well as the construction of 105 wholesale markets for agricultural products and cold-chain logistics facilities with a handling capacity of 8 million tons. We carried out the project on rural goods distribution to get retailers to open stores in more townships and villages, and got standardized rural stores to set up in 75% of the country's villages.

4. We speeded up adjustment to the economic structure.

Fresh progress was made in scientific and technological innovation and development of high-technology industries. We introduced guidelines on deepening reform of the management system for science and technology and accelerating development of a national innovation system, and promulgated and implemented the plan to develop strategic emerging industries in the Twelfth Five-Year Plan period. Spending on R&D as a percentage of GDP reached 1.97%. New economic growth areas such as biomedicine, online information services, and ocean engineering equipment grew rapidly. Value-added of high-tech manufacturing industries grew 12.2%, 2.2 percentage points higher than the growth rate of value-added of large industries. Transformation and upgrading of traditional industries progressed further, projects to relocate some major coastal steel bases and steel mills in cities were launched, and the proportion of new dry-process cement reached over 90% of total cement output. Enterprise mergers and reorganizations continued to make progress, and fresh results were achieved in closing down outdated production facilities. We made progress in developing the service sector and quickly developed producer and

consumer services. Value-added of the service sector increased 8.1%, 0.2 percentage points higher than the planned target, and this sector continued to rank first in employing people. Transportation infrastructure and energy production are now better able to meet demand. We put into operation 5,382 kilometers of new railway lines, including 2,723 kilometers of high-speed railway lines; opened 58,672 kilometers of new highways to traffic, including 9,910 kilometers of expressways; put into service 96 seaport berths for 10,000 ton-class or larger ships; and built two new civilian airports. We intensified construction of large energy production bases, and accelerated development of green mining and the comprehensive upgrading and renovation of coal-fired power plants. The installed power-generating capacity of on-grid wind power and photovoltaic power facilities increased 15 million kilowatts and 3 million kilowatts, respectively. The output of raw coal, crude oil, and natural gas rose by 3.8%, 2.3%, and 4.4% year on year, respectively. Electricity production increased by 4.8%.

Regional development became better balanced. Construction began on 22 more major projects for the large-scale development of the western region, with a total investment of 577.8 billion yuan. Intensive pairing assistance was provided to Xinjiang, Tibet, and Tibetan ethnic areas in Sichuan, Yunnan, Gansu, and Qinghai provinces; the inland and border areas were opened wider to the outside world; and the reconstruction in Yushu, Qinghai, registered steady progress, and came to a successful end in Zhugqu, Gansu. We opened northeast China wider to the outside world. We achieved notable progress in ecological conservation and economic transformation in forest regions, and made coordinated efforts to promote transformation and upgrading of old industrial bases and sustainable development of resource-dependent cities and industrial and mining areas. We introduced the guidelines on the strategy for energizing development of the central region, and made significant progress in developing three different types of production bases and a system of integrated transportation hubs in the region. The central and western regions maintained powerful momentum in receiving industries relocated to them. The eastern region picked up speed in taking the lead in development and economic transformation. The Beijing-Tianjin-Hebei region and the Yangtze River and Pearl River deltas greatly improved the quality of their development. The pilot project to develop the marine economy proceeded smoothly. The functional zoning strategy was implemented thoroughly, with the central government increasing its transfer payments to national functional ecological zones of key importance by 23.7%, and with provincial-level plans being basically linked and coordinated with the national strategy. We increased support to old revolutionary base areas, ethnic minority areas, and border areas; and vigorously promoted poverty alleviation and development in contiguous areas with acute difficulties. We relocated 1.95 million impoverished rural residents from inhospitable areas, exceeding the planned target by more than 900,000. China's urbanization rate reached 52.57%, 0.5 percentage points higher than the targeted figure.

5. Great efforts were made to conserve energy, reduce emissions, and protect the environment.

Energy consumption per unit of GDP met the planned target by dropping 3.6%, 1.59 percentage points more than the previous year. We continued with the project to promote energy-efficient products for the benefit of the people, and comprehensively stepped up efforts to conserve energy and reduce emissions in key areas such as manufacturing, construction, transportation, and public institutions. We further improved policies for encouraging development of a circular economy. We intensified efforts to carry out pilot projects for demonstration of recovering mineral resources from city waste, upgrading industrial parks to make their operations more circular, promoting remanufacturing, and facilitating comprehensive use of resources. We supported 489 major demonstration projects to develop a circular economy and conserve resources, capable of saving 260 million tons of water and recycling over 69 million tons of waste annually. We continued to carry out key ecological projects to protect virgin forests, return farmland to forests and grazing land to grasslands, build forest shelterbelts, control the sources of dust storms affecting Beijing and Tianjin, and comprehensively deal with stony deserts. During the year, 6.01 million hectares of land were afforested and 5.827 million hectares of degraded grasslands were improved. We modified ambient air quality standards by including the monitoring of fine particulate matter (PM_{2.5}) and published relevant data in some areas and cities. We moved faster to construct urban sewage and garbage treatment facilities and sewer lines, increasing daily capacity of wastewater treatment by 11.06 million tons, recycled water production by 2.21 million tons, and garbage treatment by 93,000 tons. Sulfur dioxide emissions, chemical oxygen demand, ammonia nitrogen, and emissions of nitrogen oxide dropped 4.52%, 3.05%, 2.62%, and 2.77%, respectively, water consumption per 10,000 yuan of value-added of industry decreased 8%, and the percentages of urban sewage treated and urban household waste safely handled reached 84.9% and 81%, respectively, all meeting their planned targets. We made steady progress in responding to climate change. Carbon dioxide emissions per unit of GDP decreased 5.02%, 1.52 percentage points higher than the planned target. We energetically promoted South-South cooperation in responding to climate change, played a constructive role in international talks, and made important contributions to the positive outcomes achieved at the Doha United Nations Climate Change Conference.

6. Reform and opening up continued to deepen.

We carried forward reforms in major areas and key links. Ministries directly under the State Council eliminated or streamlined another 314 items subject to examination and approval, making this the sixth time they did this and bringing the total number of eliminated or streamlined items to 2,497, 69.3% of the total. We upheld and improved the basic economic system, and steadily carried out the reform and reorganization of state-owned enterprises. Nine companies of which central government enterprises hold the

controlling interest became listed on domestic or overseas stock markets, and the pilot project for standardizing boards of directors was extended to 51 central government enterprises. We formulated and implemented the guidelines on further supporting the sound development of small and micro businesses, and introduced 42 detailed *rules* for implementing the guidelines on encouraging and guiding the sound development of nongovernmental investment. We intensified efforts to reform prices of resource products, progressed smoothly with trial reforms of progressive pricing for household electricity consumption and the pricing mechanism for natural gas, and further improved the pricing mechanisms for electricity generated from renewable energy sources and for hydropower and nuclear power. We accelerated reform of the fiscal, taxation, and financial systems. We extended trials to replace the imposition of business tax with value-added tax (VAT) to nine provinces and municipalities directly under the central government and three cities specially designated in the state plan. We established experimental zones for comprehensive financial reform and pushed forward rural financial reform. We expanded the floating range for interest rates on RMB deposits and loans, made the exchange rates for RMB against other currencies more flexible, and steadily widened the use of RMB in cross-border trade and investment. We achieved fresh progress in comprehensive rural reforms and the tenure reform for collective forests, and carried out the trial reform of state-owned forestry farms in an orderly manner. We obtained significant results in the reform of the medical and health care systems and launched the plan for deepening it in the Twelfth Five-Year Plan period. We consolidated the system for basic drugs, and pressed ahead with the comprehensive reform of community-level medical and health care institutions and the trial reform of county-level public hospitals. The three basic medical insurance schemes have covered over 95% of the country's urban and rural residents. We made new breakthroughs in reforming and making innovations in cultural systems and mechanisms, and basically completed the tasks of turning the nation's state-owned theatre troupes into enterprises or dissolving or merging them.

Our external economy maintained steady growth. In the face of world economic stagnation and weak external demand, we promptly introduced policies and measures to stabilize and stimulate foreign trade. As a result, China's total trade volume grew 6.2%, and we maintained and expanded our market share in international trade. Exports grew 7.9%, and imports grew 4.3%, resulting in a trade surplus of \$231.1 billion. The Revised Catalogue of Industries for Foreign Investment was implemented, and there was an obvious trend of foreign investment going to service industries. Non-financial foreign direct investment actually utilized in 2012 totaled \$111.7 billion, down 3.7%. Chinese companies expanded their overseas presence more quickly, and last year China's non-financial outward direct investment reached \$77.2 billion, up 28.6%. Receipts from overseas contracting projects amounted to \$116.6 billion, an increase of 12.7%.

7. New results were achieved in ensuring and improving the people's wellbeing.

The overall employment situation remained stable. An additional 12.66 million urban jobs were created, 3.66 million more than the targeted amount, and the urban registered unemployment rate at the end of 2012 stood at 4.1%, well below the target. Individual income increased rapidly, with urban per capita disposable income reaching 24,565 yuan and rural per capita net income reaching 7,917 yuan, up 9.6% and 10.7%, in real terms after adjusting for inflation, respectively, both higher than the economic growth rate. We further increased the level of social security benefits. We realized the full coverage of the new type of old-age insurance for rural residents and the old-age insurance system for non-working urban residents, launched the major disease insurance pilot program for rural and non-working urban residents, and increased government subsidies for the new type of rural cooperative medical care system and the basic medical insurance scheme for non-working urban residents to 240 YUan per person per year. By the end of 2012, urban population covered by basic old-age, basic medical, unemployment, worker's compensation, and maternity insurance totaled 324.8 million, 535.89 million, 152.25 million, 189.93 million, and 154.45 million, respectively, and the number of people covered by the new type of old-age insurance for rural residents reached 462.69 million. The system of subsistence allowances benefited 53.409 million rural residents and 21.425 million urban residents. While continuing to strengthen regulation of the real estate market, we further increased support for government-subsidized housing development. Last year we basically completed work on 6.01 million units of government-subsidized housing in urban areas and began construction on an additional 7.81 million units, with both numbers exceeding the planned figures.

Social programs developed faster than before. Steady progress was made in promoting education reform and development. In 2012, government spending on education reached the target of 4% of GDP, and the three-year safety renovation program for primary and secondary school buildings was basically completed. We continued to build dormitories for teachers at rural schools in remote areas and areas with harsh conditions, promote rural preschool education, and carry out the pilot project to improve nutrition for rural students receiving compulsory education. We promulgated and implemented the regulations on ensuring school bus safety. The tuition exemption policy for secondary vocational education was extended to cover all rural students. We basically solved the problem of ensuring children of rural migrant workers have access to compulsory education in cities where they live, and worked in an orderly manner to help these children take part in local high school and college entrance examinations. The retention rate of nine-year compulsory education was 92%, up 0.5 percentage points over the previous year, the gross enrollment ratio for senior secondary education reached 85%, up 1 percentage point, and regular undergraduate and graduate enrollment totaled 6.888 million and 590,000, respectively, all meeting the targets. We improved our ability to provide medical and health care services. The community-level medical and health care

service system was further improved in urban and rural areas. We accelerated development of the emergency medical service system in rural areas, the prevention and control system for major diseases, health oversight institutions at the county level, and the children's medical service system. We gradually tied in information about medical services, drug oversight, medical insurance, public health, and overall medical management. Training of general practitioners was intensified. Hospitals and health clinics provided 3.73 beds per 1,000 people, up 6.6% year on year. The public cultural services system continued to improve. We continued to extend radio and television coverage to villages. We supported ethnic minorities' capacity building in the press and publishing, and also supported development of prefecture-level facilities for public cultural services and facilities for preserving national cultural and natural heritage sites. We started implementing the fifth phase of the Tibet-Xinjiang Project to extend radio coverage in the western region. Museums, libraries, and cultural centers were opened to the public free of charge. The culture industry system further improved, and the culture industry as a whole grew in both scale and strength. We promulgated and implemented the plan for improving tourism infrastructure and the plan for carrying out the second phase of the project to develop tourist sites related to the early history of the CPC. Annual income from tourism totaled 259 trillion yuan, an increase of 15.2% over the previous year. Public sports venues of all kinds exceeded one million. The natural population growth rate, which met the target, was 4.95‰.

Over the past year, the Central Committee of the Party and the State Council united with and led the people of all ethnic groups in China in implementing the Scientific Outlook on Development; accelerating the change of the growth model; correctly handling the relationships between ensuring steady and rapid economic development, adjusting the economic structure, and managing inflation expectations; and overcoming various difficulties and adverse effects. The national economy showed a good momentum of stabilized growth, improved structure, stable prices, and improved people's lives. These hard won achievements can be attributed to the broad vision and scientific policymaking of the Central Committee of the Party and the State Council, to the close cooperation and solid work of all regions and departments, and to the unity and hard work of the people of all ethnic groups in China.

At the same time, we are keenly aware that China still faces many risks and challenges in its development.

The world financial crisis is continuing to have a profound effect, the global economy is growing sluggishly, latent inflationary pressure is on the increase, developed economies are subject to high fiscal and financial risks, and protectionism in international trade and investment has intensified.

Domestically, unbalanced, uncoordinated, and unsustainable development remains a serious problem, and is very acute in some areas.

First, the foundation for economic turnaround is not firm. Consumption is unable to provide a very strong impetus to economic growth, enterprises are less able and willing to invest, and external demand will not change for the better in the near future.

Second, some enterprises have difficulties with their production and operations. The rising cost of factors of production and weak innovation capabilities have caused a profit squeeze among enterprises. The proportion of loss-making large industrial enterprises has increased by 2.2 percentage points over the previous year, and the difficulties of small and micro businesses have been even more severe.

Third, overcapacity is a serious problem. Traditional manufacturing industries, especially those that are energy intensive and have high emissions, are plagued by overcapacity, and some emerging industries are undergoing haphazard development, thus making it difficult to improve enterprises' performance and industrial competitiveness.

Fourth, it has become harder to promote steady growth of agricultural production and increase rural income. Arable land, fresh water, and other natural resources are highly strained, agricultural infrastructure is weak, and increases in rural residents' income from both agricultural and nonagricultural work may slow down. In addition, slowing economic growth and enterprises' difficulties will continue to affect employment over time. The imbalance between government revenue and expenditures is serious. Latent risks exist in the financial sector. The need to protect the ecological environment is pressing. Some cities are under pressure for housing prices to rebound. The problem of various kinds of wastefulness is staggering. Many issues concerning land expropriation, housing demolition, workplace safety, food safety, and income distribution have quite an impact on social harmony and stability.

We must take these problems very seriously and adopt measures to solve them.

II, Overall Requirements and Major Objectives for Economic and Social Development in 2013

The year 2013 is the first year for fully implementing the guidelines of the Party's Eighteenth National Congress, and is important for continuing to carry out the Twelfth Five-Year Plan and laying a firm foundation for finishing building a moderately prosperous society in all respects. It is therefore very important to do our economic and social development work well this year. We must thoroughly study and fully implement the guidelines of the Eighteenth Party Congress, and follow the guidance of Deng Xiaoping Theory, the important thought of Three Represents, and the Scientific Outlook on Development. We need to keep in mind the underlying guideline of developing in a scientific way and the major task of accelerating the change of the growth model. We need to focus on improving the quality and performance of economic growth, seek progress while maintaining stability and work diligently in a pioneering and innovative spirit to get

off to a solid start. We need to further deepen reform and opening up, make our development more innovation-driven, strengthen and improve macro-control measures, and work to expand domestic demand. We need to work harder to strategically adjust the economic structure, ensure and improve the people's wellbeing, enhance the internal vitality and driving force of economic development, keep overall prices basically stable, and achieve sustained, sound economic development and social harmony and stability.

In view of the above requirements, comprehensive analyses of the environment for international and domestic economic development, and what is needed versus what is possible, we have set the following major objectives for economic and social development in 2013.

– *The economy will maintain steady growth* GDP will grow by around 7.5%. In setting this objective, we have mainly taken the following into account:

On the one hand, maintaining a moderate economic growth rate accords with our economic situation and helps keep public expectations stable and enhance consumer and investor confidence. It is also conducive to maintaining employment stability, ensuring the people's wellbeing, improving enterprises' performance, and increasing government revenue.

On the other hand, we do so in order to better implement the Scientific Outlook on Development; create an environment favorable for promoting structural adjustment, accelerating the change of the growth model, and deepening reform and opening up; and guide all sectors of society in shifting the focus of their work to changing the growth model, adjusting the economic structure, and improving the quality and performance of economic growth. Moreover, our country still faces many difficulties and challenges in its economic development in 2013, and we need to work hard if we want to attain a growth target of around 7.5%.

– *Development will be even more balanced, coordinated, and sustainable.* We will accelerate the development of the service sector and improve the quality of its development. Spending on R&D as a percentage of GDP will rise to 2.05%. Regional development will become increasingly coordinated, the quality of urbanization will continue to improve, and solid progress will be made in integrating urban and rural development. We will make greater efforts to conserve energy and resources and protect the environment. We will cut both energy consumption and carbon dioxide emissions per unit of GDP by more than 3.7%, and continue to reduce the discharge of major pollutants. We have set all these targets mainly by considering the following:

In response to the changing nature and conditions of the important period of strategic opportunities for China's development, if we want to achieve quality, efficient, and sustainable development, we must accelerate the change of the growth model; ensure that development is led by scientific and technological advances and driven by innovation; promote harmonized development of industrialization, IT application, urbanization, and

agricultural modernization; and establish a new system for developing modern industries. We must thoroughly implement the master strategy for regional development and the functional zoning strategy, make delivery of basic public services more equitable, and promote coordinated development between regions. We must also give higher priority to making ecological progress, incorporate it into all aspects and the entire process of making economic, political, cultural, and social progress, and pursue green, circular, and low-carbon development.

— *Overall prices will be basically stable.* The CPI will rise by about 3.5%. We have set this target mainly because we have an ample supply of most commodities. In particular, we have abundant grain reserves as grain production increased for the ninth consecutive year in 2012. This provides a good material foundation for keeping overall prices basically stable. However, factors driving prices upward are not easy to overlook. The primary ones include the upward pressure on prices of land, labor, and other factors of production as well as services and agricultural products, and the reassertion of imported inflation all of which is expected to drive prices up about 2 percentage points. The continued impact of last year's CPI increases will contribute 1 percentage point to this year's price rise. We also need to leave some room for promoting resource conservation and environmental protection and for straightening out price relationships among resource products.

— *The people's living standards will continue to improve.* More than 9 million new urban jobs will be created, and the registered urban unemployment rate will be kept under 4.6%. Real income of urban and rural residents will increase in step with economic development. The social security system will further improve and the level of social security benefits will improve steadily; Social programs will develop faster. The natural population growth rate will be kept under 6.5‰. We will basically complete work on 4.7 million units of government-subsidized housing in urban areas and begin construction on a further 6.3 million units. We will renovate dilapidated houses for over 3 million rural households while ensuring they are of good quality and up to standard.

We have set all these targets mainly because of the following:

If we want to put the people's wellbeing first and ensure that all the people benefit more from the fruits of development in a fair way, then we must adopt a holistic approach and do all we can to effectively ensure and improve the people's wellbeing. However, our economic growth rate will be slower than previous years, and we have to address the problem of overcapacity. This will affect people's employment and income, and greater pressure on government revenue and expenditures will affect funding to programs that benefit the people. We must therefore stress priorities, do only what we are capable of, and do a good job of ensuring and improving the people's wellbeing.

— *China's balance of payments will improve.* We will strive to increase our total foreign trade volume by around 8%, lower than last year's target, yet higher than last year's real growth. We will accelerate development of trade in services. The structure of

foreign investment utilization will further improve, and China's outward investment will increase steadily.

We have set these targets by mainly considering the following:

World economic growth will continue to be slow. Overall demand of major economies will remain weak. All forms of protectionism are clearly reasserting themselves. China's export prospects remain grim. In addition, the world economic structure will continue to change. We must implement a more active opening up strategy and quickly create new competitive advantages to make better use of international and domestic markets and resources, stabilize and expand our share in the international market, and further improve our open economy.

ID. Major **Tasks** and **Measures** for Economic and Social **Development** in 2013

We need to work on the following ten areas to attain the objectives of economic and social development this year:

1. We will strengthen and improve macro-control.

1) We will continue to implement a proactive fiscal policy. We will improve the policy for structural tax reductions in the process of taxation reform, with the focus on pushing forward the pilot project for replacing business tax with VAT. We will exercise strict management of fiscal revenue and expenditures, continue to give priority to people's wellbeing and weak links in economic and social development work, and stringently control administrative expenses and other general expenditures. We will enhance management of local government debts, properly handle issues of debt repayment and additional funding for ongoing projects, and ensure normal operations of eligible local government financing platforms. The fiscal deficit for 2013 is projected to be 1.2 trillion yuan, an increase of 400 billion yuan over last year, and the deficit as a percentage of GDP will be about 2%.

2) We will continue to implement a prudent monetary policy. We will appropriately expand the aggregate financing for the economy, and maintain reasonable growth of money and credit and proper liquidity. We will optimize the credit structure; offer more financial support to agriculture, rural areas, farmers, small and micro businesses, strategic emerging industries, and national projects of key importance under construction or expansion; and effectively lower financing costs of development of the real economy. We will actively widen financing channels of enterprises, steadily increase their direct financing, and develop multilevel capital markets. We will strengthen oversight and control to ensure that systemic and regional financial risks are kept at a minimum. The balance of broad money supply (M_2) is expected to increase by about 13% in 2013.

3) We will increase coordination and cooperation among fiscal, monetary, industrial,

land, and environmental policies to build up a synergy of macro-control measures.

4) We will focus on regulating economic activities. We will improve the mechanism to coordinate coal production and transportation with demand, and build up emergency coal reserves at a faster pace. We will improve electricity generation and distribution, strengthen inter-provincial allocation of electricity, and carry out comprehensive pilot projects for demand-side management of electricity in cities. We will balance supply and demand of refined petroleum products, regulate their imports and exports accordingly, and quicken the building of emergency natural gas reserves. We will enhance overall transportation coordination and ensure transportation of key materials.

2. We will focus on boosting domestic demand.

On the one hand, we will leverage the fundamental role of consumption in driving economic growth. Total retail sales of consumer goods are expected to grow by 14.5% in 2013.

1) We will strive to increase consumption. We will endeavor to raise the income of low- and middle-income groups, put in place a sound mechanism for regularly increasing workers' wages, raise the income of farmers through various means, and improve the social security system that covers both urban and rural residents.

2) We will work hard to upgrade the structure of consumer spending. We will continue to promote the use of energy-efficient and new-energy vehicles, introduce policies that encourage the use of water-efficient products and standalone residential solar-energy products, support development of the culture industry, promote consumption of IT products and services, guide tourism consumption, encourage nongovernmental investors to invest in elderly care homes and rehabilitation services, and foster new growth areas of consumption.

3) We will improve the consumption environment. We will work hard to build goods distribution networks, broadband networks, and other infrastructures of consumption; encourage development of new types of consumption including e-commerce and online shopping; research and implement policies for stimulating credit consumption; continue to carry out food and drug safety campaigns; and resolutely combat infringements of intellectual property rights and production and sale of counterfeit or substandard goods.

On the other hand, we will bring into play the key role of investment in powering economic growth. Total fixed-asset investment is projected to grow by 18% in 2013, and 437.6 billion yuan for investment will be allocated from the central budget.

1) We will improve the investment structure. We will strive to make good investments and raise their quality and efficiency. We will make more investments in non-redundant infrastructure and public services that help reinforce the foundation for the country's long-term development and improve the people's wellbeing. The investments allocated by the central budget will mostly focus on, 'government-subsidized housing, urban infrastructure, agriculture, rural areas, farmers, major infrastructure projects in

transportation and energy, social programs, social management, energy conservation, emissions reduction, ecological conservation, environmental protection, independent innovation, structural adjustments, and underdeveloped areas. We will restrain blind expansion of industries that are energy-intensive and highly-polluting or have excess production capacity, and strictly control construction of office buildings and other facilities for Party and government departments.

2) We will focus on key projects. We will accelerate efforts to build key construction projects set forth in the Twelfth Five-Year Plan, and ensure the quality and safety of major projects as well as the pace at which they are carried out. We will take active steps to attract more nongovernmental investment in key projects. We will continue to supervise implementation of the central budgetary investment plan.

3) We will unleash the enthusiasm of nongovernmental investment. We will earnestly implement the 36 new guidelines on encouraging and guiding nongovernmental investment and the 42 detailed rules for their implementation, and better support nongovernmental investment in building infrastructure and social programs.

3. We will earnestly carry out our work on agriculture, rural areas, and farmers.

1) We will ensure stable production of major agricultural products. We will continue to implement the plan to increase national grain production capacity by 50 million tons, and carry out activities to steadily increase grain production. We will accelerate innovation and dissemination of agricultural science and technology, develop a modern seed industry, promote unified and specialized prevention and control measures for crop diseases and pests, conduct soil testing to determine appropriate fertilizer formulas, optimize the structure of crop varieties, and increase yield per unit area. We will enforce and improve the policy of supporting production of cotton, oilseed, and sugar crops; promote construction of large-scale standardized farms for hogs, dairy cattle, beef cattle, and mutton sheep as well as vegetable production bases in key areas; and support upgrading of sea fishing boats and development of fishery administration and fishing ports. We will improve the quality inspection and testing system for agricultural products. In 2013, the sown area for grain is expected to exceed 106.7 million hectares, total grain output will surpass 120 million tons, and production of cotton, oilseed, sugar crops, and meat will grow steadily.

2) We will strengthen infrastructure of agriculture and rural areas. We will build more high-yield croplands and water conservancy projects to a high standard, and advance transformation and development of such key projects as large and medium-size irrigated areas, upgrading and retrofitting of large irrigation and drainage pumping stations, and model water-efficient irrigation projects. We will step up efforts to harness major rivers and shore up weak links in flood prevention and control by bringing small and medium-sized rivers under control, reinforcing aging reservoirs and sluices, and preventing geological disasters brought about by mountain torrents. We will continue to

advance the project to provide safe drinking water in rural areas; upgrade rural power grids and extend them to areas without electricity; build rural roads; renovate dilapidated houses in rural areas, land reclamation zones, and forest regions; and build permanent homes for nomadic families. In 2013, we plan to provide safe drinking water for another 60 million rural people, making safe drinking water available to 87% of the rural population, and build or upgrade 200,000 kilometers of rural roads.

3) We will promote a steady increase in farmers' incomes. We will further raise the minimum purchase prices of wheat and rice by 10 yuan and 10.7 yuan per 50 kilograms, respectively; temporarily purchase and stockpile corn, soybeans, rapeseed, cotton, and sugar; and earnestly carry out the contingency plan of regulating the market price for hogs. We will work to ensure direct subsidies to grain growers, raise the subsidies for purchasing superior crop varieties, improve the dynamic mechanism of adjusting general subsidies for purchasing agricultural supplies, and increase the amount and scope of subsidies for purchasing agricultural machinery and tools. We will improve the reward and encouragement system for major counties producing grain, oilseed, and hogs; and the methods of subsidizing major grain-growing areas and providing compensation for farmland protection and ecological damage. We will develop rural secondary and tertiary industries, especially industries that process agricultural products, to increase the wage incomes of rural residents.

4) We will make solid progress in the reform of rural areas. We will uphold and improve the basic management system of rural areas, guide the transfer of contracted rural land-use rights in an orderly manner, and promote appropriately large-scale operations of land. We will create a new agricultural production management system, and offer more policy support to farmer cooperatives, service organizations in rural areas, and leading industrialized agricultural production enterprises. We will accelerate reform of the land expropriation system, and quickly formulate regulations on compensating for expropriation of rural collective land. We will reform and improve the system of rural land used for private housing, and standardize the transfer of rural land used by collective businesses.

5) We will promote integration of urban and rural development. We will build a new countryside and advance urbanization at the same time, robustly develop infrastructure and social programs in rural areas, promote equitable exchanges of factors of production and balanced distribution of public resources between urban and rural areas, improve rural governance, achieve equal access to basic public services between urban and rural areas in due course, and build a new socialist countryside at a faster pace.

4. We will keep overall prices basically stable.

1) We will ensure market supply. We will effectively implement the system of holding provincial governors responsible for grain supplies and city mayors for non-grain food supplies. We will take multiple measures to spur farmers' enthusiasm for production. We

will coordinate production, transportation, and sale of important commodities; properly handle commodity reserves and adjust imports and exports of commodities; make appropriate arrangements on stockpiling and releasing grain, edible oil, cotton, sugar, and meat; and improve the reserve system for winter and spring vegetables in major northern cities.

2) We will boost market distribution. We will introduce an overall working plan for lowering distribution costs and improving distribution efficiency. We will intensify efforts to build storage and logistic facilities for grain, edible oil, cotton, and sugar, with the focus on increasing the storage capacity of major grain production areas. We will quicken development of cold-chain logistics, improve direct supply of agricultural products from farmers to stores, and support upgrading of wholesale markets for agricultural products. We will strengthen supervision of prices in the distribution process, and standardize fees in distribution areas.

3) We will improve the regulation mechanism. We will enhance monitoring and early warning on price changes. We will maintain proper intensity and pace when the government regulates prices. We will formulate sound contingency plans to cope with sharp price fluctuations of agricultural products that have a direct bearing on people's lives. We will improve the mechanism to increase social assistance and social security benefits when consumer prices rise.

4) We will tighten oversight of prices. We will continue to eliminate improper fees related to agriculture, enterprises, and other areas concerning people's lives; carry out intensive inspections on prices and fees in education, medical and health care services, banking, and industry and commerce administration; maintain orderly tourism, daily necessities, and agricultural products markets; crack down on price irregularities; and become better able to counter price fixing.

5) We will provide better guidance on public opinion. We will fully explain our pricing policies and properly guide public expectations.

5. We will accelerate industrial transformation and upgrading.

1) We will resolve the problem of overcapacity. We will remain market oriented, strengthen policy guidance, follow the rules of the market, and use industry-specific, multi-pronged policies to seek both temporary and permanent solutions. We will address overcapacity in the process of stepping up efforts to conserve energy and reduce emissions, adjust distribution of the productive forces and transform traditional industries, and use multiple means to dissolve, transfer, integrate, and phase out some production capacity. We will formulate and implement plans to adjust distribution of the productive forces in key industries including steel, petrochemicals, non-ferrous metals, building materials, ship-building, textiles, and other light industries. We will apply strict energy, environmental, and safety standards for market access; and accelerate mergers and reorganizations in industries with excess production capacity.

2) We will enhance innovation as an impetus for development. We will launch major national scientific and technological infrastructure projects for the Twelfth Five-Year Plan period, and comprehensively promote key science and technology programs and the Knowledge Innovation Program (2011-2020). We will strengthen our capacity for innovation, accelerate the building of enterprise technology centers, and carry out the project to build 100 innovative enterprises. We will advance major projects for developing strategic emerging industries, implement and improve policies and measures for supporting their development, scale up venture capital in this area, and introduce pilot projects for their clustered development. We will launch major projects in medical appliances, high-end equipment, and new materials. We will implement the National Broadband Internet Agenda and other major projects for promoting IT application, and develop infrastructure in information security.

3) We will step up efforts to develop transportation and energy. We will expedite development of a comprehensive transportation system. In 2013, we will put into operation more than 5,200 kilometers of new railway lines, build an additional 80,000 kilometers of highways, and put into service 100 seaport berths for 10,000-ton class or larger ships and about ten new civilian airports. We will actively develop clean energy and increase installed power-generating capacity of hydropower by 21 million kilowatts, nuclear power by 3.24 million kilowatts, wind power by 18 million kilowatts, and photovoltaic power by 10 million kilowatts.

4) We will further develop the service sector. We will carry out studies and formulate policies and guidelines for accelerating development of the service sector. We will accelerate development of modern logistics; support development of high-technology service industries like R&D and design, software service, and e-commerce; and push forward commercialized and specialized operations of energy conservation and environmental protection technological services and facilities. We will expedite institutional innovation in key service industries, and build national demonstration zones for the development of the service sector. Value-added of the service sector is projected to grow by 7.9% in 2013.

6. We will actively and prudently advance urbanization.

1) We will enhance overall coordination and planning. With the focus on raising the quality of urbanization, we will formulate and issue an urbanization plan. We will, based on the realities and distinctive features of various localities, bring into play the leading role of major cities, make small and medium-sized cities and small towns better able to accommodate industrial development, provide public services, create jobs and attract population, and foster and develop city clusters in areas with good carrying capacity of resources and the environment. We will improve links and coordination between regional plans, land use plans, and urban plans. We will guide and ensure healthy development of new cities and districts. In 2013, the urbanization rate will reach 53.37%.

2) We will increase overall carrying capacity of cities and towns. In developing city clusters, we will integrate and connect their infrastructures, and better coordinate the comprehensive transportation network with the layout of urbanization. We will carry out a national plan to ensure safe drinking water in cities, quicken construction and upgrading of urban heating facilities, and step up efforts to build a comprehensive system to manage underground pipe networks and drainage facilities and prevent and handle disasters caused by failure to divert excess rainfall. We will establish a sustainable investment and financing mechanism for urban development.

3) We will conduct registration of rural migrant workers as permanent urban residents in an orderly way. We will expedite reform of the household registration system and the social management system, and improve the land management system in order to allow rural migrant workers with steady jobs and permanent homes in cities and their families to become urban residents. We will use various means to improve the living conditions of rural migrant workers, and progressively expand the coverage of basic public services in urban areas to all their permanent residents.

7. We will promote coordinated development among different regions.

1) We will improve development of China's geographical space. Capitalizing on the comparative advantages of different regions and fully considering the capacity of the market and the carrying capacity of resources and the environment, we will carry out pilot projects and demonstrations for developing functional zones to form a regional development pattern in which there is a proper division of work between regions that complement each other and take on their own distinctive features.

2) We will give high priority to developing the western region on a large scale. We will improve the policy system and permanent mechanism for this purpose, continue to launch major infrastructure projects in the western region, and support the development of industries that can take advantage of the region's local strengths. We will more quickly open up the region to the outside world, and create a number of leading areas to open up and develop border regions and the hinterland. We will implement the policies and measures to develop Xinjiang, Tibet, and Tibetan ethnic areas in Sichuan, Yunnan, Gansu, and Qinghai provinces in leaps and bounds.

3) We will fully revitalize old industrial bases in northeast China. We will research and formulate policies for this purpose for the next ten years, support the region's opening up to Northeast Asia, and promote ecological conservation and economic transformation in its forest areas. We will also promote sustainable development of northeastern cities once dependent on now-depleted mineral resources, and launch pilot projects to completely relocate and transform old industrial districts in cities and transform and relocate industrial and mining areas.

4) We will work to promote the rise of the central region. We will thoroughly carry out the guidelines on implementing the strategy for promoting the rise of the central region,

and support the integrated development of city clusters in the middle reaches of the Yangtze River. We will promote cooperation in the region, encourage the region to work together more with other regions and open wider to the outside world, and make better use of its comparative advantages in carrying on industries relocated from the eastern region.

5) We will support the eastern region in taking the lead in development. We will encourage the region to lead the way and explore new paths in the reform of administrative and financial systems. We will encourage the region to accelerate industrial transformation and upgrading and increase its innovation capability. We will research and formulate a marine development strategy, successfully implement pilot projects for developing the marine economy, and become better able to exploit marine resources.

6) We will continue to increase support for old revolutionary base areas, ethnic minority areas, border areas, and poor areas; and promote the partnership system that pairs developed regions with underdeveloped regions to provide aid and support. We will put more emphasis on replacing relief subsidies with work and relocating people from inhospitable areas as a poverty relief measure. We will support the accelerated development of contiguous areas with acute difficulties.

8. We will make solid progress in developing a resource-conserving and environmentally friendly society.

1) We will improve policies and mechanisms. We will develop demonstration zones for promoting ecological progress. We will implement the work plan for limiting total energy consumption, make full use of market forces, and break down the responsibility for its implementation. We will implement the policy that encourages the generation of electricity from distributed energy sources, the recovery of by-product heat and pressure to generate on-grid electricity, and the supply of coal-bed methane into the natural gas grid. We will carry out studies and launch trials for trading energy savings.

2) We will focus on key areas and projects. We will continue to carry out trials to develop an online system for monitoring energy consumption among major energy consumers. We will work to develop energy conservation, resource recycling, and environmental protection industries. We will accelerate development of desulphurization and denitrification facilities, household waste and urban sewage treatment facilities, and sewer lines. We will effectively conserve energy, and reduce emissions in public institutions, transportation services, construction, commerce, and household consumption. We will continue to implement the campaign to get everyone to save energy and reduce emissions. In 2013, the percentages of urban sewage treated and urban household waste safely handled will reach 86% and 82%, respectively, water consumption per 10,000 yuan of value-added of industry will drop by 5%, and our capacity for comprehensively utilizing massive solid waste will increase by 100 million tons.

3) We will accelerate development of a circular economy. We will encourage and support key enterprises and industrial parks in becoming more circular, establish national

demonstration centers for recovering mineral resources from city waste, develop green mining, and recover resources from urban kitchen waste. We will launch a second group of projects to forge 100 demonstration centers and 100 key enterprises to comprehensively use resources. We will accelerate development of the demonstration project for seawater desalination.

4) We will better protect the ecological environment. We will work harder to comprehensively prevent and control heavy-metal pollution and improve the water environment in key watersheds, intensify prevention and control of air pollution in urban areas, and work to comprehensively improve the rural environment. We will continue to implement major ecological restoration projects to protect virgin forests, build forest shelterbelts, and return grazing land to grasslands. We will take integrated steps to control desertification, stony deserts, and soil erosion; and work harder to restore and improve the water ecosystems of key watersheds and areas. We will establish a sound mechanism of compensation for ecological damage. We will carry out the pilot project of a cap-and-trade system for emissions and the trials for trading water rights. We will implement demonstration projects to promote clean production. We will step up efforts to monitor and release information about PM_{2.5}, seek to control multiple pollutants in a cooperative manner, and have different regions work together in preventing and controlling pollution.

5) We will effectively respond to climate change. We will organize the formulation of a national master strategy for adapting to climate change, and promulgate and implement the national plan for responding to climate change. We will comprehensively promote trials and demonstrations for low-carbon development, steadily implement the pilot project to trade carbon emissions, and research and establish a national emissions trading scheme. We will extensively carry out policy dialogue and international cooperation, and work with the international community to actively respond to climate change.

9. We will further deepen reform and opening up.

1) We will provide better integrated guidance and coordination for reform. We will carry out in-depth research on the top-level design and master plan for deepening economic structural reform, and work out an overall plan, road map, and timetable for its implementation. We will issue and implement the guidelines on the priorities in deepening economic structural reform in 2013. We will push forward pilot projects for integrated, complete reforms.

2) We will promote enterprise reforms. We will improve the system for managing all kinds of state-owned assets, encourage more investment of state capital in key industries and areas that are vital to national security and are the lifeblood of the economy, and improve the budget system for state capital operations. We will further optimize the institutional environment and implement and improve policies and measures for promoting the development of the non-public sector.

3) We will carry out price reforms steadily. We will improve the pricing mechanism

for refined oil products. We will comprehensively reform natural gas prices. We will organize the implementation of the reform plan to make thermal coal prices more market-based. We will improve the system of progressive pricing for household electricity consumption and the pricing policy for electricity generated from renewable energy sources. We will introduce progressive pricing for household water consumption, impose surcharges on non-household consumption of water exceeding water-use quotas, and try out progressive pricing for household natural gas consumption. We will reform the pricing mechanism for railway freight transportation.

4) We will deepen reform of the medical and health care systems. We will improve the medical insurance system that covers the whole population. We will fully carry out trials of major disease insurance for rural and urban non-working residents, establish an emergency assistance system for disease treatment, reform the system of medical insurance payouts, and coordinate the development of basic medical insurance in urban and rural areas. We will consolidate and improve the system for basic drugs and the new operating mechanism of medical and health care institutions at the community level. We will steadily implement the pilot project to reform the way general practitioners work and provide services. We will accelerate reform of public hospitals, with the focus on county-level hospitals and for the main purpose of stopping hospitals from using pharmacy profits to subsidize their medical services. We will encourage nongovernmental investment in hospitals.

5) We will accelerate reform of the fiscal, taxation, financial, and investment systems. We will improve the fiscal system for ensuring that the financial resources of the central and local governments are in line with their respective powers. We will carry out the pilot project to replace the imposition of business tax with VAT in more areas and industries. We will adjust the scope of collection and rate structure of the sales tax as appropriate. We will expand the trial reform of the property tax and make resources taxes price-based for more types of resources in due course. We will improve the public finance system that promotes the equal access to basic public services and the development of functional zones. We will steadily promote the reform to make interest rates and the RMB exchange rate more market-based, and extend the use of RMB in cross-border trade settlement. We will work to guide nongovernmental capital into the financial sector, develop small financial institutions oriented toward rural areas and urban communities in line with local conditions, promote financial reform in rural areas, develop equity financing and venture capital, and improve the system of multi-tiered capital markets. We will streamline more items subject to administrative examination and approval and delegate the authority to examine and approve items to lower levels. We will promptly issue the revised list of government-approved investment projects. We will implement and improve the mechanism for assessing risks that major projects may pose to social stability. We will accelerate development of the national credibility system.

6) We will deepen reform of the income distribution system. We will earnestly implement the guidelines on deepening the reform, uphold the distribution system in which distribution according to work is the principal part that coexists with other forms of distribution, and attach equal importance to regulation by primary and secondary distribution. We will continue to improve the primary distribution mechanism in which labor, capital, technology, management, and other factors of production have a rightful share of income in accordance with their respective contribution. We will move faster to improve the mechanism of secondary distribution regulating income distribution mainly through taxation, social security, and transfer payments. We will focus on increasing urban and rural incomes, narrowing income gaps, and ensuring good order in income distribution; strive to increase individual income in step with economic development and work remuneration in step with improvement in labor productivity; and gradually establish a reasonable and orderly pattern of income distribution.

7) We will continue to carry out reform of education, science and technology, and culture. We will comprehensively carry out the pilot project to reform education with the focus on promoting fairness and quality, and accelerate reform of the system for evaluating education quality and the examination and enrollment system. We will improve the mechanism for making major state policy decisions regarding science and technology, ~~deepen~~ reform of the system for managing science and technology expenditures, and establish systems and mechanisms in which enterprises play the leading role in promoting industrial R&D and innovation. We will improve the management system and the operation mechanism of nonprofit cultural public institutions, and guide and encourage nonprofit cultural organizations to provide cultural products and services for the public.

We will implement a more active opening up strategy and make the economy more open in all respects.

1) We will ensure steady growth of foreign trade. We will implement and improve policies and measures to this end, strengthen traditional markets, and open up new ones. We will actively guide the transformation and upgrading of the processing trade. We will increase imports of important raw materials, advanced technology and equipment, and key spare parts and components. We will energetically develop the service trade and undertake services outsourced by other countries. We will appropriately handle trade frictions.

2) We will improve our overall advantage and performance in utilizing foreign capital. We will enhance the management of and the policy system for foreign investment, improve the security review system for mergers and acquisitions involving foreign capital, and optimize the mix of industries using foreign capital. We will continue to make good use of foreign loans and improve their performance. Non-financial foreign direct investment is expected to reach \$113 billion in 2013, up 1.2%.

3) We will quicken our pace of going global. We will improve laws and regulations on outward investment and related management system, improve policies of providing

industry and country guidance for outward investment, and support and guide enterprises under all forms of ownership in conducting overseas investment and cooperation in an orderly manner. We will continue to do well in offering aid to other countries. China's non-financial outward direct investment will amount to \$88.7 billion this year, an increase of 15%.

10. We will endeavor to ensure and improve the people's wellbeing.

1) We will implement the plan for developing the national basic public service system in the Twelfth Five-Year Plan period, and move faster to adopt a holistic approach in developing the system in urban and rural areas and different regions.

2) We will continue to follow the strategy of prioritizing employment and to implement a more active employment policy. We will make full use of government investment and major projects in stimulating employment. We will improve the public employment service system in urban and rural areas; implement and improve the policy for encouraging employment and entrepreneurship of university graduates; strengthen professional skills training for rural migrant workers, the unemployed, and those who experience difficulty finding jobs; and improve the employment assistance system.

3) We will push forward the development of social security systems for urban and rural residents in a holistic way. We will promote the integration of the basic old-age insurance Systems for rural and non-working urban residents and improve connections between all types of urban and rural old-age insurance. We will increase basic Pensions for enterprise retirees; financial support for childless and infirm rural residents who receive subsidies for food, clothing, medical care, housing, and burial expenses; special care and preferential treatment for entitled groups; subsistence allowances for urban and rural residents; and government subsidies for medical insurance for non-working urban residents and the new type of rural cooperative medical care system. We will improve the social assistance system and establish a sound social welfare system. We will ensure social security services at the community level are carried out better. We will energetically promote service programs and industries for the elderly, and improve the social security and service systems for the disabled. In 2013, urban population to be covered by basic old-age, unemployment, and workers' compensation insurance will increase by 3.1%, 1%, and 2.7%, respectively, rural population under the new type of old-age insurance scheme will increase by 3.7%, and the number of urban residents covered by basic medical insurance will be roughly the same as last year.

4) We will work hard to develop government-subsidized housing and regulate the real estate market. We will make greater efforts to build and manage government-subsidized housing, and encourage and attract nongovernmental capital into the construction of government-subsidized housing. We will increase land supply for housing construction, and provide more ordinary small and medium-sized condominiums. We will continue to implement differentiated housing credit and tax policies, and limit home purchases to rein

in speculative and investment-driven housing demand.

5) We will advance education of all types and at all levels at a faster pace. We will support the construction of rural kindergartens in the central and western regions, promote balanced development of compulsory education, improve infrastructure of secondary vocational education, reinvigorate higher education in the central and western regions, and improve the quality of teachers for special education schools as well as teaching conditions. In 2013, the retention rate of nine-year compulsory education will reach 92.3% and the gross enrollment ratio for senior secondary education will reach 86%, and plans call for enrolling 6.94 million undergraduate students and 608,000 graduate students in regular institutions of higher learning.

6) We will improve the people's health. We will improve the system of urban and rural medical and public health services, the system of children's medical services, and infrastructure of institutions for preventing and controlling major diseases. We will improve the population and family planning service system, and strengthen work concerning maternity and child care. In 2013, hospitals and health clinics will provide 3.98 beds per 1,000 people, up 6.7%.

7) We will vigorously develop cultural programs and industries. We will continue to advance key cultural projects for the public such as the extension of radio and television coverage to all villages, the construction of public cultural facilities at the prefecture level, the national cultural information resource sharing project, the Tibet-Xinjiang Project to extend radio coverage in the western region, and the project to build small libraries in rural areas. We will continue to carry out special projects to develop facilities for preserving national cultural and natural heritage sites. We will promote development of philosophy and the social sciences. We will improve tourism infrastructure. We will move faster to establish a public service system for promoting the national fitness program.

8) We will enhance and make innovations in social management. We will improve the community service system and help urban and rural communities better provide public services and conduct social management. We will properly deal with people's legitimate and reasonable complaints; work harder on public order, workplace safety, food and drug safety oversight, and emergency response management; and resolutely set right all actions that harm people's interests so as to safeguard social harmony and stability.

We will continue to increase exchanges and cooperation between the mainland and the Hong Kong and Macao special administrative regions. We will further implement the Closer Economic Partnership Arrangement between them, and promote the liberalization of service trade. We will support Hong Kong in cultivating emerging and advantageous industries and in further consolidating its position as an international financial, trade, and shipping center. We will support Macao in developing itself into a world center of tourism and recreation and in appropriately diversifying its economy. We will deepen economic cooperation and expand cultural exchanges between the two sides of the Taiwan Straits,

push forward the follow-up talks on and implementation of the Cross-Straits Economic Cooperation Framework Agreement, and keep improving cross-Straits economic, trade, and industrial cooperation.

Follow deputies,

Successfully completing all the work for economic and social development in 2013 will be an arduous task and a great responsibility for us. We will unite closer around the CPC Central Committee with Comrade Xi Jinping as General Secretary; hold high the great banner of socialism with Chinese characteristics; and follow the guidance of Deng Xiaoping Theory, the important thought of Three Represents, and the Scientific Outlook on Development. We will voluntarily accept the guidance and oversight of the NPC, and seek comments and suggestions from the CPPCC National Committee members with an open mind. Let us work hard, take solid and tangible actions, and make arduous efforts to promote sustainable and sound economic growth and achieve new victories in finishing building a moderately prosperous society in all respects.