

# REPORT ON THE WORK OF THE GOVERNMENT

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Premier of the State Council

Fellow Deputies,

The term of this government is about to come to a close. On behalf of the State Council, I will now report to you on the work of the government for your deliberation and approval and also for comments from members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

## **I. A Review of Our Work in 2022 and over the Past Five Years**

The year 2022 was a year of great importance in the history of the Communist Party of China (CPC) and our country. The Party successfully convened its 20th National Congress, during which it drew up an inspiring blueprint for building China into a modern socialist country in all respects. In the face of high winds and choppy waters in the international environment and challenging tasks in promoting reform, development, and stability at home, the Party Central Committee with Comrade Xi Jinping at its core brought together the Chinese people of all ethnic groups and led them in meeting difficulties head-on. We acted on the requirements of responding effectively to Covid-19, maintaining economic stability, and ensuring security in development, and intensified macro regulation. As a result, we stabilized the economy, steadily enhanced development quality, and maintained overall social stability, securing new and hard-won achievements in China's development.

Over the past year, China's economy was impacted by Covid-19 and other domestic and international factors beyond our expectations. However, under the strong leadership of the Party Central Committee, we carried out Covid-19 response and pursued economic and social development in an effective and

well-coordinated way; and we improved and adjusted response measures in view of virus variations and the evolving dynamics of epidemic prevention and control.

Confronted with new downward pressure on the economy, we acted decisively and made timely adjustments. We made use of the policy tools kept in reserve over recent years, front-loaded the implementation of adopted policies, and remained firm in advancing supply-side structural reform. We unveiled and implemented a full range of policies and follow-up measures to stabilize the economy.

We formulated plans for the task of ensuring overall economic stability. We stepped up supervision and support to ensure policy implementation by local governments and assisted them in fully leveraging the potential of policies, and supported major economically developed provinces in shouldering greater responsibility. We gave priority to ensuring stable growth, employment, and prices, thus bringing about a steady economic recovery.

Gross domestic product (GDP) of the year grew by 3 percent. A total of 12.06 million urban jobs were added, with the year-end surveyed urban unemployment rate falling to 5.5 percent. The consumer price index (CPI) rose by 2 percent. The total volume of trade in goods rose by 7.7 percent. The deficit-to-GDP ratio was kept at 2.8 percent, and central government revenue and expenditure were in line with budget projections, with expenditure slightly lower than the budgeted figure. A basic equilibrium was maintained in the balance of payments, and the RMB exchange rate remained stable relative to other major global currencies. Grain output reached 685 million metric tons, an increase of 3.7 million metric tons. The environment continued to improve.

Overcoming great difficulties and challenges, we succeeded in maintaining overall stable economic performance. Amid a complex and fluid environment, we were able to generally accomplish the main targets and tasks for the year. Such achievements are a testament to the tremendous resilience of China's economy.

We stepped up relief support to enterprises facing growing difficulties in operation and production. Impacted by Covid-19 and other factors, many enterprises and self-employed individuals experienced acute distress. Last year, value-added tax (VAT) credit refunds exceeded 2.4 trillion yuan, newly implemented tax and fee cuts amounted to more than 1 trillion yuan, and postponements were introduced for tax and fee payments of over 750 billion yuan. To ensure implementation of tax and fee reduction policies, the central government

significantly increased transfer payments to local governments.

We provided guidance to financial institutions on increasing credit supply and lowering financing costs. Average interest rates on new enterprise loans fell to the lowest level on record, and time-limited measures were taken to defer principal and interest repayments on loans to businesses severely affected by Covid-19, such as micro, small, and medium enterprises (MSMEs), self-employed individuals, and enterprises in catering, tourism, and freight transportation, and to lower interest rates on inclusive loans to micro and small businesses. We injected fresh vitality into the market through reform. Many MSMEs and self-employed individuals in various sectors have benefited as a result.

To address lack of effective demand, we adopted a combination of measures to expand investment, stimulate consumption, and stabilize foreign trade.

Consumer spending was hit hard last year, and investment also suffered. In response, we launched several major projects set out in the 14th Five-Year Plan ahead of schedule, expedited the processes of issuing and utilizing local government special-purpose bonds, made better use of carryover quotas for special-purpose bonds in accordance with the law, and issued development and policy-backed financial instruments in two batches totaling 740 billion yuan to replenish the capital for major projects.

We used targeted re-lending, loan interest subsidies, and other policies to support key sectors in upgrading equipment. To speed up project screening, different government departments established joint offices and a commitment-based approval system was adopted for local governments.

In 2022, investments in infrastructure and the manufacturing sector increased by 9.4 percent and 9.1 percent respectively, while fixed-asset investment increased by 5.1 percent. This has, to some degree, offset the contraction in consumption. We fostered new modes and new forms of consumer spending and adopted measures including reductions and exemptions on vehicle purchase tax to boost spending on automobiles. As a result, sales of new-energy vehicles surged by 93.4 percent.

Initiatives were launched to stimulate spending on green and smart home appliances and green building materials in rural areas. Thanks to these efforts, we kept total retail sales of consumer products generally stable.

We adopted financial measures to meet people's demand for buying their first home or improving their housing situation and took concrete steps to ensure that overdue housing projects were completed and delivered to meet people's basic

living needs.

We assisted foreign trade enterprises in tackling difficulties relating to raw materials, labor, and logistics, improved loading, unloading and transport efficiency in ports, and responded promptly to the concerns of foreign-funded enterprises and helped resolve their problems. The volume of trade in goods exceeded expectations, and utilized foreign investment increased steadily.

In response to significant employment pressure, we boosted policy support to stabilize and increase employment. Last year, the surveyed urban unemployment rate saw a notable increase for some time. Therefore, we put a stronger emphasis on ensuring stable employment when implementing fiscal, tax, financial, and investment policies. We postponed the payment of social insurance premiums by enterprises in distressed sectors, significantly increased the proportion of unemployment insurance funds returned to enterprises to keep payrolls stable, and raised subsidies for stabilizing and increasing employment. To support business startups, we implemented policies on guaranteed loans and on reducing or waiving the rent for state-owned premises.

We made college graduates employment a priority and provided targeted assistance to people who had difficulty finding employment. Work-relief programs in major projects were expanded. More than 32 million people were lifted out of poverty with new employment, maintaining a steady increase. Thanks to these efforts, overall employment remained stable.

In the face of a global surge in inflation, we strived to ensure market supply and stable prices, particularly those of food and energy. Last year, global inflation rocketed to a 40-year high, exerting great pressure on domestic price stability.

We responded effectively to major natural disasters such as floods and droughts. To see that no time was lost during the planting and harvest seasons, we worked to ensure unrestricted movement of agricultural machines on public roads and saw that farming was free from disruptions.

We issued agricultural supply subsidies to grain growers in three installments. All this helped ensure good grain harvests and stable supplies of major agricultural products.

We leveraged the role of coal as a major source of energy, increased advanced coal production capacity and stepped up support for power plants and heat-supply enterprises to ensure energy supplies. Despite high global inflation, we have kept overall prices at a comparatively low level, which is truly

remarkable.

To assist people experiencing increased difficulties in their lives, we bolstered support to ensure their basic living needs. We took time-limited measures to expand the scope of subsistence allowances and other social security policies to cover more groups in difficulty. Continuing the policy on expanding unemployment insurance coverage, we provided unemployment benefits to over 10 million people in total. We also provided price subsidies for more people on low incomes, benefiting about 67 million in all.

We waived interest payments on government-subsidized student loans to college graduates with financial difficulties and granted extensions on the principal repayments for these loans. We provided emergency assistance to people hit hard by the epidemic or natural disasters, thus ensuring that the basic living needs of all our people were met.

We also fully implemented the plans set forth at the Central Conference on Economic Work and in the Report on the Work of the Government approved at the Fifth Session of the 13th National People's Congress (NPC), and made coordinated advances in all fields of economic and social development.

Thanks to our dedicated work, consumer demand, market distribution, industrial production, and business expectations have all markedly improved. China's economy is staging a steady recovery and demonstrating vast potential and momentum for further growth.

Fellow Deputies,

The past five years have been truly momentous and remarkable. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, we have met numerous tests, including accelerated changes on the international landscape, the Covid-19 pandemic, and a domestic economic slowdown.

We both won the critical battle against poverty and finished building a moderately prosperous society in all respects as scheduled, thus attaining the First Centenary Goal and embarking on a new journey to realize the Second Centenary Goal.

All localities and government departments followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; gained a deep understanding of the decisive significance of establishing Comrade Xi Jinping's

core position on the Party Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era; enhanced their consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership; stayed confident in the path, theory, system, and culture of socialism with Chinese characteristics; upheld Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and upheld the Central Committee's authority and its centralized, unified leadership; and fully acted on the guiding principles from the 19th CPC National Congress and the plenary sessions of the 19th Party Central Committee and thoroughly implemented the guiding principles from the Party's 20th National Congress.

We stayed true to the general principle of pursuing progress while ensuring stability. We fully and faithfully applied the new development philosophy on all fronts, worked to create a new pattern of development, promoted high-quality development, and ensured both development and security. As a result, we have made major achievements in economic and social development, which garnered recognition around the world.

***-Economic strength reached new heights.***

China's GDP increased to 121 trillion yuan, registering an annual growth rate of 5.2 percent over the past five years. Over the past decade, GDP has increased by almost 70 trillion yuan at an annual rate of 6.2 percent. We have achieved a medium-high rate of economic growth given our large economic aggregate and transitioned to high-quality development. Government revenue increased to 20.4 trillion yuan. Annual grain output remained steady at over 650 million metric tons for many consecutive years. The total value-added of industry exceeded the 40-trillion-yuan mark, and average yearly urban jobs growth hit more than 12.7 million. Foreign exchange reserves remained stable at over US\$3 trillion. These figures show that China's economic strength has increased significantly.

***- The critical fight against poverty was won.***

Thanks to eight years of continued efforts, close to 100 million poor rural residents and a total of 832 impoverished counties were lifted from poverty, including more than 9.6 million poverty-stricken people relocated from inhospitable areas. We have thus, once and for all, resolved the problem of absolute poverty in China.

***-Fruitful gains were made in scientific and technological innovation.***

We established a new system for mobilizing resources nationwide to make key technological breakthroughs, opened a number of national laboratories, and reorganized key national laboratories in several batches.

Breakthroughs were made in core technologies in key fields, and a stream of innovations emerged in areas such as manned spaceflight, lunar and Martian exploration, deep sea and deep earth probes, supercomputers, satellite navigation, quantum information, nuclear power technology, airliner manufacturing, artificial intelligence, and biomedicine.

As spending on R&D increased from 2.1 percent to over 2.5 percent of GDP, the contribution of scientific and technological progress to economic growth exceeded 60 percent. The capacity of innovation to sustain development was enhanced continuously.

***-The economic structure was further improved.***

The value-added of high-tech manufacturing and of equipment manufacturing increased by an annual average of 10.6 percent and 7.9 percent respectively. China's digital economy continued to grow in strength. The value-added of new industries and new business forms and models accounted for over 17 percent of GDP. We fully implemented the coordinated regional development strategy and major regional development strategies. The share of permanent urban residents in the total population rose from 60.2 percent to 65.2 percent. The rural revitalization strategy was implemented across the board. New drivers of growth developed at a much faster pace.

***-Infrastructure was further upgraded.***

Work began on the construction of major water conservancy projects such as those against floods and droughts and those for water diversion. The length of in-service high-speed railways increased from 25,000 kilometers to 42,000 kilometers, and the expressway network expanded from 136,000 kilometers to 177,000 kilometers. In rural areas, 1.25 million kilometers of road were newly built or upgraded. The passenger handling capacity of airports increased by 400 million. Installed power capacity increased by more than 40 percent. Gigabit fiber optic internet services covered all prefecture-level cities, and broadband internet was installed in every administrative village in China.

***-Reform and opening up were deepened.***

We deepened reform and opening up across the board in an effort to create a

new pattern of development. We further promoted supply-side structural reform and reforms to streamline government administration, delegate power, improve regulation, and upgrade services. Thanks to these endeavors, a notable improvement has been made in the business environment.

Joint efforts to advance the Belt and Road Initiative (BRI) made solid headway. China played its part for the entry into force of the Regional Comprehensive Economic Partnership (RCEP) agreement, which has created the world's largest free trade zone. China's total volume of trade in goods exceeded 40 trillion yuan, registering an annual growth rate of 8.6 percent. It has thus been the top global trader for many years running. China is now both a major destination for foreign investment and a leading global outbound investor.

*-The quality of the eco-environment improved significantly.*

Energy consumption per unit of GDP dropped by 8.1 percent, and carbon dioxide emissions fell by 14.1 percent. In cities at and above the prefecture level, the average concentration of fine particulate matter (PM<sub>2.5</sub>) dropped by 27.5 percent and the number of days with heavy air pollution fell by over 50 percent. The proportion of surface water bodies of good quality increased from 67.9 percent to 87.9 percent.

China's first five national parks were established, and over 9,000 nature reserves spanning all categories and levels were established. We have made significant strides in building a Beautiful China.

*-Living standards rose steadily.*

Personal income grew generally in step with economic growth, with national per capita disposable income increasing by 5.1 percent annually. The CPI rose at an annual rate of 2.1 percent. The average length of schooling for new entrants to the workforce rose from 13.5 years to 14 years. Basic old-age insurance now covers 1.05 billion people, an increase of 140 million over the past five years. Basic medical insurance saw steady improvement. Over the past decade, we have rebuilt more than 42 million housing units in run-down urban areas, and over 100 million people have moved into new apartments.

After many years of meticulous preparation, we successfully presented the world with streamlined, safe, and splendid 2022 Winter Olympic and Paralympic Games, which made a major contribution to boosting the popularity of winter sports in China and to promoting the Olympic movement as well as solidarity and friendship among the peoples of all countries.



Since Covid-19 struck more than three years ago, the CPC Central Committee with Comrade Xi Jinping at its core has placed the people and their lives above all else.

It has boosted supplies of medical resources and materials, made every effort to ensure treatment for all patients, effectively safeguarded our people's health and safety, and improved and adjusted response policies and measures in light of changing conditions. The Chinese people have pulled through with fortitude and resilience and secured a major and decisive victory in the fight against Covid-19.

Throughout this truly remarkable endeavor, all localities, departments, and organizations have made tremendous efforts, people in various sectors have worked together to get through tough times, and all medical personnel have remained fearless in the face of adversity. Most notably, our people in their hundreds of millions have prevailed over many difficulties and challenges, made great sacrifices, and played their due part. It has not been an easy journey for anyone, but together we have overcome the huge challenge of Covid-19. As the pandemic is not yet over, we must keep working to consolidate our achievements in both Covid-19 response and economic and social development.

Fellow Deputies,

Over the past five years, we have fully implemented the decisions and plans of the Party Central Committee with Comrade Xi Jinping at its core. The highlights of our work are as follows:

***1. We developed new ways of conducting macro regulation to keep the economy operating within an appropriate range.***

In response to a succession of grave challenges, including mounting protectionism and the Covid-19 pandemic, we adopted new ways of conducting macro regulation and avoided overreliance on investment as a means of achieving economic growth. We employed a wide range of policies including fiscal and monetary policies, made them more targeted and effective, and responded to market changes directly. We stayed focused on helping market entities overcome difficulties and grow and thus kept employment stable and ensured people's wellbeing.

We adopted a holistic approach to achieving the projected development targets for each year and stepped up range-based, targeted, well-timed, and precision regulation. We took decisive measures to step up macro policy support while

refraining from adopting a deluge of strong stimulus policies that would eat into our potential for future growth.

We worked relentlessly to ensure stability on six fronts and security in six areas,\* with a particular emphasis on the latter. We pursued reform and opening up as a means to steer the economy through various trials and difficulties and sustain growth.

We pursued a proactive fiscal policy.

The deficit was kept at a reasonable level. Over these five years, the deficit-to-GDP ratio and the government debt ratio were respectively kept within 3 percent and around 50 percent. We continued to improve the structure of government spending and ensured sufficient funding for key areas such as education, science and technology, environmental protection, and efforts to meet people's basic living needs.

We implemented a policy of large-scale tax and fee cuts with both institutional arrangements and time-limited measures. Tax and fee reductions were intensified following the outbreak of Covid-19, and they became a pivotal part of our response to the epidemic. We completed the task of replacing business tax with value-added tax and abolished the former. The rate of VAT was lowered from 17 percent to 13 percent in many sectors where VAT accounts for the largest share of tax receipts. The VAT threshold was raised from 30,000 yuan to 150,000 yuan of monthly sales for small-scale taxpayers in a phased way, and the minimum corporate income tax rate was cut from 10 percent to 2.5 percent in real terms for micro and small businesses.

Tax and fee cuts are equitable, inclusive, effective, and directly accessible for those in need. Over the past five years, tax cuts and fee reductions respectively totaled 5.4 trillion yuan and 2.8 trillion yuan. This policy not only helped enterprises overcome difficulties and stay afloat, but also nurtured business growth and cultivated sources of tax revenue.

On average, over 11 million market entities including enterprises and self-employed individuals were newly registered with the tax authorities each year, and the central government met all of its annual targets for budgetary revenue. With VAT credit refunds taken into account, national fiscal revenue almost

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\* The six fronts refer to employment, the financial sector, foreign trade, foreign investment, domestic investment, and expectations. The six areas refer to job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments.

doubled over the past decade.

We channeled more financial resources toward lower levels of government, with the share of transfer payments to local governments rising to about 70 percent of central government expenditures. We introduced direct allocation of central budgetary funds to prefecture- and county-level governments and made it a regular practice.

At every level, governments kept their belts tightened by strictly controlling general expenditures, and central government departments led the way in cutting back spending. We also put idle funds and assets to good use and tapped every means possible to see that these funds were used to benefit businesses and people. Over 70 percent of government expenditures went toward ensuring the people's wellbeing.

We continued a prudent monetary policy.

We made flexible policy adjustments in view of new developments and maintained reasonably sufficient liquidity. We made good use of policy instruments such as required reserve ratio reductions and re-lending to increase effective support for the real economy and alleviate the difficulties faced by MSMEs in accessing affordable financing.

The balance of loans to the manufacturing sector increased from 16.3 trillion yuan to 27.4 trillion yuan. Inclusive loans to micro and small businesses increased at an annual rate of 24%, rising from 8.2 trillion yuan to 23.8 trillion yuan, with the average interest rate falling by 1.5 percentage points compared to five years ago. Efforts were intensified to settle overdue payments to small and medium enterprises (SMEs).

The RMB exchange rate floated with greater flexibility at an adaptive, balanced level while remaining generally stable. We completely paid off the outstanding debt of 1.4486 trillion yuan that was incurred in the reform of financial institutions such as state-owned commercial banks and rural credit cooperatives decades ago.

Using market- and law-based means, we took targeted steps to deal with the risks of several large enterprise groups and made steady headway in defusing risks in high-risk small and medium-sized financial institutions.

Large financial institutions registered sound growth, financial systems operated in a robust and stable manner, and we ensured that no systemic risks arose.

We pursued an employment-first policy.

Stable employment has remained a key indicator of the economy operating within the appropriate range. We worked hard to promote employment through market-based and socially-oriented avenues and stepped up efforts to support enterprises in stabilizing and expanding employment.

The ratio of enterprise contributions to basic old-age insurance was lowered from 20 percent to 16 percent and the national social security fund was replenished to expand its scale from 1.8 trillion yuan to over 2.5 trillion yuan.

We implemented policies on refunding unemployment insurance funds to keep employment stable and granting training subsidies for job retention to hard-hit businesses. To promote entrepreneurship and innovation nationwide, we have held National Entrepreneurship and Innovation Week for eight consecutive years, which racked up a cumulative participation of more than 520 million. We encouraged job creation through business startups and strengthened protection of workers' rights and interests. New and flexible employment forms became an important source of employment and income growth.

We took solid measures to ensure employment for college graduates, ex-service personnel, and rural migrant workers. We used unemployment insurance funds and other funds to support skills training programs. We carried out a three-year action plan for expanding enrollment in vocational colleges and upgrading vocational skills. This drive saw vocational colleges enrolling an additional 4.13 million students and providing over 83 million training opportunities. Employment is the cornerstone of people's wellbeing and the wellspring of wealth. It is truly remarkable that China, a big country with over 1.4 billion people, has kept employment stable, and such stability is a source of tremendous creativity for our country.

Prices were kept generally stable.

We refrained from repeatedly increasing the deficit by a large margin in response to shocks and printing an excessive amount of money. This created the macro conditions needed for stabilizing prices. We redoubled efforts to bolster agricultural production, ensured better linkage between production and sales and managed reserves more effectively, and ensured a stable supply of agricultural products, such as grain, hogs, and vegetables.

We promptly addressed shortages of coal and electricity to meet residential and production energy needs. Smooth transportation and logistics were ensured. Market oversight was strengthened to maintain price stability.

For the past decade, CPI increases in China have been kept at a comparatively low level of around 2 percent. The difficulty of such an achievement should not be underestimated. This has been conducive to maintaining the order of the market economy, to creating leeway for macro policy implementation, and most importantly, to better meeting the basic living needs of our people.

*2. We secured victory in the critical battle against poverty within the set time frame and consolidated and built on our gains in poverty alleviation.*

The hardest, most arduous tasks in building a moderately prosperous society in all respects were in rural areas and in impoverished regions in particular. We carried out a policy of targeted poverty alleviation, with a focus on deeply impoverished areas such as the three regions and the three prefectures.\*

We weighted policy support toward these areas, provided funding for poverty alleviation efforts on a priority basis, and placed counties and villages facing difficulty in poverty alleviation under special supervision to ensure that they met poverty alleviation targets.

We provided assistance to develop local industries and boost employment, ecological conservation, education, healthcare, social security and other fields of endeavor, strengthened follow-up support for people relocated from inhospitable areas, and made major efforts to meet the basic food and clothing needs of poor people and see that they had access to compulsory education, basic medical services, and safe housing and drinking water.

Rural residents in impoverished regions saw their incomes grow by a significant margin, and their working and living conditions noticeably improved.

We worked both to consolidate and build on our achievements in poverty alleviation and to promote the revitalization of rural areas. Major poverty relief policies remained largely unchanged during the transition period following the elimination of absolute poverty. We made sure that though poverty had been eliminated, all of the related responsibilities, policies, support, and oversight remained in place.

We established effective monitoring and assistance mechanisms to prevent people lifted out of poverty from relapsing into poverty and took robust action in response to natural disasters and Covid-19 to forestall any large-scale relapse into poverty.

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\* The three regions refer to Tibet, the four southern Xinjiang prefectures of Hotan, Aksu, Kashi, and Kirgiz Autonomous Prefecture of Kizilsu, and the Tibetan ethnic areas in Sichuan, Yunnan, Gansu, and Qinghai provinces. The three prefectures are Liangshan in Sichuan, Nujiang in Yunnan, and Linxia in Gansu.

A total of 160 key counties were designated to receive assistance for rural revitalization and dedicated support was provided to them. We stepped up support for areas where residents relocated from inhospitable areas were resettled together in communities as well as for other key areas, and continued to implement and improve mechanisms for east-west cooperation, paired assistance, and targeted support.

We also sent teams of medical and educational personnel as well as technicians to provide assistance to previously impoverished areas. All of these efforts enabled areas that were lifted out of poverty to accelerate development and keep raising the incomes of local residents.

***3. We deepened reform of key areas and crucial links to energize the market and stimulate social creativity.***

We continued reforms to develop the socialist market economy and struck a proper balance between the government and the market. This enabled the market to play a decisive role in resource allocation and the government to better play its role, thus promoting both an efficient market and an effective government.

Our drive to transform government functions continued.

We completed institutional reform of both the State Council and local governments. We accelerated efforts to build a unified national market, developed a high-standard market system, and worked to create a market-oriented and law-based business environment in keeping with international standards.

Great truths are always simple, and simple government administration is always most effective. We made consistent efforts to promote reforms despite the fact that they affected the interests of government itself.

We kept working to streamline government administration and delegate power. We broadened market access with full implementation of the negative list system. Since the introduction of this system, the negative list has been shortened by 64 percent, and the practice of list-based management has been applied to all items requiring government approval.

Over the years, we have cancelled or delegated to lower-level authorities the power of administrative approval for over 1,000 items and slashed the number of investment items subject to central government approval by over 90 percent. The number of industrial production permit categories has been reduced from 60 to 10, and the approval time for construction projects has been cut to no more than 120 working days.

We carried out institutional reforms in the business sector and introduced the reform to separate out the business license from certificates required for starting a business. Today, the average time it takes to register a business is less than four working days, down from more than a month; and a simplified deregistration system is in place for MSMEs.

While delegating power, we also improved regulation. We strengthened ongoing and ex post oversight. We saw to it that regulatory responsibilities were strictly fulfilled, that no regulatory vacuums were left, and that no power was delegated at the expense of regulation. We beefed up quality and safety supervision for food, drugs, and other key items, ensured impartial regulation by adopting practices such as the random selection of inspectors and inspection targets and the prompt release of results, and set standards for the exercise of discretionary administrative powers.

We took stronger action against monopolies and unfair competition, fully implemented the system of fair competition review, and reformed the system for enforcing anti-monopoly laws.

We conducted regulation and provided guidance in accordance with the law to promote the sound development of capital and took resolute, law-based moves to prevent the blind expansion of capital.

We continued to upgrade government services and worked to provide more one-stop services. Certification requirements were reduced, and the development of a digital government was accelerated. Now, more than 90 percent of government services can be accessed online; over 200 high-demand services, including household certification and the transfer of social security accounts, can be handled on an inter-provincial basis. All expressway toll booths on provincial borders have been removed.

We formulated and implemented regulations on improving the business environment, on market entity registration and administration, on promoting development of individually owned businesses, and on ensuring payments to SMEs.

These reforms have provided people seeking to go into business with greater convenience and scope. By the end of last year, there were over 52 million enterprises and more than 110 million self-employed individuals in China, and the total number of market entities had surpassed the 160-million mark, three times the figure a decade ago. As a result, the internal momentum for development has

increased remarkably.

We promoted the common development of enterprises under all forms of ownership.

We upheld and improved China's fundamental socialist economic systems and worked unswervingly both to consolidate and develop the public sector and to encourage, support, and guide development of the non-public sector.

The tasks set out in the three-year action plan for SOE reform were completed and the modern corporate structure was improved, thus enabling SOEs to upgrade and restructure their operations so as to focus on their primary responsibilities and core business and enhance quality and performance.

We promoted the sound development of private businesses by removing hidden barriers of various forms and ensuring all enterprises received policy support on an equal basis. This has boosted the confidence of private investors. We improved the system of property rights protection to safeguard entrepreneurs' lawful rights and interests and promote the entrepreneurial spirit.

We continued to reform the fiscal, taxation, and financial systems.

We deepened reform of the budget management system and boosted budget transparency. We advanced reforms to divide fiscal powers and spending responsibilities between central and local governments and improved the system for managing local government debt. We established an individual income tax system based on both adjusted gross income and specific income types and continued to deepen reform of the tax collection and administration system.

We promoted reform of the financial regulatory system and encouraged small and medium banks to replenish their capital and defuse risks through reform. We advanced reforms to implement a registration-based IPO system, refined the underlying systems of the capital market, and strengthened legislation for financial stability.

***4. We fully implemented the innovation-driven development strategy and improved and upgraded the industrial structure.***

We deepened supply-side structural reform, improved national and local innovation systems, and boosted self-reliance and strength in science and technology. We promoted development of the real economy through innovation, continued to foster new drivers of growth, and effectively countered external attempts to suppress and contain China's development.

The leading role of technological innovation was reinforced.



To increase China's strength in strategic science and technology, we launched a number of major sci-tech innovation projects and stepped up efforts to secure breakthroughs in core technologies in key fields.

We gave full play to the role of higher education institutions and research institutes and supported the development of new types of R&D institutions. Further strides were made in building international and regional centers for scientific and technological innovation and comprehensive national science centers. We provided support for basic research and applied basic research, with our country's spending on basic research doubling over the past five years.

The systems for research projects and funding management were reformed to grant greater autonomy to research institutions and researchers and relieve researchers of numerous administrative chores.

Intellectual property rights protection was bolstered to encourage innovation. International science and technology exchanges and cooperation were promoted.

We leveraged market-based mechanisms to encourage enterprise innovations. The additional tax deduction for R&D expenses was progressively increased, particularly for manufacturing enterprises and small and medium sci-tech enterprises, with coverage rising from 50 percent and 75 percent, respectively, to 100 percent for both. This policy was extended to cover all eligible sectors on a temporary basis. All this provided policy support to enterprises for carrying out basic research and purchasing equipment. In total, annual innovation tax breaks and incentives exceeded one trillion yuan.

We also developed financial policy instruments to facilitate innovation and guided the development of venture capital. Thanks to these efforts, R&D spending by enterprises has maintained double-digit growth, and a large number of innovative enterprises have emerged.

Industries were encouraged to develop toward the medium- and high-end. Priority was given to manufacturing in the development of the real economy, and the stable performance of the industrial sector was ensured. The share of manufacturing in the economy was kept largely stable.

Laws, regulations, and standards on environmental protection, quality, and safety were strictly implemented, and outdated production facilities were shut down. We worked to shore up weak links in the industrial and supply chains of key industries. A number of industrial foundation reengineering projects were launched.

To accelerate the pace of equipment upgrading and technological transformation of enterprises, the preferential policy on accelerated depreciation of fixed assets was extended to cover the entire manufacturing sector.

We sped up the development of emerging industries like high-end equipment, biomedicine, optoelectronic information, new-energy vehicles, photovoltaic power, and wind power. The digital economy was further integrated with the real economy. Continued efforts were made to provide faster broadband speeds and lower internet rates, and Internet Plus initiatives were boosted. The number of mobile internet subscriptions increased to 1.45 billion. We supported the development of the Industrial Internet and vigorously promoted digital and smart manufacturing. The number of innovative SMEs that use special and sophisticated technologies to produce novel and unique products exceeded 70,000.

We promoted the sound and sustainable development of the platform economy and fully leveraged its role in boosting employment and business startups, expanding the consumer market, and creating new production modes.

Producer services such as R&D and design, modern logistics, and inspection, testing, and certification registered further growth. Across-the-board quality management and national quality infrastructure were improved. Chinese products are now of a higher quality and more competitive.

***5. We expanded effective domestic demand and promoted coordinated regional development and new urbanization.***

To create a new pattern of development, we fully leveraged China's super-sized market and carried out the strategy of expanding domestic demand to foster more growth engines.

We strived to expand consumption and effective investment.

Before the outbreak of Covid-19, consumption had become the primary driver of China's economic growth. In the face of insufficient and even shrinking demand, we acted to secure a swift recovery in consumption.

We promoted personal income growth through various avenues and saw the earnings of middle- and low-income groups rise. Spending on automobiles, home appliances, and other big-ticket items was supported. The number of cars in use in China topped 300 million, an increase of 46.7 percent compared to five years ago.

We vigorously promoted both online and offline consumption, raising the share of online sales for physical goods from 15.8 percent to 27.2 percent of total retail sales of consumer goods. Businesses serving residents' daily needs flourished

in urban communities, and the express delivery system in rural areas was improved. We also provided support for the tourism sector.

We expanded effective investment to shore up weak links, promote structural adjustments, and sustain growth momentum. Innovations were made in investment and financing systems and mechanisms, and nongovernmental investment increased several times over under the guidance and drive of central government budgetary investment. We increased the scale of local government special-purpose bonds, with a high priority given to the development of sectors such as transportation, water conservancy, energy, information, and other infrastructure as well as projects for the people's wellbeing. We also encouraged nongovernmental capital to participate in the construction and operation of such projects, and this stimulated investment from nongovernmental sources.

We achieved more balanced and coordinated regional development. We took coordinated steps to promote large-scale development of the western region, the full revitalization of northeast China, the rise of the central region, and trailblazing development in the eastern region. Overall, the central and western regions outpaced the eastern region in terms of economic growth rate.

We stepped up support for old revolutionary base areas, areas with large ethnic minority populations, and border areas, with central government transfer payments to these areas rising by 66.8 percent over these five years.

We promoted coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze Economic Belt, the integrated development of the Yangtze River Delta, and ecological conservation and high-quality development in the Yellow River basin. The building of Xiong'an New Area was advanced according to high standards and quality requirements.

Development of the marine economy was promoted. We supported regions facing economic difficulty in pursuing development, promoted the economic transformation of resource-depleted areas, encouraged regions with favorable conditions to lead the way in development, and fostered more growth poles and growth belts.

We continued to advance people-centered new urbanization. China is still in the process of urbanization, with ten million plus rural people moving to urban areas each year. We improved the functions of cities and particularly county seats to increase their overall carrying capacity.

Restrictions on permanent urban residency were eased or removed on a

category-by-category basis, and 140 million rural residents were granted permanent urban residency over the past decade. We promoted well-ordered development of city clusters and metropolitan areas and coordinated development of cities of different sizes. Development of the Chengdu-Chongqing economic zone was promoted.

Adhering to the principle that housing is for living in and not for speculation, we established long-term mechanisms in the real estate market, expanded the supply of government-subsidized housing, and developed the long-term rental market. We kept land costs, house prices, and market expectations stable and adopted city-specific measures to facilitate sound development of the real estate sector.

Urban infrastructure was improved. The length of in-service urban rail transit lines increased from just over 4,500 kilometers to close to 10,000 kilometers and the length of urban drainage pipelines rose from 630,000 kilometers to 890,000 kilometers. A total of 167,000 old urban residential compounds were renovated, benefiting more than 29 million households.

***6. We ensured China's food security and vigorously implemented the rural revitalization strategy.***

We improved policies to boost agriculture and benefit farmers, continuously gave priority to agricultural production, and moved faster to modernize the agricultural sector and rural areas.

We worked to enhance overall agricultural production capacity. We stabilized and increased grain acreage, expanded the production of soybeans and other oil-yielding crops, improved the composition and geographic distribution of agricultural production, and increased per unit crop yield and the quality of grains.

We refined policies to support grain production, kept subsidies for grain growers stable, and set minimum purchase prices for rice and wheat at reasonable levels. Rewards for major grain-producing counties were increased and the policy-based agricultural insurance system was improved.

We strengthened the protection of cropland, launched an initiative to protect chernozem soils, improved water conservancy infrastructure, and increased the area of high-standard cropland by 30.4 million hectares.

We developed agricultural belts for ensuring national food security. We accelerated the pace of innovation in seed technology and agricultural machinery

and application of new research advances. The rate of mechanization in crops plowing, planting, and harvesting increased from 67 percent to 73 percent.

We ensured that both Party committees and governments assumed responsibility for ensuring food security and ensured stable production and supply of grain and other major agricultural products. With these efforts, we have fully secured the food supply of more than 1.4 billion people.

Steady progress was made in rural reform and development. We consolidated and improved the basic rural operation system and completed the work to determine, register, and certify contracted rural land rights and the reform of the rural collective property rights system for the current stage. We steadily promoted appropriately scaled agribusiness operations of various types, ensured solid development of family farms and farmers' cooperatives, and accelerated the development of commercial services for agriculture.

We launched rural development initiatives and continued to improve the rural living environment. We strengthened rural infrastructure such as water, electricity and gas supplies, roads, and mail and communications services. All towns, townships, and villages where conditions permit are now connected by paved roads and linked to bus networks. Tap water coverage in rural areas increased from 80 percent to 87 percent, and the dilapidated houses of more than 24 million rural households were rebuilt over the years.

We deepened the reform of supply and marketing cooperatives, collective forest tenure, and state farms. We leveraged local resources to develop rural industries and helped rural residents secure employment, start businesses, and increase their incomes.

To ensure that rural migrant workers were paid on time, we worked continuously to solve the problem of wage arrears owed to them, adopted regulations on ensuring their wage payment, and cracked down hard on cases of deliberately withholding wages.

***7. We remained committed to opening up wider to the world and expanded international economic and trade cooperation to deliver mutually beneficial outcomes.***

In response to changes in the external environment, we pursued a more proactive strategy of opening up and worked to boost reform and development with high-standard opening.

Imports and exports were kept stable, and their quality was improved. We intensified policy support in terms of export tax rebates, credit insurance, and

credit loans and cut the time for processing export tax rebates to less than six working days. Foreign exchange services were improved.

We developed new forms of foreign trade, built 152 new integrated pilot zones for cross-border e-commerce, and supported the establishment of overseas warehouses. Major trade events such as the China International Import Expo, the China Import and Export Fair, the China International Fair for Trade in Services, and the China International Consumer Products Expo delivered positive results.

We simplified customs clearance procedures and reduced the clearance time for imports and exports by 67 percent and 92 percent, respectively, bringing about a significant reduction in related compliance costs. The overall tariff level fell from 9.8 percent to 7.4 percent over the five years.

We advanced trials for innovative development of trade in services across the board and adopted the negative list for cross-border trade in services. With steady growth, imports and exports have bolstered China's economic development.

We took proactive and effective moves to utilize foreign investment. The regulations for implementing the Foreign Investment Law were issued, further improving the business environment for foreign investors. Market access for foreign investment was also steadily expanded. Items on the negative lists for foreign investment respectively covering the whole country and pilot free trade zones were reduced by 51 percent and 72 percent. The entire manufacturing sector was generally opened up, and opening in finance and other service sectors was continuously enhanced.

A total of 21 pilot free trade zones have been established in China, and steady strides have been made in the development of Hainan Free Trade Port. Across all localities, new approaches were developed to strengthen services for promoting foreign investment, and greater efforts were made to attract foreign investment and facilitate project implementation. With a large number of major foreign investment projects launched in our country over the past five years, China has remained a favored destination for overseas investment.

We promoted high-quality Belt and Road cooperation. We remained committed to achieving shared growth through discussion and collaboration, observed market principles and international rules, and carried out a number of projects to boost connectivity and industrial capacity cooperation. Imports and exports between China and other BRI countries increased at an annual rate of 13.4 percent, and exchanges and cooperation between China and these countries

registered steady progress in a wide range of areas. The construction of the New International Land-Sea Trade Corridor was advanced in the western region.

We provided guidance which ensured sound and orderly development of outbound investment, and we strengthened overseas risk prevention and control. Six free trade agreements were newly concluded or upgraded; and the share of trade with our free trade partners increased from 26 percent to around 35 percent of China's total trade volume.

We remained firm in upholding the multilateral trading regime and opposed trade protectionism. We properly handled economic and trade frictions and promoted trade and investment liberalization and facilitation.

***8. We strengthened environmental protection and pursued green and low-carbon development.***

Staying true to the idea that lucid waters and lush mountains are invaluable assets, we improved systems of ecological conservation, struck a balance between development and conservation, and steadily built up our capacity for promoting sustainable development.

We strengthened pollution control and ecological conservation. Applying targeted, law-based, and science-driven approaches, we worked harder to prevent and control pollution. We made major efforts to control multiple pollutants in a coordinated way and across all regions. In cities at and above the prefectural level, air quality was good or excellent on 86.5% of the days over the past five years, a 4-percentage-point increase.

Black malodorous water bodies in cities at and above the prefectural level were generally cleaned up. We intensified pollution prevention and control for major rivers, lakes, and offshore areas. We also strengthened efforts to prevent and control soil pollution risks and restore polluted soil, and stepped up the treatment of solid waste and new pollutants.

We completed the tasks of drawing redlines to protect ecosystems, farmland, and permanent basic cropland and of delineating urban development boundaries. We promoted the conservation and improvement of mountains, waters, forests, farmlands, grasslands, and deserts in a holistic and systematic way. We launched major ecological projects and instituted systems of river, lake, and forest chiefs nationwide. A well-coordinated approach was adopted for protecting the Yangtze River, and the 10-year ban on fishing in key water bodies of the Yangtze River basin was fully enforced. Biodiversity protection was bolstered, and the system of

compensation for ecological conservation was improved.

Forest coverage has risen to 24 percent, fractional vegetation coverage on grasslands has surpassed 50 percent, and over 50 percent of all wetlands are now under protection. The area of land affected by soil erosion, desertification, and sandification was reduced by 106,000 square kilometers, 38,000 square kilometers, and 33,000 square kilometers, respectively. More and more, our people now enjoy blue skies, clear waters, and lush mountains.

We made steady progress in energy conservation and carbon reduction. We both ensured a stable and secure energy supply and promoted green and low-carbon development. We worked toward the targets of peak carbon emissions and carbon neutrality with well-conceived and systematic steps.

The energy mix was further improved. Coal-fired generators with a total capacity of over 1.05 billion kilowatts achieved ultra-low emissions. Installed capacity of renewable power increased from 650 million kilowatts to more than 1.2 billion kilowatts. The share of clean energy in total energy consumption increased from 20.8 percent to over 25 percent.

We made an all-embracing push to promote resource conservation, developed green sectors and a circular economy, and encouraged R&D and application of energy-saving and environmental protection technologies and products. The carbon absorption capacity of our ecosystems was enhanced. Financial support for green development was scaled up. Improvements were made to performance evaluations for energy consumption targets.

Internationally, China played an active part in cooperation on addressing climate change, contributing its part to global climate governance.

***9. We took concrete steps to ensure and improve the people's wellbeing and accelerated the development of social programs.***

Acting on a people-centered philosophy of development, we continued to increase inputs in areas important to people's wellbeing, meet people's basic needs, provide a cushion for those most in need, and promote social fairness. We delivered higher-quality public services, ensured more equitable access to basic public services, and continued to improve the wellbeing of our people through development.

We developed more equitable and higher-quality education. Education is pivotal to the enduring prosperity of a country. We kept annual budgetary spending on education at over 4 percent of GDP and realized a significant increase



in spending per student.

We steadily intensified efforts to shore up weak links in rural compulsory education, largely resolved the problem of oversized classes in urban schools, and made strides in providing schooling for children of rural migrant workers in cities. The retention rate in nine-year compulsory education rose from 93.8 percent to 95.5 percent.

We saw to it that compulsory education was provided as an overall state responsibility; and we guided and regulated the development of private schools. The burden on students in compulsory education was reduced. The health of our young people improved. The nutrition improvement program was continued, benefiting over 37 million students every year. We ensured that teachers, especially those in rural schools, received their pay packages in full.

The provision of preschool education was increased through multiple channels. The gross enrollment ratio for senior secondary education rose to over 90 percent. Vocational education was made more adaptable, and conditions in vocational schools were steadily improved.

We took active yet prudent steps to advance comprehensive reform of the college entrance examination system and raised the gross enrollment ratio for higher education from 45.7 percent to 59.6 percent. Universities and colleges continued to enroll more students from central and western regions and rural areas. The cap was significantly raised for government-subsidized loans to college students from families with financial difficulties.

We launched a plan that enables institutions of higher learning to recruit students who excel in basic academic disciplines, as well as a plan to cultivate top talent in basic disciplines. We opened 288 training centers for high-performing students in basic disciplines and continued to develop world-class universities and world-class disciplines. By doing so, we have laid a solid foundation for talent development.

Our ability to provide medical and health services was enhanced. We conducted extensive activities to advance the Healthy China initiative and deepened the reform of medical and healthcare systems. We made basic medical and healthcare services available to the entire population as a public good and made it easier and more affordable for people to access medical treatment.

Benefits under the basic medical insurance and serious disease insurance schemes continued to grow, and annual per capita government subsidies for basic

medical insurance for rural and non-working urban residents increased from 450 yuan to 610 yuan. A greater number of urgently needed medicines were approved for reimbursement under the basic medical insurance scheme. On-the-spot settlement of cross-provincial outpatient and inpatient medical bills was realized, with over 57 million applications for settlement approved. We made bulk government purchases of medicines and medical consumables, thus cutting medical bills by more than 400 billion yuan. Thirteen national medical research centers and 76 regional medical centers were opened.

Comprehensive reform of public hospitals was carried out across the board, the capacity for providing medical and health services at the county level was steadily increased, and the tiered diagnosis and treatment system was refined. Elderly people and other groups enjoyed better medical services.

The preservation and innovative development of traditional Chinese medicine was promoted for the benefit of our people. Annual per capita government subsidies for basic public health services were increased from 50 yuan to 84 yuan. Giving priority to prevention, we strengthened health management for major chronic diseases. We reformed and improved the system for disease prevention and control. The National Administration of Disease Prevention and Control was inaugurated, and the systems for major epidemic prevention, control, and treatment and for providing emergency supplies were improved. With these efforts, we have protected the health of our people.

We improved social security and social services. A central regulation system for basic old-age insurance funds was set up. We increased basic pension benefits for retirees for many years running and raised the minimum basic old-age benefits for rural and non-working urban residents. Urban and rural subsistence allowances, benefits for entitled groups, unemployment insurance, and workers' compensation were steadily increased.

We took proactive steps to address population aging and promoted development of both elderly care programs and elderly care services. We encouraged the development of community and at-home elderly care services, with more supporting facilities and barrier-free facilities built by offering policy support in terms of tax, rent, and charges for water, electricity, and natural gas. Integrated medical and elderly care services were promoted, and trials for long-term care insurance schemes were steadily advanced. The three-child policy was launched, and supporting measures were put into effect.

We refined the system of management and support for ex-service members and provided them with better services and benefits. The rights and interests of women and children were better protected, and the system for the protection of minors was improved. The system for protecting, supporting, and caring for people with disabilities was also enhanced.

We also improved the social assistance system, strengthened ongoing monitoring for low-income groups, and provided people in difficulty with prompt assistance. Temporary assistance was provided 11 million times on average each year. With these efforts, we have firmly secured the safety net for meeting the basic needs of people in difficulty.

People's intellectual and cultural lives were enriched. Core socialist values were fostered and observed. Public initiatives were launched to promote cultural and ethical advancement. The press and publishing, radio, film, and television, literature and art, philosophy and social sciences, and archiving as well as other undertakings were developed. Think tanks were strengthened.

Solid steps were taken to promote in-depth integrated development of media. Communication with international audiences was improved. New ways were created to enhance online content development. Fine traditional Chinese culture was kept alive and thrived, and China's cultural artifacts and cultural heritage were better protected and preserved. Cultural projects were launched to benefit the public, and public libraries, museums, art galleries, and cultural centers were opened to the public free of charge.

We continued to foster a love of reading among our people, supported the development of the cultural sector, and promoted scientific literacy. Chinese athletes excelled in competition; extensive Fitness-for-All activities were carried out.

***10. We continued to perform government functions in accordance with the law and develop new ways of social governance and ensured social stability.***

We stepped up efforts to develop a law-based government and ensured economic and social activities were carried out in compliance with the law. We exercised law-based government administration, served the common good of all, and saw that the law was enforced in a strict, procedure-based, impartial, and non-abusive way. The power of the government comes from the people; it should not be wielded as one pleases and the exercise of power must be subject to supervision.

We worked to improve laws, regulations and rules, submitted 50 legislative proposals to the Standing Committee of the NPC for deliberation, and formulated or revised 180 sets of administrative regulations.

We in governments at all levels, in compliance with the law, subjected ourselves to the oversight of people's congresses and their standing committees at the corresponding level and readily submitted to the democratic oversight of the CPPCC, public oversight, and oversight through public opinion. We handled with careful attention recommendations from NPC deputies and proposals by CPPCC National Committee members. We also strengthened oversight based on audits and statistics.

We continued to make government affairs more transparent. Accountability inspections were carried out by the State Council. We supported trade unions, Communist Youth League organizations, women's federations, and other people's organizations in better playing their roles.

We developed new and better forms of social governance. We advanced the modernization of urban social governance, improved primary-level governance, and provided better community services. We supported the sound development of social organizations, humanitarian assistance, social work, volunteer services, public welfare, charitable initiatives, and other related services.

We made headway in clearing the backlog of public complaint cases. We advanced the development of the social credit system, improved the public legal service system, and tightened supervision over food and drugs and vaccines in particular.

An initiative to enhance workplace safety was launched. We reformed and strengthened emergency management, enhanced our capacity for disaster prevention, mitigation, and relief, effectively protected against floods, droughts, forest and grassland fires, geological disasters, and earthquakes, and provided quality meteorological services.

We made further progress in building up the national security system and capabilities. Cyber security, data security, and personal information protection were strengthened. We continued to take a full range of measures to maintain law and order, cracked down hard on illegal and criminal activities of all types, and launched campaigns to combat organized crime and handed out severe punishments, in accordance with the law, to criminal gangs and those who provided protection for them, thus making fresh headway in building a Peaceful

China and advancing the rule of law in China.

Fellow Deputies,

Over the past five years, we in governments at all levels faithfully implemented the Party Central Committee's strategic plans for full and rigorous Party self-governance, launched both initiatives to raise awareness of the need to stay true to the Party's founding mission and programs to study the Party's history, and carried forward the great founding spirit of the Party.

We strictly complied with the central Party leadership's eight-point decision on improving work conduct and kept up our efforts to tackle pointless formalities, bureaucratism, hedonism, and extravagance, with emphasis on the first two. Spending on official overseas visits, vehicles for official use, and official hospitality was slashed.

We resolutely investigated and strictly dealt with instances of constructing government buildings in breach of regulations and cases of tax evasion. Greater efforts were made to build a government of integrity. All of us in government have readily placed ourselves under the oversight of the law, supervisory bodies, and the people.

There is no shortcut to achieving economic and social development; only solid work will deliver it. Over these five years, we followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and fully implemented the Party's basic theory, basic line, and basic policy. Taking economic development as our central task, we strived to pursue high-quality development, tackled challenges and difficulties head-on, fulfilled our commitments with solid work, and made concerted efforts to promote development.

We took meeting the people's expectations as the goal of our governance, always kept the people uppermost in our minds, and put their interests above all else. We fully heeded their views, endeavored to gain a full understanding of their needs, and spared no effort to solve the pressing difficulties and problems that concerned them most.

We adhered to the principle of seeking truth from facts, with full respect for objective laws, and resolutely opposed empty talk and boastfulness, window dressing, vanity projects, and rash and reckless moves.

By carrying out reform and making unremitting efforts, we resolved problems and fostered vitality. We applauded those who lived up to their responsibilities

and held to full account those who were incompetent and indolent. We respected the pioneering spirit of the people and kept all motivated, thus creating a powerful force for advancing development.

Fellow Deputies,

Over the past five years, we created new ways to improve work related to ethnic groups, religious affairs, and overseas Chinese. We consolidated and developed socialist ethnic relations featuring equality, unity, mutual assistance, and harmony, with fresh headway achieved in ethnic solidarity and progress. We implemented the Party's basic policy on religious affairs and saw that religions in China further adapted to the Chinese context. We continued to improve our work on overseas Chinese affairs, thus giving full play to the unique strengths and important role of overseas Chinese nationals in China's modernization drive.

We remained committed to the Party's absolute leadership over the people's armed forces. A series of major achievements were made in national defense and military development. As a result, a number of significant changes took place in this domain.

The people's armed forces intensified efforts to enhance their political loyalty, to strengthen themselves through reform, scientific and technological advances, and personnel training, and to practice law-based governance. They stepped up military training, increased combat preparedness, and became a much more modernized and capable fighting force.

They carried out operations in a firm and flexible way; and they effectively conducted major missions relating to border defense, maritime rights protection, counterterrorism and stability maintenance, disaster rescue and relief, Covid-19 response, peacekeeping, and merchant ship escorting. Our national defense mobilization capability was boosted. With these efforts, we fully safeguarded China's sovereignty, security, and development interests.

We made fresh progress in work related to Hong Kong, Macao, and Taiwan. We exercised effective overall jurisdiction over the two special administrative regions of Hong Kong and Macao in accordance with China's Constitution and the basic laws of the two regions, formulated and put into effect the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, and applied the principle that Hong Kong and Macao should be administered by patriots. We have ensured that Hong Kong has

entered a new stage in which it has restored order and is set to thrive.

We promoted the development of the Guangdong-Hong Kong-Macao Greater Bay Area and supported Hong Kong and Macao in developing their economies, improving living standards, responding to Covid-19, and maintaining stability.

We implemented the Party's overall policy for the new era on resolving the Taiwan question and resolutely fought against separatism and countered interference. We continued efforts to promote the peaceful development of cross-strait relations.

We conducted major-country diplomacy with Chinese characteristics on all fronts. President Xi Jinping and other Party and state leaders visited many countries and attended, online or offline, many major diplomatic events, including G20 summits, APEC economic leaders' meetings, high-level meetings commemorating the 75th anniversary of the United Nations, the East Asia leaders' meetings on cooperation, and China-EU summits.

China also hosted a number of major diplomatic events, including the Qingdao Summit of the Shanghai Cooperation Organization, the 14th BRICS Summit, the High-Level Dialogue on Global Development, the first and second Belt and Road forums for international cooperation, and the Beijing Summit of the Forum on China-Africa Cooperation.

With courage and ability to stand our ground, we resolutely safeguarded China's sovereignty, security, and development interests. We actively expanded global partnerships, worked to build an open world economy, safeguarded multilateralism, and promoted the building of a human community with a shared future.

As a responsible major country, China played significant and constructive roles in enhancing international Covid-19 cooperation and addressing global challenges and regional hotspot issues, thus making important contributions to global peace and development.

Fellow Deputies,

We owe our achievements in these five years to the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, the sound guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and the concerted efforts of the whole Party, the armed forces, and Chinese people of all ethnic groups.

On behalf of the State Council, I would like to express sincere gratitude to all our people, and to all other political parties, people's organizations, and public figures from all sectors of society. I express heartfelt appreciation to our fellow countrymen and women in the Hong Kong and Macao special administrative regions, in Taiwan, and overseas. I would also like to express heartfelt thanks to the governments of other countries, international organizations, and friends across the world who have shown understanding and support for us in China as we pursue modernization.

While recognizing our achievements, we are keenly aware that China is still a large, developing country. It remains in the primary stage of socialism with prominent imbalances and inadequacies in its development. Today, many difficulties and challenges still confront us.

Uncertainties in the external environment are on the rise. Global inflation remains high, global economic and trade growth is losing steam, and external attempts to suppress and contain China are escalating.

At home, the foundation for stable growth needs to be consolidated, insufficient demand remains a pronounced problem, and the expectations of private investors and businesses are unstable. Many MSMEs and self-employed individuals face great difficulties. The task of maintaining employment stability is challenging, and the budgetary imbalances of some local governments are substantial. There are many risks and hidden dangers in the real estate market. The operating risks of some small and medium financial institutions have been exposed.

There are still many institutional barriers hindering development. Our capacity for scientific and technological innovation needs to be further improved. We still have a long way to go in protecting the environment. There are still major weak links in urban and rural infrastructure for disaster prevention and mitigation and other purposes. Weak links also persist in areas important to the people's lives.

Pointless formalities and bureaucratism remain acute issues. Some local governments have used one-size-fits-all approaches or taken excessive measures when implementing policies. Some officials fail to fulfill their duties, act arbitrarily, or work in an oversimplified way. Some are detached from reality, go against the public will, or disregard the legitimate rights and interests of the people. Corruption remains a common problem in some fields, sectors, and localities.



Regarding government work, the people have expressed some views and suggestions which deserve our full attention.

We must face these problems and challenges squarely, make every effort to make improvements, and do all we can to live up to the people's trust.

## **II. Recommendations for the Work of Government in 2023**

This year is the first year for fully implementing the guiding principles from the Party's 20th National Congress. For the government to deliver, it is important, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, to do the following:

- follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era;
- implement the guiding principles from the Party's 20th National Congress;
- act on the guidelines of the Central Economic Work Conference;
- make solid progress in advancing Chinese modernization;
- act on the general principle of pursuing progress while ensuring stability;
- fully and faithfully apply the new development philosophy on all fronts and move faster to create a new pattern of development;
- promote high-quality development;
- give full consideration to both domestic and international imperatives;
- respond to Covid-19 and pursue economic and social development in a more coordinated way;
- better ensure development and security;
- deepen reform and opening up in all respects;
- boost market confidence;
- pursue the strategy of expanding domestic demand and deepen supply-side structural reform;
- give priority to ensuring stable growth, employment, and prices;
- effectively prevent and defuse major risks;
- promote a full economic recovery;
- effectively pursue higher-quality growth and appropriately increase economic output;
- keep working to improve people's lives; and
- maintain overall social stability.

These efforts will set the stage for building a modern socialist country in all respects.

The main projected targets for development this year are as follows:

- GDP growth of around 5 percent;
- around 12 million new urban jobs;
- surveyed urban unemployment rate of around 5.5 percent;
- CPI increase of around 3 percent;
- growth in personal income that is generally in step with economic growth;
- steady increases in both the volume and quality of imports and exports;
- a basic equilibrium in the balance of payments;
- grain output of over 650 million metric tons;
- continued reductions in energy consumption per unit of GDP and in the discharge of major pollutants, with priority on controlling fossil fuel consumption; and
- steady improvements in the quality of the eco-environment.

This year, it is essential to prioritize economic stability and pursue progress while ensuring stability. Confronted with a situation in which strategic opportunities, risks, and challenges are concurrent and uncertainties and unforeseen factors are rising, we should keep our policies consistent, stable, and targeted and see that they are carried out in a more coordinated way to create synergy for high-quality development.

We should enhance the intensity and effectiveness of our proactive fiscal policy. A deficit-to-GDP ratio of 3 percent has been projected for this year. We should improve preferential tax and fee policies, and extend and further refine policies on tax and fee cuts, tax rebates, and tax deferrals as the situation requires. We should see that at the primary level, basic living needs are met, salary payments are ensured, and normal government functioning is maintained.

We should do more to implement a prudent monetary policy in a targeted way. The M2 money supply and aggregate financing should increase generally in step with nominal economic growth to provide support for the real economy. The RMB exchange rate should be kept generally stable at an adaptive, balanced level.

In adopting industrial policies, we should give consideration to both development and security imperatives. We should promote the transformation and upgrading of traditional industries, cultivate and strengthen strategic emerging industries, and take forceful steps to shore up weak links in industrial chains.

Scientific and technological policies should aim at building up our country's strength and self-reliance in science and technology, and international cooperation should also be continued. The new system for mobilizing resources nationwide should be improved, we should better leverage the role of the government in pooling resources to make key technological breakthroughs, and enterprises should be encouraged and supported in playing the principal role in innovation. Greater support should be given for the training of scientific and technological personnel and teams.

Social policies should meet basic living needs. To effectively ensure people's basic wellbeing, we should take concrete measures to fully implement the employment-first policy and place a higher priority on promoting the employment of young people, particularly college graduates.

China has entered a phase of regular Covid-19 response, in which prevention and control measures for Class B infectious diseases are applied. On the basis of a comprehensive and systematic review of epidemic response efforts, we must ensure our response is well-conceived, more targeted, and more effective. We should protect people's health and prevent severe cases, with an emphasis on prevention and treatment for the elderly, children, and people with underlying medical conditions. Monitoring of the epidemic should be elevated to a higher level. Covid-19 vaccines should be upgraded and new drugs should be developed. We should ensure people's access to medicines and medical services to protect their lives and health.

This year, a new central government leadership will take office. Going forward, the work outlined in the previous section of this report relating to economic and social development must be pushed forward with relentless efforts. I would now like to brief you on several key priorities.

### ***1. Expanding domestic demand***

We should give priority to the recovery and expansion of consumption. The incomes of urban and rural residents should be boosted through multiple channels. We should stabilize spending on big-ticket items such as automobiles and promote recovery in the consumption of consumer services in sectors such as catering, culture, tourism, and sports. We should see that government investment and policy incentives effectively drive investment society-wide.

It is proposed that 3.8 trillion yuan be allocated for special-purpose bonds for local governments this year. Implementation of major projects set out in the 14th

Five-Year Plan will be sped up. Urban renewal projects should also be launched.

We should promote complementary development between regions and see that each region fully leverages its strengths. We should continue to step up support for economic and social development in areas badly hit by Covid-19. We should encourage and attract more private capital into major state projects and projects aimed at addressing areas of weakness in order to stimulate private investment.

### ***2. Accelerating the modernization of the industrial system***

Scientific and technological innovation must play a bigger role in supporting industrial development. We should continue the initiative to bolster industrial and supply chains, with a focus on key industrial chains in the manufacturing sector. We should pool quality resources and make concerted efforts to achieve breakthroughs in core technologies in key fields so as to fully unleash the vitality for innovation.

We should redouble efforts to explore and develop important energy and mineral resources, discover more reserves, and boost production. We should speed up the digitalization of traditional industries and SMEs to make them higher-end, smarter, and more eco-friendly. We should accelerate R&D and application of cutting-edge technologies and promote the application of scientific and technological advances. We should develop a smooth and efficient logistics system. We should strive to develop the digital economy, step up regular oversight, and support the development of the platform economy.

### ***3. Unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting, and guiding the development of the non-public sector***

We should deepen reform of state-owned capital and SOEs and enhance the core competitiveness of SOEs. We should continue with a category-based approach to reform and see that SOEs fulfill both their economic and social responsibilities and that they improve their modern corporate governance with distinctive Chinese features.

We should, in accordance with the law, protect the property rights of private enterprises and the rights and interests of entrepreneurs and refine related policies. We should encourage and support the private sector and private businesses in growing and expanding and support MSMEs and self-employed individuals in business development.

We should cultivate a cordial and clean relationship between government and business and create an environment in which enterprises under all forms of

ownership can compete and grow on a level playing field. Effective measures and policies should be rolled out to stabilize market expectations and boost market confidence.

#### ***4. Intensifying efforts to attract and utilize foreign investment***

We should expand market access and continue to open up the modern services sector. We should ensure national treatment for foreign-funded companies.

We should take active steps to see China join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and accede to other high-standard economic and trade agreements, and steadily expand institutional opening up by proactively adopting relevant rules, regulations, management, and standards. We should improve planning for regional opening up, upgrade pilot free trade zones, and give play to the role of platforms for opening up, such as the Hainan Free Trade Port and various development zones, as testing grounds. We should continue to leverage the role of imports and exports in driving economic growth. We should improve services for foreign-funded companies and facilitate the launch of landmark foreign-funded projects.

With a vast and open market, China is sure to provide even greater business opportunities for foreign companies in China.

#### ***5. Effectively preventing and defusing major economic and financial risks***

We need to deepen reform of the financial system, improve financial regulation, and see that all those involved assume their full responsibilities to guard against regional and systemic financial risks. We should ensure effective risk prevention and mitigation in high-quality, leading real estate enterprises, help them improve debt-to-asset ratios, and prevent unregulated expansion in the real estate market to promote stable development of the real estate sector.

To prevent and defuse local government debt risks, we should improve the mix of debt maturities, reduce the burden of interest payments, and prevent a build-up of new debts while working to reduce existing ones.

#### ***6. Stabilizing grain output and advancing rural revitalization***

We should adopt an integrated approach to promoting agricultural and rural modernization. We should keep total grain acreage at a stable level, promote the production of oilseed crops, and launch a new drive to increase grain production capacity by 50 million metric tons. We should improve contingency plans for ensuring the provision of agricultural supplies at stable prices. We should strengthen farmland protection and ramp up the development of high-standard

cropland, facilities for irrigation and water conservancy, and other agricultural infrastructure. We should invigorate the seed industry and support the development of agricultural science, technology, and equipment.

We should refine the mechanisms for ensuring the incomes of grain growers and for compensating major grain-producing areas. We should adopt an all-encompassing approach to food and build a diversified food supply system. Rural industries with local features should be fostered to create more channels for increasing rural incomes. Our achievements in poverty alleviation should be consolidated and expanded to prevent large-scale relapse into poverty. Rural development initiatives should be advanced. We must meticulously and effectively carry out work related to the extension of rural land contracts for an additional 30 years.

### ***7. Continuing the transition to green development***

Pollution prevention and control should be intensified. We should take more robust and comprehensive measures to improve river basins, upgrade urban-rural environmental infrastructure, and continue to implement major projects for protecting and restoring key ecosystems. We should promote R&D for the clean and efficient use of energy, move faster to develop a new energy system, and increase the share of renewable energy in China's energy mix.

We should improve the policies and financial tools for green development, develop the circular economy, and promote efficient and intensive use of resources. We should advance energy conservation and reduce carbon emissions and pollution in key areas and continue working to keep our skies blue, waters clear, and lands clean.

### ***8. Meeting people's basic living needs and developing social programs***

We should improve the housing support system, support people in buying their first homes or improving their housing situation, help resolve the housing problems of new urban residents and young people, and accelerate renovations of old residential communities and dilapidated houses.

We should work faster to build a high-quality educational system, promote high-quality, balanced development and urban-rural integration of compulsory education, advance public-benefit preschool education and special needs education, and intensify efforts to develop vocational education. We should continue to explore new ground in higher education, support the development of universities and colleges in the central and western regions, and further integrate sports with

education.

We should deepen reform of the medicine and healthcare systems and promote the coordinated development and governance of medical insurance, medical services, and pharmaceuticals. We should see that more quality medical resources are made available and weighted toward the community level and ensure that they are more evenly distributed among regions. We should implement the major project to revitalize traditional Chinese medicine. Great importance should be attached to mental and psychological health.

We need to pursue a proactive national strategy in response to population aging, improve elderly care services, and refine supporting policies on childbirth. We should protect the legitimate rights and interests of women, children, the elderly, and people with disabilities. We should see that service members and their families, ex-service members, and other entitled groups receive the benefits and subsidies they are entitled to.

We should develop cultural programs and the cultural sector. We should work to make social governance more effective. Workplace safety supervision should be strengthened, and disaster prevention, mitigation, and relief efforts should be bolstered.

We should fully apply a holistic approach to national security and advance the Peaceful China Initiative to a higher level.

We should take steps to strengthen government self-improvement, continue to transform government functions, carry out effective institutional reform, and push forward with building a law-based, innovation-driven, and service-oriented government of integrity. We should harness the spirit of hard work, engage in extensive research and fact-finding activities, and strive to increase administrative efficiency and public trust in government.

Fellow Deputies,

We should, with a focus on forging a strong sense of community for the Chinese nation, uphold and improve the system of regional ethnic autonomy and encourage all our ethnic groups to strive in unity for common prosperity and development.

We should adhere to the Party's basic policy on religious affairs, follow the principle that religions in China must be Chinese in orientation, and provide active guidance to religions so that they can adapt themselves to socialist society.

We should strengthen and improve our work related to Chinese nationals overseas to forge a powerful force for all the sons and daughters of the Chinese nation, both at home and abroad, to work together to make remarkable achievements.

We should fully implement Xi Jinping's thinking on strengthening the military and the military strategy for the new era. Our armed forces, with a focus on the goals for the centenary of the People's Liberation Army in 2027, should work to carry out military operations, boost combat preparedness, and enhance military capabilities so as to accomplish the tasks entrusted to them by the Party and the people.

The armed forces should intensify military training and preparedness across the board, develop new military strategic guidance, devote greater energy to training under combat conditions, and make well-coordinated efforts to strengthen military work in all directions and domains.

We should improve all-around military governance and build on and expand the gains of national defense and military reform. We should see that military operations, capacity building, and combat preparedness are well-coordinated in fulfilling major tasks and speed up the implementation of major defense-related projects.

We should consolidate and enhance integration of national strategies and strategic capabilities and step up capacity building in science, technology, and industries related to national defense. We should enhance public awareness about national defense.

We in governments at all levels should give strong support to the development of national defense and the armed forces and conduct extensive activities to promote mutual support between civilian sectors and the military. In doing so, we will open a new chapter of unity between the military and the government and between the military and the people.

We should fully, faithfully, and resolutely implement the policy of One Country, Two Systems, under which the people of Hong Kong administer Hong Kong and the people of Macao administer Macao, both with a high degree of autonomy.

We should remain committed to law-based governance in Hong Kong and Macao and ensure that constitutional order in the two regions is upheld as stipulated in China's Constitution and the basic laws of the two regions, and that



Hong Kong and Macao are administered by patriots.

We should support Hong Kong and Macao in growing their economies and improving the lives of their people and maintain long-term prosperity and stability in the two regions.

We should implement our Party's overall policy for the new era on resolving the Taiwan question, adhere to the one-China principle and the 1992 Consensus, and take resolute steps to oppose "Taiwan independence" and promote reunification. We should promote the peaceful development of cross-Strait relations and advance the process of China's peaceful reunification.

As we Chinese on both sides of the Taiwan Strait are one family bound by blood, we should advance economic and cultural exchanges and cooperation across the Taiwan Strait and improve the systems and policies that contribute to the wellbeing of our Taiwan compatriots. We should encourage people on both sides of the Strait to jointly promote Chinese culture and advance China's rejuvenation.

We should stay committed to an independent foreign policy of peace and to peaceful development and pursue friendship and cooperation with other countries on the basis of the Five Principles of Peaceful Coexistence.

We should remain firm in pursuing a strategy of opening up for mutual benefit. We should continue working to safeguard world peace, contribute to global development, and uphold the international order.

China stands ready to work with the international community to put into action the Global Development Initiative and the Global Security Initiative and promote the shared values of humanity.

Let us join hands to promote the building of a human community with a shared future and safeguard world peace and regional stability.

Fellow Deputies,

Great achievements can only come from hard work; a bright future can only be secured through solid efforts.

Let us rally more closely around the CPC Central Committee with Comrade Xi Jinping at its core, hold high the great banner of socialism with Chinese characteristics, follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and fully implement the guiding principles from the Party's 20th National Congress.

Let us forge ahead with perseverance and resolve, promote sound and sustainable economic and social development, and keep working to build a modern socialist country in all respects.

Let us strive to advance national rejuvenation on all fronts and build China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.