



**GETTING TOGETHER:** The Second Session of the 12th National People's Congress opens at the Great Hall of the People on March 5

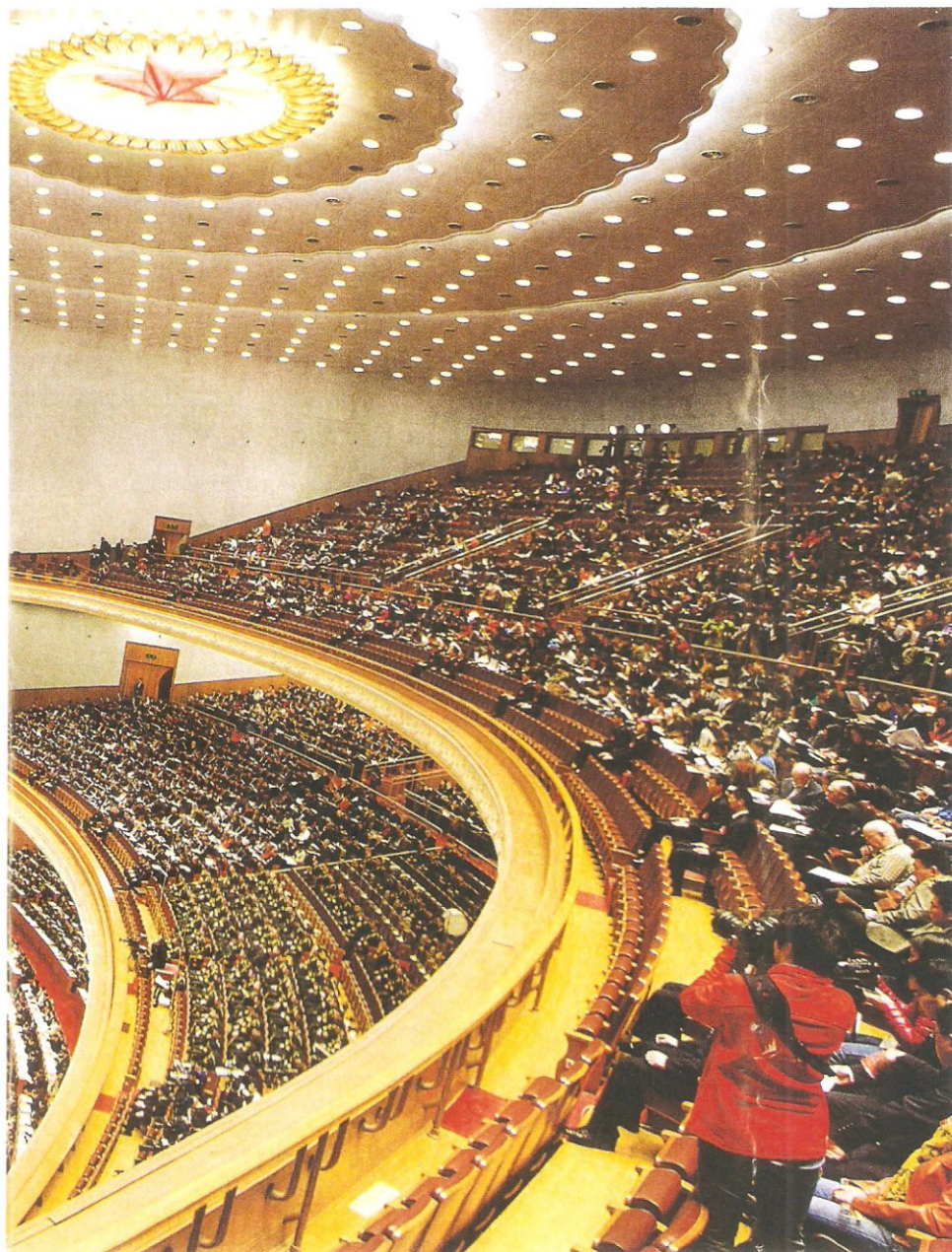


COVER STORY

# GOVERNMENT WORK UNDER MICROSCOPE

Chinese Premier Li Keqiang delivered the government's annual work report during the opening meeting of the Second Session of the 12th National People's Congress (NPC)—China's top legislature—in Beijing on March 5. *Beijing Review* reporters Zhou Xiaoyan, Deng Yaqing, Zeng Wenhui, Miao Xiaoyang and Hou Weili spoke to NPC deputies and members of the 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC)—China's top political advisory body—to hear their viewpoints on topics covered in the report. Edited Excerpts follow:





WANG JIANG

## Deepening reform

Xu Shousheng, NPC deputy, Secretary of Communist Party of China (CPC) Hunan Provincial Committee



The government work report reflects the fresh mindset held by the new leadership on how to govern the country. It's a pragmatic and inspir-

ing report, which accurately addresses all of the problems that are of deep concern to Chinese citizens. As for the obstacles in the way of China's future reform, the report doesn't avoid talking about them or attempt to cover them up. It specifically lists all the problems and spells out how to take on these challenges.

China's economic structural adjustment has made marked progress. The proportion for which the service industry accounts for has surpassed that of the manufacturing industry for the first time. The growth rate in the less developed central and western parts of the country

was much higher than that in the richer eastern region in 2013, signaling more balanced development across the board. An array of measures have successfully helped to deepen reforms, such as using value-added tax to replace turnover tax and setting up the pilot Shanghai free trade zone. China's fast development in 2013 has proved the doomsayers wrong.

I have two suggestions. Firstly, the institutional reform in the State Council should be accelerated. Right now, certain departments under the State Council still have overlapping functions. This has led to inefficiency and a buck-passing work style. Any department that needs dismantling should be dismantled as soon as possible.

Second, the central region of China has been positioned as a transportation hub. Building such a hub requires hefty investment, which results in central provinces being heavily indebted. Such debt should be shouldered by the Central Government and local governments together rather than local governments alone.

## Innovation-driven growth



Huang Boyun, NPC deputy, an academician with the Chinese Academy of Engineering

Premier Li's work report has mentioned "innovation-driven growth" a lot. How exactly to marry economic and technological development and how to transform scientific achievements into productivity represent the main issues?

Progress has been made in that regard. But more needs to be done. First, stock ownership incentives should be implemented in innovation parks so that scientists can enjoy more benefits from the fruits of their research. Second, approval of innovation-related issued should be delegated to provincial governments. ►►





# NPC & CPPCC CLOSE-UP

## Economic transformation



Huang Taiyan,  
NPC deputy,  
President of  
Liaoning University

China can absolutely meet the GDP growth target it has set itself for 2014 but faces lots of challenges in terms of the CPI limit. Firstly, it takes time to digest the excess currency that the central bank issued to stimulate growth. Secondly, the prices of the labor, land and raw materials are constantly increasing in China.

China experienced three decades of super-fast growth at the expense of cheap labor costs. Now, it faces more restrictions from limited natural resources and an aging society. Domestic consumption should be the new growth engine.

In the past, many Chinese would buy several suitcases of luxurious products during their overseas trips. This shows Chinese people have the ability to consume, but that the domestic market presents some problems. Therefore, the core of China's economic transformation should be "made-in-China" products, and focus should be placed on their quality, branding and credibility.

## Enriching ethnic people



Nyima Zhoima, NPC  
deputy, Secretary of  
the CPC Haibei Tibetan  
Autonomous Prefecture  
Committee, Qinghai  
Province

Although not lengthy, Premier Li's report has concisely summarized government work in the past year as well as paving the road ahead for government work this year. The proposed growth targets are in line with the reality of China's situation. Colloquial words and proverbs

have been used in the report so that everyone can easily relate to the report.

As an NPC deputy from a minority ethnic group, I am especially thrilled by the Central Government's proposed measures regarding regions inhabited by ethnic groups. Uniting people from all ethnic groups has been high on the priority list in the government work agenda.

I think that can be achieved by factoring in the following three aspects—building community-level connections with these ethnic groups, strengthening social security and, most importantly, economically enriching them.

Development is key to solving all of the problems currently faced in China. Similarly, development can also be the "silver bullet" to all the issues that regions containing different ethnic groups are now facing. In Haibei Tibetan Autonomous Prefecture, we have greatly cultivated our tourism industry, which created many jobs and greatly increased local incomes.

## Legal system for the market



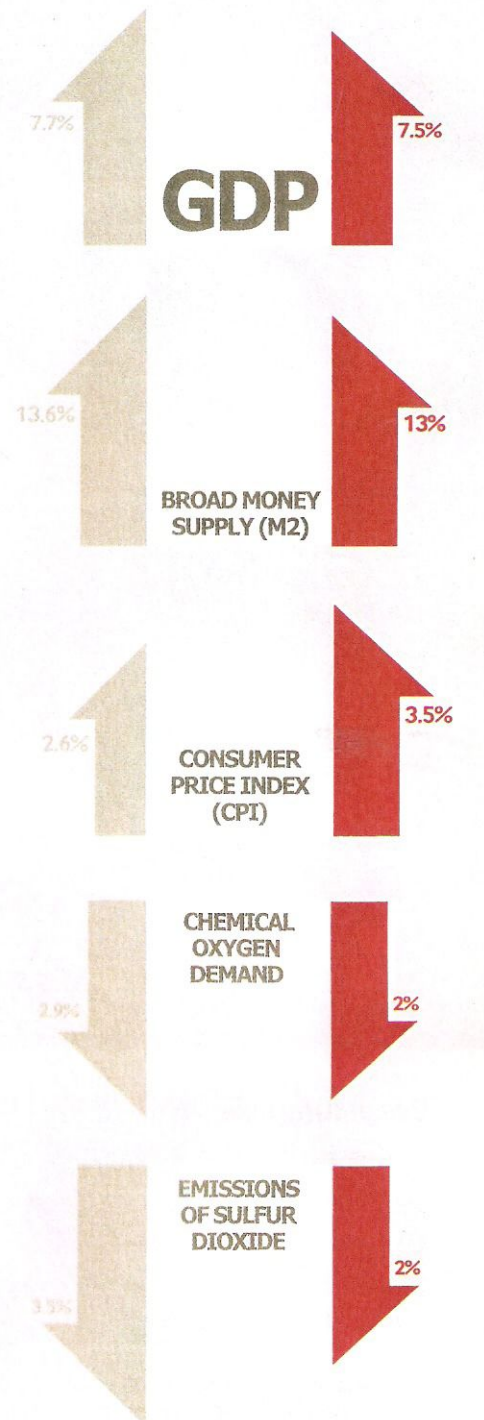
Li Ruogu, CPPCC  
member, Chairman and  
President of the  
Export-Import Bank of  
China

Before streamlining administration and instituting decentralization, the government should build a complete system of laws to keep the market in order.

In the past, similar campaigns were launched to reduce government intervention, but rarely worked. Without governmental administration, the market should be supervised and controlled by law. Hence, the existing legal system should be renovated to ensure justice and equity. For example, independent bankruptcy courts should be set up to handle bankruptcy cases and to prevent local protectionism.

■ Achieved in 2013

■ Goals for 2014





## Supporting SMEs



Chen Dongzheng, CPPCC member, President of the Shenzhen Stock Exchange

Further economic growth will largely come from small and medium-sized enterprises (SMEs), which contribute more than 50 percent to China's GDP, tax revenue, export and investment, and create roughly 80 percent of jobs in the country. For this reason, the government should mobilize all available financial resources to support their development.

Currently, a total of 1,100 enterprises have been listed on the SME board and ChiNext, the growth enterprise board, at the Shenzhen Stock Exchange, and some of them have played a leading role in the business world, despite the fact that they also encounter an array of problems arising from environmental protection, product quality, and so forth.

The growth of SMEs can also propel the urbanization of small towns and villages. The government should put more favorable policies in place to facilitate their development.

## Bottleneck of rural development



Du Ying, CPPCC member, Vice Minister of the National Development and Reform Commission

Agriculture is the basis of China's economy. On many occasions, the government has reiterated that our population of 1.3 billion should strive to realize food self-sufficiency.

Although China's grain output has increased for 10 consecutive years to 600 million tons, rural development is plagued by three problems.

Firstly, the rising cost of agricultural products press domestic crop prices to exceed international market prices. In recent years, the cost of agricultural products has been increased at a pace of 10 percent year on year, while labor and land costs have risen sharply, which pushes the government to continuously boost its minimum purchase and temporary reserve prices. On the other side of the equation, the government will find it difficult to sell agricultural products purchased from domestic farmers, for they are more expensive than imports.

The problem can be efficiently solved by introducing an agricultural target price system. That's to say, agricultural subsidies will be distributed according to grain prices in the domestic market. A pilot program for a soybean target price system will be established in northeast China.

Secondly, since it's difficult to further expand farmland, farmers need to advance their per-unit area yield. The overuse of chemical fertilizer has resulted in severe pollution of rivers and soil. Therefore, a plan should be formulated to tackle such issues. Of course, money and technology are indispensable elements.

Thirdly, the agricultural operation system should be overhauled. For example, in the United States and Australia, a family farm can cultivate thousands of acres of farmland, while a Chinese farmer only takes care of less than a hectare.

## Energy consumption

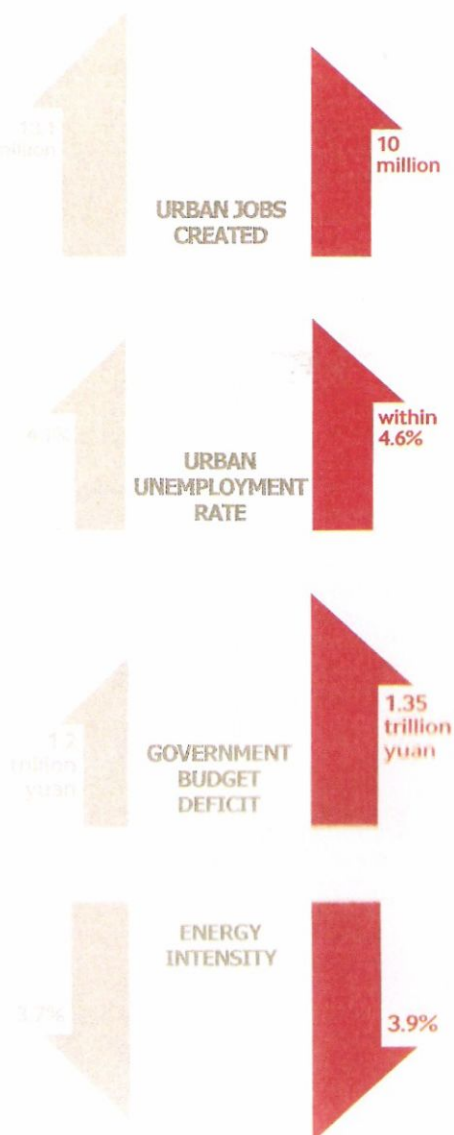
Xie Kechang, CPPCC member, Vice President of Chinese Academy of Engineering



China's energy security has been threatened by its high dependence on oil and gas imports, huge energy demand and the high proportion of fossil fuel against total volume.

To overcome this challenge, the government has decided to optimize the mix of energy consumption by promoting the use of renewable and chemical energy. ■

■ Actual data for 2013  
■ Goals for 2014



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