

**REPORT ON THE IMPLEMENTATION OF THE 2009 PLAN FOR
NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT
AND ON THE 2010 DRAFT PLAN FOR NATIONAL
ECONOMIC AND SOCIAL DEVELOPMENT**

*Third Session of the Eleventh National People's Congress
March 5, 2010*

National Development and Reform Commission

Fellow Deputies,

The National Development and Reform Commission has been entrusted by the State Council to report on the implementation of the 2009 plan for national economic and social development and on the 2010 draft plan for national economic and social development for your deliberation and approval at the Third Session of the Eleventh National People's Congress (NPC), and also for comments and suggestions from the members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC).

**I. Implementation of the 2009 Plan for
National Economic and Social Development**

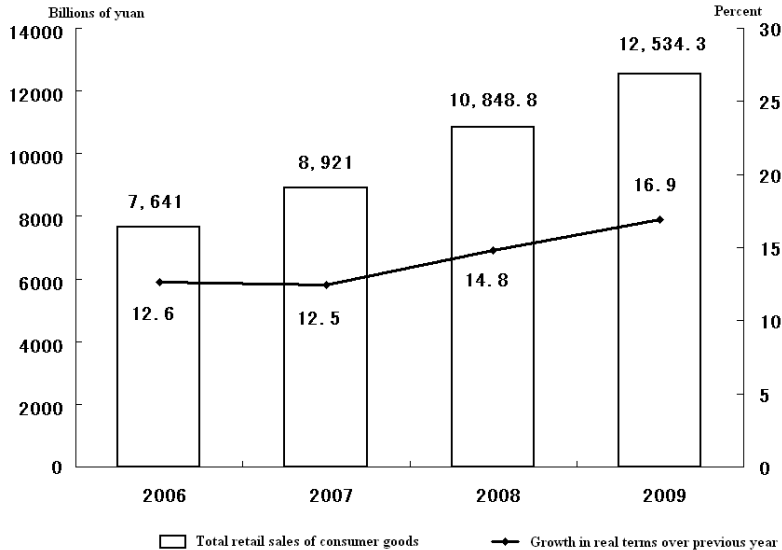
Last year was the most difficult year for our country's economic development since the beginning of the new century. Faced with grim and complex economic situations at home and abroad, the people of all our ethnic groups, under the leadership of the Communist Party of China (CPC), thoroughly implemented the Scientific Outlook on Development. Based on the national economic and social development plan adopted at the Second Session of the Eleventh NPC, we took maintaining steady and rapid economic development as the primary task in our economic work, followed a proactive fiscal policy and a moderately easy monetary policy, fully implemented and made constant additions and improvements to the package plan for responding to the global financial crisis, and stopped the significant decline in economic growth rate. As a result, our country was one of the first in the world to achieve overall economic turnaround. We also achieved significant results in our work to sustain economic growth, adjust the economic structure, promote reforms, and improve people's wellbeing. Overall, the plan for 2009 was

well-implemented.

1. *The expansion of domestic demand effectively stimulated economic growth.*

Consumer spending kept rising. We implemented strong and wide-reaching measures to encourage consumption of home appliances, motor vehicles, energy-efficient products and housing, optimized the market consumption environment, and effectively unleashed people's consumption potential, especially in rural areas. Retail sales of consumer goods totaled 12.5343 trillion yuan, up 15.5% from the previous year, 1.5 percentage points higher than planned, and an increase of 16.9% in real terms after adjusting for price changes. A total of 13.645 million motor vehicles were sold, up 46.2%; nearly 90 million home appliances were delivered by manufacturers listed in the national program to subsidize rural residents' purchase of home appliances, with total sales for the year exceeding 150 billion yuan; the total floor area of commodity housing sold throughout the country was 937.13 million square meters, an increase of 42.1%, which in turn stimulated the consumption of building materials, decorative materials, furniture and other commodities. Market prices were basically stable, with the consumer price index (CPI) falling 0.7% for the year, 4.7 percentage points lower than planned.

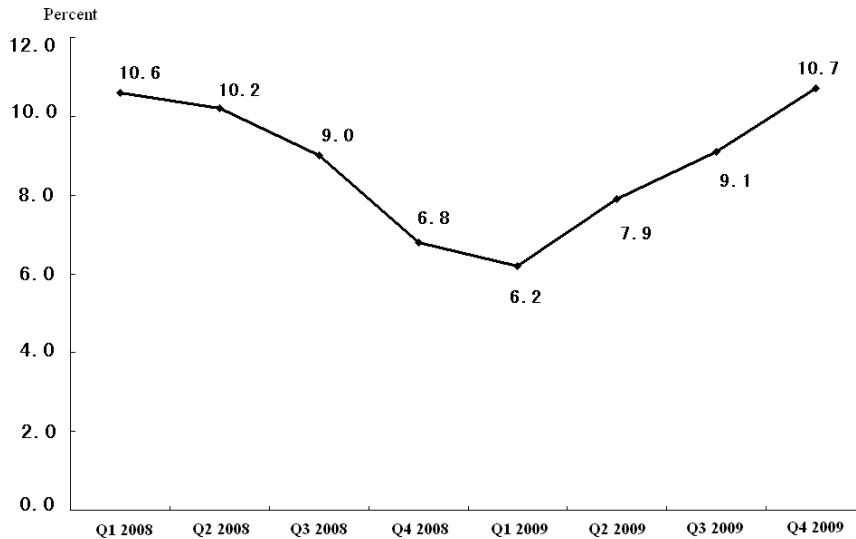
Figure 1
Retail Sales of Consumer Goods



Investment grew rapidly. Total investment in fixed assets across the country

reached 22.4846 trillion yuan, up 30.1% from the previous year, and 10.1 percentage points higher than planned. Fixed-asset investment in urban areas was 19.4139 trillion yuan, up 30.5%. Specifically, investment in primary, secondary and tertiary industries increased by 49.9%, 26.8% and 33% respectively. To implement the plan of investing an additional 4 trillion yuan over two years, we made a total of 924.3 billion yuan of central government investment in 2009, 503.8 billion yuan more than the budgeted figure for the previous year. This investment was divided as follows: the construction of low-income housing, projects to improve the lives of rural residents, rural infrastructure and social programs accounted for 44%; independent innovation, restructuring, energy conservation, emissions reduction and ecological improvement accounted for 16%; major infrastructure projects accounted for 23%; post-disaster recovery and reconstruction work accounted for 14%; and other public spending accounted for 3%. Expanded government investment directly boosted immediate demand, guided and stimulated investment from non-government sources, and played a crucial role in promoting the stability and recovery of the economy. At the same time, it shored up weak links in economic and social development and strengthened the foundations for long-term development.

Figure 2
Quarterly Growth of GDP Since 2008



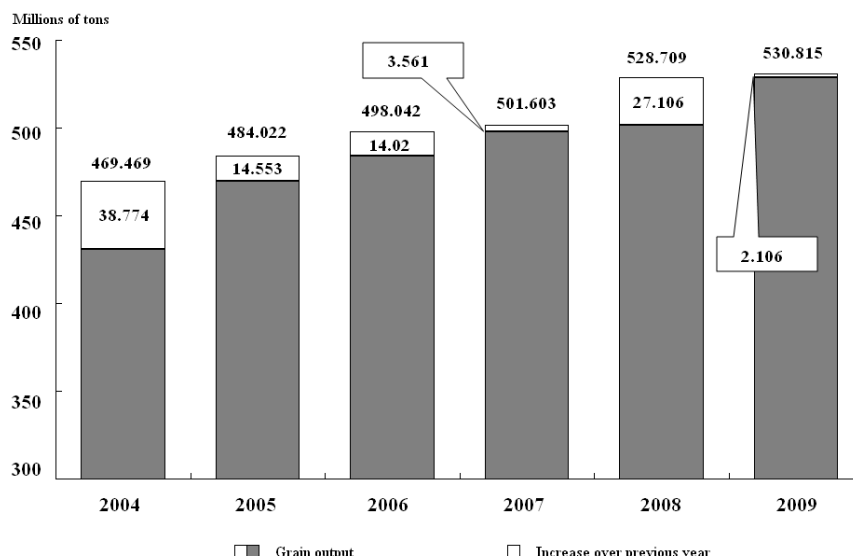
The economic growth rate increased each quarter. It rose by 6.2%, 7.9%,

9.1% and 10.7% respectively compared with the previous year's quarters. GDP for the year was 33.5353 trillion yuan, an increase of 8.7% over the previous year and 0.7 percentage points higher than planned. Of this total, the value-added of primary, secondary and tertiary industries increased by 4.2%, 9.5% and 8.9% respectively, and 1.2, 0.9 and 0.3 percentage points higher than planned. The contributions of consumption and investment to economic growth were 4.6 and 8 percentage points respectively, which offset a 3.9-percentage point shortfall arising from a decline in net exports. Government finances also played an important role in economic development. National revenue for the entire year hit 6.85 trillion yuan, up 11.7%, 3.7 percentage points higher than the budgeted figure, and the government deficit was kept below the budgeted amount; the broad money supply (M₂) was increased by 27.7%, 10.7 percentage points higher than planned, and RMB loans totaling 9.594 trillion yuan were granted in 2009. Economic performance improved gradually. The profits of large industrial enterprises stopped declining, began increasing again and reached 2.59 trillion yuan for the period from January to November. Compared to the previous year, profits grew in 30 of 39 large industries, and enterprises operating at a loss reduced their losses by 33.5%.

2. The agricultural foundation was further consolidated.

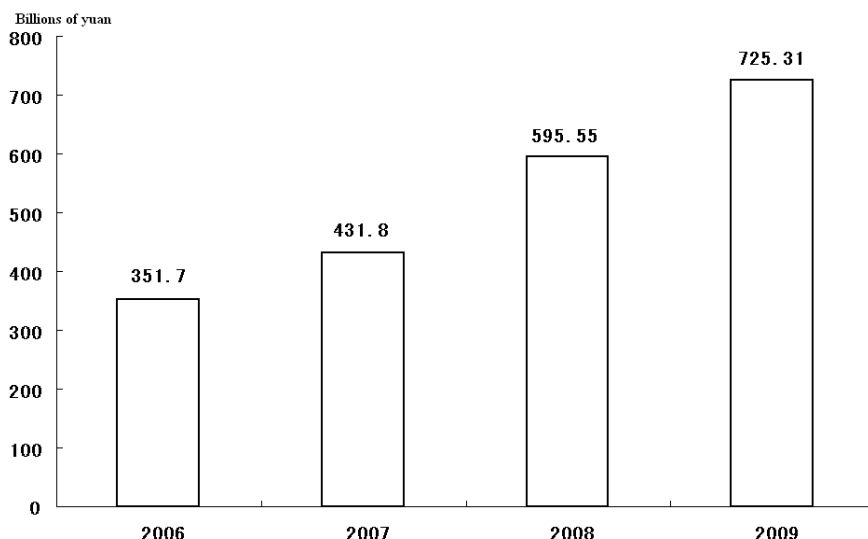
Agriculture maintained steady development. Despite the impact of serious natural disasters, grain output rose for the sixth consecutive year and totaled 530.82 million tons in 2009, up 0.4% from the previous year, and 30.82 million tons more than planned. Cotton production was 6.4 million tons and did not meet the target; oilseed and sugar crop output was 31 million tons and 122 million tons respectively, 1 million tons and 2 million tons more than planned. The animal husbandry and fishery industries developed in the midst of structural adjustments. The downward trend of dairy cow farming was reversed. Meat production totaled 76.42 million tons, up 5%, and 2.42 million tons more than planned, and the output of aquatic products reached 51.2 million tons, up 4.6%, and 2.2 million tons more than planned.

Figure 3
Grain Output



We continued to improve policies that strengthen agriculture and benefit farmers. We issued the Guidelines on Promoting Steady Agricultural Development and Raising Rural Incomes in the Current Situation. We significantly raised minimum grain purchase prices, and the average floor prices for wheat and rice increased by 0.22 yuan and 0.26 yuan per kilogram respectively. We implemented a national policy for temporarily purchasing and stockpiling corn, soybeans and canola seeds, and increased our reserves of cotton and sugar. The amounts of corn, soybeans, canola seeds, cotton and sugar we stockpiled in 2009 reached 35.891 million tons, 6.863 million tons, 5.569 million tons, 2.72 million tons, and 360,000 tons respectively. We formulated and promptly launched a contingency plan for preventing a precipitous drop in the price of hogs, and successfully implemented the outline for rectifying and reinvigorating the dairy industry. We applied various methods to strengthen regulation of the markets for important agricultural products, and thus solved farmers' difficulty in selling their products and kept prices stable for major agricultural products and agricultural supplies.

Figure 4
Central Government Investment in Agriculture, Rural Areas and Farmers



Investment in agriculture, rural areas and farmers increased dramatically. Central government spending on agriculture, rural areas and farmers was 725.31 billion yuan for the whole year, a year-on-year increase of 21.8%. This included 189 billion yuan of investment in capital construction, an increase of 150%, and 127.45 billion yuan for the four kinds of subsidies to farmers, an increase of 24.41 billion yuan. The outstanding balance of bank loans to agriculture, rural areas and farmers exceeded 9 trillion yuan at the end of 2009, up 34.8%. We began implementation of the Plan for Increasing National Grain Production Capacity by 50 Billion Kilograms (2009-2020). We intensified work to upgrade water-saving devices in large irrigated areas, renovate large pumping stations, reinforce dilapidated reservoirs, and develop production bases and storage and distribution facilities for important agricultural products, including grain, cotton, edible oil and sugar. We increased our support for the project to cultivate superior varieties and breeds; the large-scale, standardized hog and dairy cow farming; the crop protection project; the animal epidemic prevention system; the system for quality inspection and testing of agricultural products; and the project to improve grain yield through science and technology.

Working and living conditions continued to improve in rural areas. An additional 60.69 million rural residents benefited from the project to provide safe drinking water in the countryside, and the portion of the rural population with access to tap water increased by 3.2 percentage points over the previous year to reach 68.7%, and the target was met. We built 1,579 large and

medium-sized methane facilities and smoothly achieved the objective set early last year of providing methane gas to an additional 5 million households. We newly built or renovated 380,000 kilometers of rural roads, and extended rural power grids by an additional 266,000 kilometers of power lines. A total of 800,000 dilapidated rural houses were renovated, and 92,000 nomadic families were moved into permanent homes. We made further progress in expanding IT application in rural areas. The telephone network was extended to 99.8% of the country's villages, and 99.5% of towns and townships now have access to the Internet. We also obtained new successes in the project to get retailers to open stores in more townships and villages, the system of scientific and technological services in rural areas, and the project to support 100 large wholesale markets for farm products and 100 large rural retail distributors.

3. We made new progress in restructuring.

We made headway in structural optimization and upgrading of key industries. We implemented in an orderly way the plan and related rules for restructuring and revitalizing ten major industries: the steel, motor vehicle, shipbuilding, petrochemicals, textile, nonferrous metals, equipment manufacturing, electronic information, logistics and light industries. To encourage quicker technological upgrading in enterprises, the central government allocated 20 billion yuan to support 4,441 technological upgrading projects. Substantial progress was made in mergers and reorganizations in the machinery, steel, nonferrous metals and papermaking industries. Three integrated refinery and petrochemical complexes, each with ten-million-ton oil refining capacity and one-million-ton ethylene production capacity, were completed and put into production, one each by Dushanzi Petrochemical Corporation, Xinjiang, Fujian Refinery and Petrochemical Company and Tianjin Petrochemical Corporation. We reversed the decline in high-tech manufacturing and achieved a year-on-year increase of 7.7%. We issued and implemented industrial policies for digital television and biological industries. We launched major projects to promote the industrial application and development of technologies in the areas of satellite applications, biotechnology, integrated circuits, flat-panel displays and helicopters. The first Airbus A320 aircraft produced by Airbus Final Assembly Line China in Tianjin made a successful maiden flight. We intensified efforts to build 3G networks with TD-SCDMA as the national standard and promote 3G businesses. Our work to domestically produce key equipment proceeded smoothly. We made a significant breakthrough in independently developing and manufacturing large forgings, a key component of nuclear power generators, and our capacity to domestically produce high-speed EMU trains and urban rail transit facilities improved

significantly.

We steadily pressed ahead with the adjustment of industries with excess production capacity. We formulated and implemented the Guidelines on Curbing Excess Production Capacity and Redundant Development in Some Industries and Guiding Them toward Healthy Development, and put forward the main principles, policies and measures on promoting the healthy development of the steel, cement, plate glass and coal chemicals industries. A system for the joint release of information by government departments was set up, and guidance of industrial information was strengthened. We continued to improve the mechanism for eliminating backward production facilities. We put small-capacity thermal power generating units with a total capacity of 26.17 million kilowatts out of business last year, and reached the goal of eliminating small-capacity thermal power generating units with a total capacity of 50 million kilowatts within the Eleventh Five-Year Plan period (2006-2010) one and a half years ahead of schedule. In addition, we shut down backward production facilities in a number of industries, including steel mills with a total capacity of 16.91 million tons, iron foundries with a total capacity of 21.13 million tons, coalmines with a total capacity of 50 million tons, cement plants with a total capacity of 74.16 million tons, calcium carbide plants with a total capacity of 460,000 tons, ferrous alloy foundries with a total capacity of 1.62 million tons, coking works with a total capacity of 18.09 million tons, paper mills with a total capacity of 500,000 tons and chemical fiber mills with a total capacity of 1.37 million tons.

The pace of independent innovation was accelerated. We smoothly implemented the Outline of the National Program for Long- and Medium-Term Scientific and Technological Development (2006-2020). The central government spent 151.2 billion yuan on science and technology, an increase of 30%. Sixteen key science and technology programs, including the development of fabrication equipment and complete process technology for ultra-large scale integrated circuits, high-grade digitally controlled machine tools and basic manufacturing equipment, were fully implemented. Major science projects, such as those to develop the “large sky area multi-object fiber spectroscopic telescope” and upgrade the Beijing electron-positron collider, were successfully completed. Faster progress was made in the third phase of the Knowledge Innovation Program. Significant progress was made in the Technology Innovation Program, the March 1986 High-Tech Program, the March 1997 Program for Basic Research and other state science and technology programs. Twenty-five national engineering laboratories and 63 key national laboratories were built. Support was given to 58 national engineering or technology research

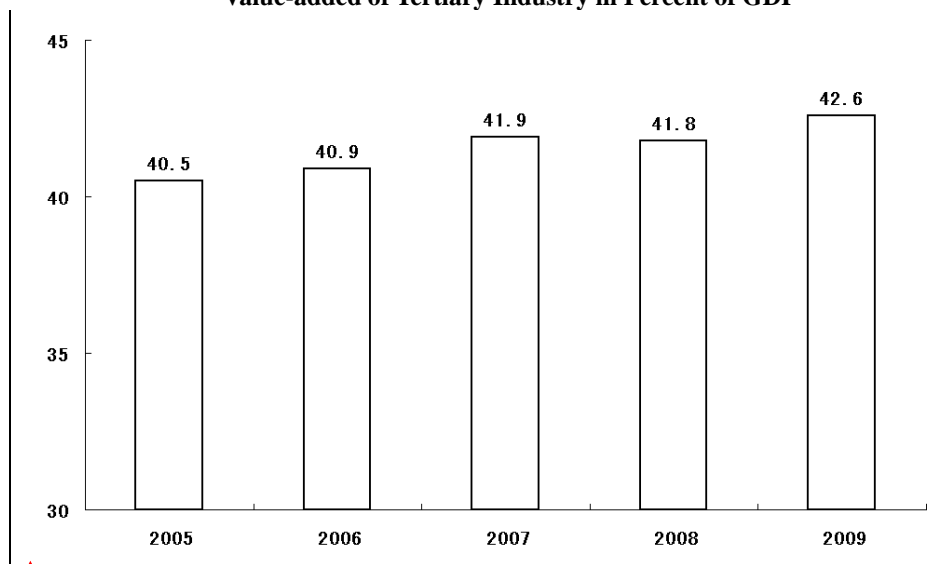
centers to improve their capacity for sustained innovation. Eighty-five national projects to develop major industrial technologies were implemented. We assisted enterprises in improving their R&D and laboratory conditions.

Infrastructure and basic industries were constantly strengthened. We increased investment in the South-to-North water diversion project and other large and medium-sized water conservancy projects. Major railway projects, including Beijing-Shanghai, Harbin-Dalian, Shijiazhuang-Wuhan and Lanzhou-Urumqi railways, progressed smoothly. Construction of the national expressway network proceeded in an orderly manner. Construction began on the Hong Kong-Zhuhai-Macao Bridge. An additional 5,557 kilometers of railways and 98,000 kilometers of highways were opened to traffic, including 4,719 kilometers of expressways. A total of 35 civilian airports were built, upgraded or expanded. Work on building large, specialized, deepwater ports and on improving the main navigation channel on the Yangtze River was sped up. Construction began on the eastern section of the second West-to-East Natural Gas Pipeline Project, the Hulun Buir coal-fired power generation base and an energy and chemicals production base in Ningxia. The western section of the second West-to-East Natural Gas Pipeline Project was put into operation. Installed power-generating capacity was increased by 89.7 million kilowatts. We approved the construction of six one-gigawatt nuclear power generating units. Work on large hydropower projects, such as the Jishixia power station on the Yellow River in Qinghai Province and the pumped-storage power plant in Qingyuan, Guangdong Province, progressed smoothly. Construction of a ten-gigawatt wind power generation base, the first of its kind in China, was started in Jiuquan, Gansu Province. Upgrading of urban power grids progressed in an orderly manner. The second phase of the state petroleum reserves project was implemented. Annual coal output reached 3.05 billion tons, up 8.8% from the previous year, and 150 million tons more than planned; oil production hit 189 million tons, 3 million tons less than planned; and 3.7 trillion kilowatt-hours of electricity were generated, a rise of 6.3%, and 73.8 billion kilowatt-hours more than planned.

The service sector experienced steady growth. We further implemented policies and measures for encouraging service sector development. We gave greater support to modern services in terms of fiscal and tax, land supply, pricing and financial policies. We successfully launched a number of major interregional, cross-sector projects that will play a stimulating and supporting role for service industries. Banking, insurance, information services, logistics and community services grew rapidly, and a variety of new business emerged in the service sector. The value-added of tertiary industry accounted for 42.6% of

GDP, 0.8 percentage points higher than the year before.

Figure 5
Value-added of Tertiary Industry in Percent of GDP



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4. We worked harder to conserve energy, protect the environment and tackle climate change.

New progress was made in energy conservation and emissions reduction. Central government investment and incentive funds were used to support a total of 1,318 major energy conservation projects, capable of generating energy savings equivalent to 75 million tons of standard coal per year. Energy-efficient buildings with total floor area of 960 million square meters were built in 2009, capable of generating energy savings equivalent to 9 million tons of standard coal. We used government subsidies to get people to install over 5 million high-efficiency, fixed-frequency room air-conditioners and 150 million efficient light bulbs. Progress was made in demonstration projects for energy-efficient vehicles and new energy vehicles in 13 cities including Beijing, Shanghai and Chongqing. Central government investment was used to support 132 key projects related to the circular economy and resource conservation. We intensified publicity activities, such as the campaign to get everyone to save energy and reduce emissions. Energy consumption per unit of GDP dropped by 2.2%. Sulfur dioxide emissions and chemical oxygen demand were lowered by 4.6% and 3.3% respectively. Water consumption per 10,000 yuan of value-added of industry decreased by 8.2%, 2.6 percentage points higher than

planned. The percentage of industrial solid waste that was comprehensively utilized reached 66.6%, a year-on-year increase of 2.3 percentage points, and 0.7 percentage points higher than planned.

We intensified our ecological improvement and environmental protection efforts. Progress was made in major ecological projects, including those to protect virgin forests, build shelterbelts, return farmland to forests, control the sources of dust storms that affect Beijing and Tianjin, and return grazing land to grasslands. An additional 5.885 million hectares of land were planted with trees, raising the percentage of China's land area covered by forests to 20.36%. We constantly intensified our efforts to control soil erosion in key areas. A comprehensive project to prevent karst regions from becoming stony deserts was launched. Smooth progress was made in treating industrial wastewater and waste gases and in preventing and controlling water pollution in key water basins, including the Huai, Hai and Liao rivers and the Tai, Chao and Dianchi lakes. The daily urban sewage treatment capacity rose by 13.3 million cubic meters, and the daily capacity of urban garbage disposal rose by 50,000 tons. The percentage of urban sewage treated reached 72.3% and the percentage of safely handled urban household waste reached 69%, up 2.1 and 2.2 percentage points over the previous year respectively, and 3.3 and 2 percentage points higher than planned. The system of indices for assessing compliance with clean production standards in 11 industries was released. Desulphurization devices were installed in thermal power generating units with a total capacity of 102 million kilowatts, raising the percentage of the total capacity of thermal power generating units so equipped to 72%.

We made new progress in addressing climate change. We conscientiously implemented China's National Climate Change Program. We energetically carried out Clean Development Mechanism projects. We actively promoted R&D on and application of climate-friendly technologies. We set action targets for limits on China's greenhouse gas emissions by 2020. We played a constructive role in international talks and making international rules for dealing with climate change, actively engaged in international exchanges and joint programs, strengthened cooperation and dialogue with relevant countries, and upheld China's legitimate rights and interests in development.

5. We took new steps to balance development among different regions.

We thoroughly implemented the master strategy for regional development. We made substantial progress in the main tasks for promoting large-scale development of the western region. Construction began on 18 major infrastructure projects, with a total investment of 468.9 billion yuan. Industries that can take advantage of local strengths enjoyed faster development. We

further strengthened the development of infrastructure, social programs and projects for people's wellbeing in the region.

The revitalization of northeast China and other old industrial bases accelerated. We promulgated and implemented the Guidelines on Further Implementing the Strategy for Revitalizing Northeast China and Other Old Industrial Bases. The policy framework for sustainable development of resource-dependent cities took shape. We expanded the work to clear up non-performing loans in the equipment manufacturing industry. Modern agriculture and modern services developed quickly.

We made new progress in energizing the development of the central region. We promulgated and implemented the plan for promoting the development of the central region. We pressed ahead with efforts to build three different types of production bases and a system of integrated transportation hubs. Powerful momentum was maintained in developing clusters of cities. Industries relocated to the region at a faster pace. The overall economic strength of the region further improved.

In the eastern region, efforts were intensified to ease the impacts of external demand contraction, accelerate restructuring and independent innovation, and foster emerging industries of strategic importance. The region witnessed stronger vitality in economic development and greater overall competitiveness. The development and opening up of special economic zones, the Shanghai Pudong New Area and the Tianjin Binhai New Area, deepened.

We continued to make regional development more balanced. We formulated and implemented a number of plans, policies and measures to support the development of key areas. We implemented the guidelines for the development of the Yangtze River Delta and the plan for the development of the Pearl River Delta. We formulated the guidelines for building Shanghai into an international financial and shipping center, developing the economic zone in Fujian Province on the west coast of the Taiwan Straits, and turning Hainan into an international tourist island. We drew up plans for the development of the coastal area of Jiangsu Province, the coastal economic belt in Liaoning Province, the ecological economic zone of the Yellow River Delta, the Guanzhong-Tianshui economic zone in Shaanxi and Gansu provinces, the Poyang Lake ecological economic zone in Jiangxi Province, Hengqin Island and the region on the Chinese bank of the Tumen River. We increased support for the development of the old revolutionary areas, ethnic minority areas, border areas and poor areas. Measures aimed at promoting the development of Xinjiang, Ningxia, Guangxi, Tibet and Tibetan areas in Qinghai and other provinces were gradually implemented. The flow of factors of production across regions continued well,

and the industrial division of labor among regions was readjusted at a faster pace, giving different regions greater comparative advantages.

6. Reform and opening up continued to deepen.

We made new progress in reforming key areas and crucial links. We promoted the expansion of rural reforms. The reform of tenure in collective forests was extended nationwide, and the rights on 100 million hectares of collective forests (60% of the country's total) were devolved to rural residents. New steps were taken in the reform of enterprises. The 142 central state-owned enterprises (SOEs) at the beginning of 2009 were restructured into 129, and we extended the pilot project for standardizing boards of directors to 24 central SOEs. We basically completed asset and business restructuring in relevant enterprises of the basic telecommunications industry, and the competition pattern in the 3G telecommunications market took shape. We formulated and implemented the guidelines for further promoting the development of small and medium-sized enterprises and formulated policies and measures to encourage and guide investment from non-government sources, thereby expanding market access, lowering the market entry threshold, broadening the channels of financing and improving the investment environment. We achieved positive results in fiscal, tax and financial reforms. We comprehensively rolled out VAT reform. We made smooth progress in reforming prices of refined petroleum products and related taxes and fees and rescinded six kinds of fees, including the road maintenance fee. We continued to deepen the reform of financial institutions and capital markets, launched the ChiNext stock market, made steady progress in transforming the China Development Bank into a commercial institution and the Agricultural Bank of China into a shareholding company, and began trials of RMB settlements in cross-border trade. We continued to deepen reform of the investment system, continue to review the items subject to examination and approval for investment projects, and improved the way in which the government arranges and manages its investment plans. The reform of prices for resource products and environmental protection charges moved forward steadily. We conducted the trial of direct trade between electricity users and power plants. We began comprehensively expanding the reform of the pharmaceutical and health care system, promulgated the plan for implementing the reform and 15 relevant documents, and made orderly progress in key areas, such as developing the system of basic medical insurance, implementing the national system for basic drugs, improving the community-level medical and health care system, and promoting equal access to basic public health services. We implemented the reform to introduce a performance-based salary system in schools providing compulsory education, and in public health institutions and

community-based medical and health care institutions, and steadily pressed ahead with institutional reforms in culture, the press and publishing. Work on experimental zones for integrated, complete reform progressed in an orderly manner.

We achieved positive results in opening up. We raised export rebate rates four times for labor-intensive products and technology-intensive, high value-added products under 6,955 HS codes; cancelled or lowered 102 export tariffs on grain, fertilizers and selected industrial products; adjusted and reduced 1,804 items on the list of commodities whose processing is classified as prohibited or subject to some restrictions in the processing trade; took active steps to address trade frictions; and effectively eased the adverse impact of drastic changes in the external environment. Drops in imports and exports gradually slowed and both returned to growth at the end of the year. Total import and export volume reached US\$2.20722 trillion in 2009, including exports of \$1.20166 trillion and imports of \$1.00556 trillion. This figure dropped 13.9% compared to the previous year, and failed to meet the targeted growth rate of 8% -- a failure resulting from the sharp decline in international demand, the drop in global market prices, as well as the comparatively low grades of our export products. We continued to adjust the structure of foreign investment utilization. We promulgated and implemented the Suggested List of Industries that Can Take Advantage of Local Strengths in the Central and Western Regions for Foreign Investment in order to lead foreign investment toward high-tech industries, high-end manufacturing and R&D as well as resource-conserving and environmentally friendly industries. Last year, foreign direct investment (excluding that in the banking, securities and insurance sectors) totaled \$90 billion, \$2.4 billion less than planned. China's foreign exchange reserves stood at \$2.3992 trillion at the end of 2009, an increase of \$453.1 billion year on year. Outbound investment cooperation soared despite the financial crisis, with new progress made in joint exploitation of energy and resources, overseas mergers and acquisitions, contracted projects and labor services. Chinese direct investment (excluding financial sector investment) in other countries reached \$43.3 billion in 2009, an increase of 6.5%, and the volume of business in overseas contracted projects amounted to \$77.7 billion, an increase of 37.3%.

7. We made notable progress in improving people's wellbeing and promoting harmony.

We further strengthened work concerning employment and social security. The central government allocated 42.6 billion yuan to promote employment, an increase of 59%. An additional 11.02 million urban jobs were created, 2.02

million more than planned. The urban registered unemployment rate stood at 4.3%, thus meeting the target of keeping it under 4.6%. Employment rate for college and university graduates this year was 87.4%. The number of rural migrant workers totaled 145 million, an increase of 4.92 million. Central government spending on social security was 290.575 billion yuan, an increase of 16.6%. Overall planning for basic old-age insurance for workers of urban enterprises at the provincial level was basically accomplished. The methods for transferring old-age pension accounts for workers who move from one region to another were promulgated and implemented. The number of urban residents covered by basic old-age insurance reached 235 million, 7 million more than planned. The pilot program for a new old-age insurance system for rural residents was launched. The basic medical insurance system for non-working urban residents was fully implemented. The problem of medical insurance for retirees from closed or bankrupt SOEs was properly resolved. The number of participants in the basic medical insurance for urban workers and non-working urban residents increased by 82.39 million to exceed 400 million; and the number of rural residents who signed up for the new type of rural cooperative medical care system increased by 16.3 million to reach 833 million. Standards for enterprise retirees' pensions, urban and rural subsistence allowances and subsidies to entitled groups continued to increase. Channels were further expanded for the funding of social security.

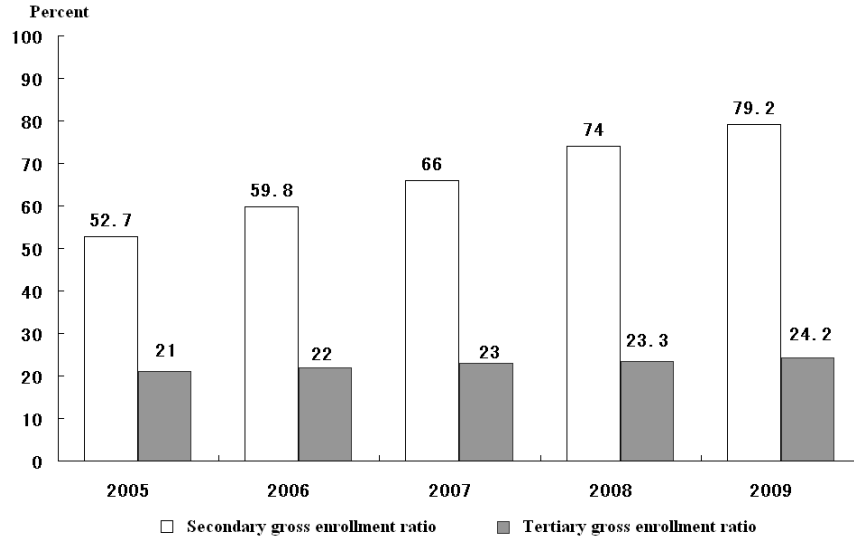
People's living standards continued to improve. We further developed the infrastructure in urban and rural areas and continually improved our ability to provide services. Supplies of goods and materials were abundant and the market was prosperous and stable. Annual urban per capita disposable income and rural per capita net income reached 17,175 yuan and 5,153 yuan respectively, up 9.8% and 8.5% from the previous year, both in real terms after adjusting for price changes, and 3.8 and 2.5 percentage points higher than planned. Great success was achieved in the current stage of our plan for low-income housing construction. The central government allocated 55.056 billion yuan for this purpose, an increase of 200%. As a result, 2 million units of low-income housing of various types were basically built, and 1.3 million houses were renovated in run-down areas in some cities, in state-owned forest regions and land reclamation zones, and around coalmines, thus improving living conditions for nearly 10 million urban residents experiencing difficulties. We allocated 5.6 billion yuan to work-relief schemes and 1.8 billion yuan to the pilot program for relocating impoverished people from inhospitable areas. These funds supported poor areas in strengthening their ability to develop and poor people in alleviating poverty. Policies for providing ongoing aid to rural residents

relocated to make way for the construction of large and medium-sized reservoirs were conscientiously implemented, benefiting 23.56 million relocated people.

Social programs progressed in an all-round way. Infrastructure development for social programs was strengthened. Since the fourth quarter of 2008, central government funding for the development of social program infrastructure exceeded 55 billion yuan, more than the total for the whole Tenth Five-Year Plan period (2001-2005). Policies for free compulsory urban and rural education were fully implemented, and projects to renovate rural junior secondary school buildings in the central and western regions and to ensure the safety of primary and secondary school buildings across China were energetically carried forward. A total of 6.7 million square meters of rural junior secondary school buildings were renovated, and 3.14 million square meters of secondary vocational school buildings and special education school buildings were built. The junior secondary school retention rate rose by 0.3 percentage points to reach 94%; secondary gross enrollment ratio reached 79.2%, up 5.2 percentage points, and 2.2 percentage points higher than planned; regular undergraduate enrollment reached 6.395 million, an increase of 318,000, and 105,000 more than planned; and graduate enrollment totaled 511,000, an increase of 65,000, and 36,000 more than planned. Development of community-level medical and health care services and family planning facilities was further strengthened. A total of 17,171 community-based medical and health care clinics were set up; 4,522 community-level family planning service programs were established; and work relating to prevention and control of influenza A (H1N1) proceeded in a lawful, scientific and orderly way. The natural population growth rate was 5.05%, meeting the goal of keeping it under 7%. Construction of major cultural projects such as the National Museum of China and the second phase of the National Library of China proceeded smoothly. A total of 5,062 multipurpose cultural centers in towns and townships were built, and 1,444 public cultural facilities including museums, art galleries, and libraries were opened to the public for free. Radio coverage was extended to 96.3% of the population, and television coverage was extended to 97.2%. The tasks in the Eleventh Five-Year Plan to extend radio and TV coverage to every village were completed one year ahead of schedule. The targets in the plan for developing key tourist sites concerning the early history of the CPC were fully achieved. Philosophy, the social sciences, the press, publishing, literature, art and sports all flourished. The Eleventh National Games were successfully held. Construction of the Shanghai World Expo Park was basically completed.

Figure 6

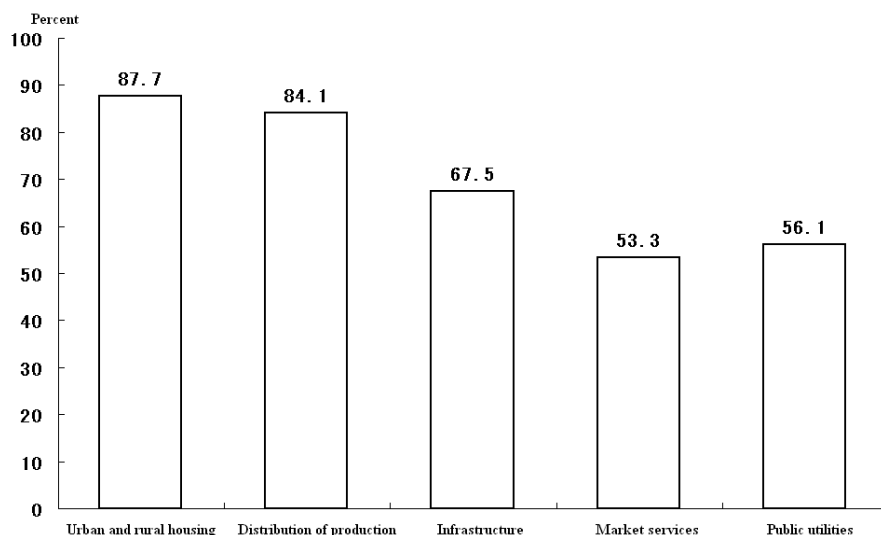
Gross Enrollment Ratios for Secondary and Tertiary Education



Great progress was achieved in the current stage of implementing the plan for recovery and reconstruction following the Wenchuan earthquake. Investment of 654.5 billion yuan has been made in the most seriously affected areas, accounting for 65.5% of the total investment allocated in the plan. The rebuilding of rural houses was basically completed; rebuilding and reinforcing of urban houses were fully carried out; building of schools, hospitals and infrastructure proceeded smoothly; and reconstruction of Beichuan, Wenchuan and Qingchuan county seats and severely hit towns such as Yingxiu and Hanwang was sped up. The protection of cultural heritage in quake-hit areas was strengthened. Remarkable progress was achieved in one-to-one assistance.

Figure 7

Progress in Major Post-Wenchuan Earthquake Recovery and Reconstruction Tasks



In the context of the international financial turbulence, global economic recession, and grim and complex situations at home and abroad, we completed the main tasks specified in the 2009 plan for national economic and social development well. This achievement did not come easily. It was the result of the scientific response and strong leadership of the Party Central Committee and the State Council and the enormous concerted efforts of the whole nation from top to bottom in thoroughly applying the Scientific Outlook on Development and fully implementing the package plan for responding to the global financial crisis and relevant policies and measures. It was also attributable to the political advantages of the socialist system, which enables the country to mobilize the public, make efficient decisions, and concentrate resources on accomplishing major tasks.

While fully affirming our achievements and strengthening confidence in success, we are keenly aware that our country's economic and social development still faces severe challenges that will confront us for some time to come.

Internationally, although the world economy is beginning to recover, there are still many uncertainties and instabilities in economic development. The foundation for economic recovery is still weak; risks in the financial sector have not been completely eliminated; unemployment rates in major developed economies remain high; trade protectionism is rising; and prices for major international commodities and exchange rates of major currencies might

fluctuate more wildly.

Domestically, there are outstanding conflicts and problems as well.

First, the internal driving force of economic growth is still too weak. Consumer spending is unlikely to grow significantly; non-government investment is still not fulfilling its potential; and the effect of policies for stimulating consumption and investment might wear off. All of this makes it hard to further expand domestic demand. At the same time, external demand is unlikely to return to the level before the crisis any time soon due to sluggish international market demands and increasing trade frictions.

Second, we are under mounting pressure to transform the pattern of development and adjust the economic structure. Our enterprises are weak in independent innovation; our economic growth still relies heavily on high consumption of material resources; land, resources and the environment impose increasingly tight constraints on development; investment and consumption are disproportionate; and the problem of excess production capacity and haphazard and redundant development in some industries is serious.

Third, it is very difficult to promote energy conservation and emissions reduction. As the economic situation has turned for the better, energy-intensive and highly polluting industries have expanded their production significantly, some enterprises with operating difficulties have reduced their spending on upgrading energy-saving, emissions-reducing technologies and controlling pollution, and some localities have slackened their efforts to conserve energy and reduce emissions.

Fourth, the foundation for promoting the steady development of agriculture and continual increases in rural incomes is not solid. The weak infrastructure for agricultural water conservancy and the vulnerability to natural disasters and comparatively low profits of agriculture make it difficult to keep rural incomes growing.

Fifth, the employment situation is still grim. There are a large number of college graduates and other young people entering the job market; some disadvantaged groups experience increasing difficulties in finding employment; and the task of helping rural workers find non-agricultural jobs remains arduous.

Sixth, there is excessive growth in money and credit supplies and an irrational credit structure, both exerting a great pressure on liquidity management.

In addition, housing prices in some cities are rising too fast, and there are many conspicuous problems related to production safety, income distribution, social stability, and unbalanced development between urban and rural areas and among different regions.

We need to take all the above problems very seriously and adopt effective measures to solve them.

II. Overall Requirements and Major Objectives for Economic and Social Development in 2010

This is the last year for implementing the Eleventh Five-Year Plan. Successfully completing all the work for economic and social development in 2010 is of great significance for completely countering the impact of the global financial crisis, maintaining steady and rapid economic development, accelerating transformation of the pattern of development, and laying a solid foundation for launching the Twelfth Five-Year Plan. In pursuing economic and social development in 2010, we need to fully implement the guidelines adopted at the Party's Seventeenth National Congress and the third and fourth plenary sessions of the Seventeenth Central Committee, take Deng Xiaoping Theory and the important thought of Three Represents as our guide, and thoroughly apply the Scientific Outlook on Development. We will ensure the continuity and consistency of macroeconomic policies, continue to implement a proactive fiscal policy and a moderately easy monetary policy, and strive to make our policies more targeted and flexible in light of new circumstances and new conditions. In particular, we need to attach greater importance to raising the quality and efficiency of economic growth; promoting transformation of the pattern of economic development and adjustment of the economic structure; pressing ahead with reform, opening up and independent innovation to increase the vitality and impetus of economic growth; improving people's wellbeing and maintaining social harmony and stability; and giving due consideration to both domestic and international situations. We need to strive to achieve steady and rapid economic development.

In view of the above overall requirements, considering the need to properly balance the relationships between maintaining steady and rapid economic development, adjusting the economic structure and managing inflation expectations, and in conformity with the Outline of the Eleventh Five-Year Plan, we have set the following major objectives for economic and social development this year.

--Maintaining steady economic growth. *China's GDP will grow by about 8%.* In setting this target, we have taken several major factors into account. Based on the need to expand employment, increase personal incomes, improve people's wellbeing and maintain social stability, it is essential to maintain a certain growth rate for the economy and it would be inappropriate to set the

target too low. However, if we set a higher growth rate, not only would we have difficulty reaching it, but doing so would also strain the conditions for economic performance and put too much pressure on resources and the environment. An analysis of the conditions for development this year indicates that consumer demand should maintain steady growth, investment growth should decline but still be significant, and the import and export situation should be better than last year; therefore, the conditions exist for us to reach the target. The projected growth rate of around 8% is slightly lower than the actual growth rate last year. This figure was chosen mainly to stress that the focus of our economic work is not on a reckless pursuit of faster growth but on putting greater efforts into promoting transformation of the pattern of economic development and adjustment of the economic structure, and into improving the quality and efficiency of economic development and making our development more sustainable, so we can achieve both sound and rapid development. The target of around 8% growth serves as a guide and indicator of the anticipated growth for the country as a whole. Local governments should set their growth rates scientifically in line with their actual conditions, and never seek rapid growth at all costs, and still less raise targets at each administrative level.

***--Improving the economic structure.** The foundation for agricultural development will be further strengthened; emerging industries of strategic importance and service industries will develop more quickly; the value-added of primary, secondary and tertiary industries will account for 10.1%, 46.6% and 43.3% of GDP respectively; spending on R&D as a percentage of GDP will increase to at least 1.75%; positive results will be achieved in preventing haphazard and redundant development, promoting mergers and reorganizations, and eliminating backward production capacity; we will strive to reach the target set in the Eleventh Five-Year Plan for energy consumption per unit of GDP, and the discharge of major pollutants will further decrease; the urbanization rate will reach 47%, and regional development will be better balanced.* Accelerating transformation of the development pattern is an inherent requirement for applying the Scientific Outlook on Development, maintaining stable and rapid economic development, and promoting social harmony and stability. This composite target is put forward to guide all sectors to make full use of both government regulation as the visible hand and market forces as the invisible hand, work hard to improve the economic structure, foster emerging industries of strategic importance quickly, eliminate backward production capacity in accordance with the law, promote enterprise transformation and upgrading, and intensify energy conservation, emissions reduction and environmental protection while consolidating the foundation for an economic turnaround. At

the same time, we need to intensify efforts to balance urban and rural development and development among different regions, pick up the pace of urbanization, create new areas and poles of economic growth, and further expand domestic demand, especially consumer demand. This is the only way we can better satisfy the new expectations and new demands of the people, eliminate the tight restraints resources and the environment place on economic development, further raise the quality and efficiency of development, and seize opportunities and keep the upper hand in complex and fierce international competition.

--Ensuring and improving people's wellbeing. *More than 9 million urban jobs will be created and the registered urban unemployment rate will stay within 4.6%; urban and rural incomes will increase steadily, with rural per capita net income rising at least 6% in real terms; all aspects of the social safety net will further improve, and work on low-income housing projects and the renewal of run-down areas will proceed more quickly; the natural population growth rate will be kept under 7‰.* Although the employment situation is grim and will remain so for some time to come, more jobs will be continuously created as the turnaround in the economy is sustained, implementation of a vigorous employment policy is intensified, and employment services and training are constantly improved. Some enterprises that have been affected by changes in the domestic and international economic environments have not fundamentally shaken off their difficulties in production and business operations, and this has reduced the number of jobs for rural migrant workers. Furthermore, the prices of agricultural products and economic returns in agriculture are on the whole too low, which has restricted the growth in rural cash income. However, as the pattern of national income distribution is gradually adjusted, policies designed to increase personal incomes are further improved, urban and rural development become better balanced, and employment channels for rural workers and the latitude for increasing rural incomes are constantly expanded, the incomes of rural residents could still rise steadily.

--Keeping overall price levels basically stable. *The rise in the CPI will be around 3%.* At present, China's aggregate supply exceeds aggregate demand, there is an abundant supply of almost all products, and in particular we have ample stocks of grain as a result of a succession of bumper harvests, all of which will contribute to keeping prices basically stable. However, factors that are pushing prices upward this year cannot be overlooked. They mainly include the ripple effect of price increases for major commodities on the international market, the time lag for increased domestic supplies of money and credit to work, the effects of reforms in resource taxes and the prices of resource

products, and the carry-over effect of the CPI changes last year. All of these factors increase upward pressure on prices to some degree. Setting the above target will help manage inflation expectations while leaving some room for pressing ahead with reforms.

--Improving the balance of payments. Total import and export volume will increase by about 8%, the trade surplus will shrink, and trade in services will develop more quickly; we will make better use of foreign capital and improve the trade mix; Chinese investment overseas will expand steadily and return higher profits. Stabilizing and expanding foreign demand while working hard to expand domestic demand will be conducive for making better use of both domestic and international resources and markets and for creating more jobs, and competing internationally will promote structural improvement and raise the quality of development. Although the international economic environment is still grim and complex and trade protectionism is on the resurgence, the global economic and trade situation this year will be better than last year if no major unexpected disruptions happen. In addition, there was a significant drop in our exports and imports in 2009, so the relevant base figures are relatively low. Consequently, as long as we grasp the favorable opportunities presented by the readjustment in the global division of labor; make the most of our comparative advantages; quickly change the way our external economy develops; adhere to the path of competing on quality and efficiency and diversifying export markets; and constantly raise the international competitiveness and risk resistance of our economy, we will be able to revive the growth of our foreign trade.

On the basis of the above arrangements and in conformity with the Outline of the Eleventh Five-Year Plan, we expect that by the end of this year, we will reach or exceed most of our targets set in the Plan, including those for economic growth, urban job creation, urban and rural incomes, the coverage of the new type of rural cooperative medical care system, the number of urban residents covered by the basic old-age insurance, the discharge of major pollutants and the rate of urbanization. However, we still need to work harder to meet the targets for energy consumption per unit of GDP and spending on R&D as a percentage of GDP.

III. Major Tasks and Measures for Economic and Social Development in 2010

An analysis of domestic and international development environments and conditions shows that we face arduous tasks in promoting reform and development and maintaining stability this year. To achieve the major objectives

for economic and social development, we need to integrate efforts to maintain steady and rapid economic development with those to adjust the economic structure, and genuinely make development more sustainable. We need to integrate efforts to boost domestic demand, especially consumer demand, with those to maintain the level of external demand, and strive to make economic development more balanced. We need to integrate efforts to balance development between urban and rural areas and among regions with those to promote urbanization, and do all we can to create more room for development. We need to integrate efforts to promote independent innovation with those to foster emerging industries of strategic importance, and strive to achieve innovation-driven development. We need to integrate efforts to deepen reform with those to promote development, and comprehensively increase the inherent driving force of economic development. Moreover, we need to integrate efforts to develop the economy with those to improve people's wellbeing, and further balance economic and social development.

1. We will further improve macro-control and strive to maintain steady and rapid economic development. We need to maintain continuity and consistency in macroeconomic policies and implement them with the appropriate intensity, pace and focus.

1) We will continue to follow a proactive fiscal policy. We will keep the deficit and government bonds at appropriate levels. We propose setting the country's deficit at 1.05 trillion yuan this year, accounting for less than 3% of GDP, roughly the same as last year. Of this sum, 850 billion yuan will be incurred by the central government deficit, and 200 billion yuan will be incurred through local government bonds to be issued by the Ministry of Finance and listed in local government budgets. We will continue to implement the policy on structural tax reduction. We will further optimize the structure of government expenditures, and give more support to key areas and weak links in accordance with the principle of stressing key areas and guaranteeing some expenditures while reducing others. We will be thrifty in everything we do, continue to strictly control regular expenditures, and strive to lower administrative costs.

2) We will continue to implement a moderately easy monetary policy. We will appropriately increase the supply of money and credit and use a combination of various monetary policy tools to improve liquidity management in order to ensure rational and sufficient liquidity in the banking sector. The broad money supply (M_2) will be increased by about 17%, and the scale of RMB loans will increase by approximately 7.5 trillion yuan this year. We will work hard to improve the credit structure. We will increase credit support for weak links in economic and social development, employment, emerging

industries of strategic importance, and industrial relocation; effectively alleviate the financing difficulties facing agriculture and small businesses; ensure the credit demands of key development projects are satisfied; and strictly control lending to industries that are energy-intensive, highly polluting or have excess production capacity. We will continue to expand direct financing, improve the multilevel system for capital markets, expand the scale of corporate financing through bond issues, and optimize the financing structure.

3) We need to guard against fiscal and financial risks. We will improve supervision of local government debts, standardize the fund raising platform of local governments and rectify their practices of guaranteeing payment. We will strictly enforce the qualifications for granting loans, strengthen prudent management, and fend off systemic financial risks. We will effectively control the pace by which the credit supply changes and prevent abnormal monthly and quarterly fluctuations. We will further improve the renminbi exchange rate regime, and keep the renminbi exchange rate basically stable at an appropriate and balanced level.

We will continue to stimulate consumer demand. Total retail sales of consumer goods will grow by 15%.

1) We will adjust the pattern of national income distribution at a faster pace. A plan to adjust the pattern of national income distribution and relevant policies and measures will be formulated soon. We will continue to increase rural incomes through various channels, raise the basic old-age pensions for enterprise retirees and the benefits for some entitled groups, and implement the policy of applying a performance-based salary system in schools providing compulsory education, and in public health institutions and community-based medical and health care institutions. We will gradually raise minimum wage rates.

2) We will improve policies and measures to stimulate consumption. We will work harder to promote rural residents' purchase of home appliances and motor vehicles (including motorcycles); extend the implementation of the program for trading in old home appliances and the policy to subsidize rural residents' purchase of motor vehicles to the end of this year; and expand trials of home appliance trade-in program to more areas.

3) We will promote rational housing consumption. We will increase the land supply for developing public rental housing as well as small and medium-sized apartment housing to be sold at low and medium price levels; support the purchase of first or second homes, in the latter case, when the first home's per capita floor area is smaller than an established average; advocate renting over buying in housing consumption; continue to implement differentiated housing

credit and tax policies; and rein in speculative housing purchases, all done in order to meet people's basic demand for housing. We will continue to rectify and standardize the real estate market; more severely punish those who hoard land without the intention to build housing, withhold completed housing from the market, and collude to drive up housing prices; and curb the overheating of housing prices presently affecting some cities.

4) We will promote the consumption of services. We will vigorously develop the cultural & creative industry, film and television production, publishing, theatrical performances and entertainment, conventions and exhibitions, animation and other cultural industries. We will also accelerate development of broadband networks; support businesses concerning the integration of telecommunications networks, cable TV networks and the Internet; and stimulate consumption of services in culture, tourism, sports, fitness, education, training, and elderly care.

5) We will improve the consumption climate. We will expand consumer credit; strengthen development of infrastructure such as networks for distributing goods; and intensely press ahead with the project to get retailers to open stores in more townships and villages. We will vigorously rectify and standardize market prices, and further tighten oversight and management over the quality and safety of products, especially food and drugs.

We will maintain a rational scale of investment and improve the investment structure. Total investment in fixed assets across the country will increase by 20%, with a 21% growth in investment in construction and renovation and an 18% rise in investment in real estate development.

1) We will effectively develop government-financed projects. Implementation of the plan to invest an additional 4 trillion yuan will continue. In line with the requirement that the central government shall increase investment by a total of 1.18 trillion yuan over the two-year period of 2009-2010, added to the 572.2 billion yuan of investment we have planned to increase in 2010, central government investment this year will equal 992.7 billion yuan, including 392.6 billion yuan of investment in capital construction. While making investment plans, we will continue to give higher priority to agriculture, rural areas, farmers, low-income housing, health, education and other aspects related to people's wellbeing; and to the central and western regions, old revolutionary areas, ethnic minority areas, border areas, and poor areas. These plans will also continue to support energy conservation, environmental protection, independent innovation and technological upgrading. We will use these funds mainly on projects that are under construction or near completion, strictly control the number of new projects, and ensure projects are

not stopped midway.

2) We will actively encourage investment from non-government sources. We will promptly introduce and implement policies and measures to encourage and guide sound development of non-government investment, open up more areas to non-government capital sources, further eliminate barriers to non-government investment, and support non-government investment in weak links of economic and social development such as public utilities and social programs.

3) We will strengthen and improve investment management. We will establish a sound mechanism for departments to coordinate their actions and controls and share information, and study how to better manage investment projects in the areas of land use, environmental impact assessment, energy conservation, credit availability and industrial policy. We will control the proportion of bank loans used to launch new projects. We will strictly control the launching of new projects in industries that are energy-intensive, highly polluting or have excess production capacity, as well as unnecessary and inappropriate vanity projects. We will move faster to develop a legislative framework for investment management. We will tighten oversight, inspection and auditing of government-financed projects and seriously investigate and prosecute violators of regulations to ensure the safety of funds and project quality.

We need to ensure adequate market supplies and steady prices for grain, edible oil and other important commodities. We will improve regulation of the markets for major agricultural products, flexibly control the intensity and pace of adjusting their reserves and import and export volumes, and do a good job of purchasing, marketing, allocating and transporting important commodities such as grain and edible oil in order to ensure their abundant supplies in the market. We will improve monitoring, early warning and situation analysis of prices, prepare sound contingency plans, standardize pricing, correctly guide public opinion, stabilize market expectations, and keep overall price levels basically stable.

We need to regulate economic activities well. We will improve dynamic monitoring and comprehensive analysis, and ensure that adequate supplies reach key areas at crucial times in light of a tight balance between supply and demand for coal, electricity, petroleum, gas and transport services and the occurrence of shortages in some areas. We will link coal production and transportation more closely with demand, make overall planning for balancing supply and demand for electricity, properly arrange electricity transmission across regional and provincial borders, improve demand-side management of electricity, balance

supply and demand for refined petroleum products and natural gas and ensure their steady supplies, and guarantee transportation of key materials. We will replenish reserves of goods and materials for possible emergencies, improve contingency mechanisms, and strengthen our ability to respond to emergencies.

2. We will accelerate industrial optimization and upgrading and the development of emerging industries of strategic importance and promote structural adjustment and change in the development pattern.

1) We will enhance the country's capacity for independent innovation. We will continue to implement the Outline of the National Program for Long and Medium-Term Scientific and Technological Development. We will energetically carry out key national science and technology programs such as those to build a new generation broadband mobile communications network and develop important new medicines. We will increase support for and investment in R&D and further implement policies and measures for encouraging independent innovation. We will speed up the implementation of major projects for integrated circuits, flat-panel displays, new regional aircraft, and nuclear power stations. We will intensify the development of major science and technology infrastructure facilities, advance the Knowledge Innovation Program and the Technology Innovation Program, establish a number of new national engineering or technology research centers and national engineering laboratories in the areas of digital television, new energy sources, new materials and e-commerce, accelerate development of leading enterprises that can demonstrate and lead independent innovation, and help establish a number of strategic alliances for technology innovation. We will continue to support basic research and research in cutting-edge technologies, accelerate development of agricultural and other technologies that are closely related to people's wellbeing, and concentrate on making breakthroughs in core technologies. We will expand the trials to develop national innovative cities, and implement projects to improve the capacity for innovation of individual regions. We will improve our policies on protecting intellectual property rights.

2) We will nurture and develop emerging industries of strategic importance. We will move faster to work out the general philosophy, major policies and measures, and development plans for such industries. We will focus our efforts on developing key technologies where we are more likely to make breakthroughs and on promoting their wide application in industries, including new energy sources, energy conservation and environmental protection, new materials, biomedicine, biotechnological breeding, information technology, new energy vehicles, aviation and aerospace, and marine technology. We will draw up technology roadmaps and market promotion measures and launch a number

of major projects for these technologies. We will effectively carry out the R&D income tax credit policy, improve the investment and financing mechanisms that support innovation, promptly implement the venture capital plan for emerging industries, help establish venture capital guidance funds for high-tech industries, and raise funds through a variety of channels, such as loans, bonds, stocks and venture capital. We will accelerate R&D in and application of the Internet of Things.

3) We will continue to promote the restructuring and revitalization of key industries. We will conscientiously implement the plan for restructuring and revitalizing industries and enforce detailed rules for its implementation. We will revise and apply the Guiding Catalog for Industrial Restructuring and related policies. We will carry out R&D and demonstration projects for industrial technology applications in shipbuilding, petrochemicals, nonferrous metals, environmental protection, new energy sources, energy conservation, and emissions reduction. Centering on energy conservation, consumption reduction and development of a circular economy, we will step up efforts to utilize new and high technologies to transform and upgrade traditional industries and promote greater IT application in enterprises. We will support independent development of key technologies and equipment, encourage use of key equipment that is newly developed and manufactured domestically, and promote domestic production of key equipment. We will intensify geological prospecting and improve China's ability to supply needed energy and resources domestically. We will actively adjust the energy structure and promote sustained and sound development of the energy industry. The output of raw coal, crude oil and natural gas in 2010 will reach 3.15 billion tons, 190 million tons and 92 billion cubic meters respectively, up of 3.3%, 0.5% and 8% from last year. Electricity to be generated in 2010 will reach 3.96 trillion kilowatt-hours, up 6.6%, of which hydraulic power will contribute 660 billion kilowatt-hours, up 7.2%, and nuclear power, 75 billion kilowatt-hours, up 7.1%. We will vigorously carry out wind power projects and develop supporting facilities. We will accelerate mergers and reorganizations of key industries and promote their rational distribution and intensive development.

4) We will reduce and channel excess production capacity and shut down backward production facilities at a faster pace. We will adopt a combination of legal, economic and necessary administrative means by tightening market access, setting up a mechanism for eliminating backward production facilities, and improving the market information release system, to guide sound development of industries. This year, we will shut down backward production facilities in thermal power plants with a total capacity of 10 million kilowatts,

steel mills with a total capacity of 6 million tons, iron foundries with a total capacity of 25 million tons, cement plants with a total capacity of 50 million tons, paper mills with a total capacity of 530,000 tons, and plate glass plants with a total production capacity of 6 million weight cases.

5) We will speed up development of the service sector. The value-added of tertiary industry will reach 16.15 trillion yuan, an increase of 8.7%, and the service sector will constitute 34.8% of the country's employment, up 0.8 percentage points from last year. We will continue to relax controls over market access and improve and implement investment, tax, land-use and pricing policies to encourage development of the service sector. We will promptly formulate guidelines for promoting development of high-tech services. The total output of telecommunications services will grow by 18% in 2010. We will introduce policies and measures for promoting modern logistics, and support the development of key modern logistics projects. We will improve the infrastructure of major tourist attractions, promote ecological tourism, cultural tourism, and leisure and holiday tourism, and carry out the project to turn Hainan into an international tourist island. We will develop community, domestic and old-age services as well as public utilities to meet people's diversified, multilevel demands. Nationwide, the number of urban community service facilities will reach 180,000 by the end of this year, up 2.9%. We will carry out trials of comprehensive reforms in the service sector and promote development of demonstration areas for fostering the concentration of service industries. We will successfully host the Shanghai World Expo.

6) We will develop major transportation routes and key transportation hubs and improve overall transportation efficiency. We will promote development of passenger rail lines, coal transportation routes, trunk rail lines in the western region, inter-city express railways and urban rail transit facilities in an orderly manner. We will improve the national expressway network and raise the technical grades and service levels of national and provincial trunk highways. With the focus on specialized docks, modern ports, and inbound/outbound deepwater navigation channels, we will promote construction of coastal ports in an orderly manner, and develop inland water transport systems, including those along the Yangtze River. We will promote renovation and expansion of hub airports and major airports and development of regional airports. China's total length of railways and highways opened to traffic will reach 91,000 kilometers and 3.927 million kilometers in 2010, up 5.8% and 2.6% respectively. The number of airports opened to air traffic will increase by 8 to reach 174.

7) We will actively support development of small and medium-sized enterprises, especially small ones. We will accelerate the development of a

public service platform and an information service network to support small and medium-sized enterprises as well as bases for creating small businesses. We will implement preferential financial and tax policies for promoting development of small enterprises; increase the amount of funds earmarked for small and medium-sized enterprises from the central government budget; encourage local governments to set up risk compensation funds for loans to small enterprises, and develop for them a multilevel system of credit guarantees.

3. We will work harder to balance urban and rural development and consolidate the foundation for developing agriculture and the rural economy and increasing rural incomes.

1) We will work hard to ensure production of major agricultural products. We will continue to strictly protect farmland, intensify its development, especially primary farmland, keep the total grain acreage stable, optimize the structure of crop varieties, increase the yield per unit of area and, improve grain quality. In 2010, we will strive to keep the country's grain output stable at 500 million tons, and the output of cotton, oilseed and sugar crops will reach 6.7 million tons, 31.5 million tons and 125 million tons, up 4.7%, 1.6% and 2.5% respectively. We will fully implement the plan to increase China's grain production capacity by 50 million tons, intensify the development of cotton, oilseed and sugar crop production bases, raise the level of agricultural mechanization, and develop drought-resistant agriculture, protected agriculture and conservation tillage in light of local conditions. We will improve 1.653 million hectares of low- and medium-yield farmland, a year-on-year increase of 1.6%. We will improve the policies of subsidies and rewards for agricultural production and stabilize the production of staple agricultural products. We will continue to develop the system for cultivating superior varieties and breeds, the system for preventing and controlling animal and plant epidemics, the system for disseminating agricultural technology at county and township levels, and the system for quality and safety inspection and testing of agricultural products. We will carry forward the national projects to demonstrate modern agriculture and to develop modern agricultural production, and support the development of large-scale, standardized hog and cow farms. The output of meat and aquatic products will reach 78 million tons and 52 million tons in 2010, up 2.1% and 1.6% respectively. We will support efforts to upgrade and renovate storage and distribution facilities for staple agricultural products and major wholesale markets for agricultural products and develop cold chain logistics for agricultural products.

2) We will work hard to bring about a steady increase in rural incomes. We will raise minimum grain purchase prices, and the average floor prices for the

purchase of wheat and rice will rise by 3 yuan and 6 yuan (10 yuan for un-husked japonica rice) per 50 kilograms, respectively. We will improve the mechanism for purchasing and stockpiling important agricultural products. We will raise the subsidies for purchasing superior crop varieties, increase the amount and types of subsidies for purchasing agricultural machinery and tools, and implement a dynamic mechanism to adjust general subsidies for agricultural supplies. We will vigorously develop the system under which various sectors of society provide services for agriculture and rural areas, improve the organization of agricultural production and operations, and help leading enterprises improve their roles of serving as shining examples and stimulating development. We will energetically develop secondary and tertiary industries in rural areas and strengthen county economies. We will step up job training for rural residents seeking non-agricultural employment, improve the environment for rural migrant workers to find jobs or start their own businesses, and do our utmost to help rural residents seek employment in a variety of non-agricultural sectors. We will strive to ensure more than 6 million rural residents receive training for non-farm jobs this year.

3) We will make steady progress in building a new countryside. We will continue to improve working and living conditions in rural areas. The central government will increase capital construction investment in projects to improve the wellbeing of rural people, such as the construction of water supplies, power grids, roads, methane facilities and housing. A total of 20 billion yuan will be allocated to provide safe drinking water to another 60 million rural residents and ensure 71.5% of the rural population will gain access to tap water this year. Twelve billion yuan will be used to upgrade rural power grids. Three billion yuan will be spent on renovating rural roads. A total of 5.2 billion yuan will be earmarked to accelerate the development of household methane generators, large and medium-sized methane facilities and central methane stations in rural areas. We will continue to improve rural infrastructure. We will accelerate the progress of the projects to build auxiliary facilities and upgrade water-saving devices in large and medium-sized irrigated areas and complete the task to reinforce a total of 6,240 large and medium-sized reservoirs and dilapidated key small reservoirs as scheduled. We will strengthen fishery administration and improve fishing harbors. We will carry out the project to build a clean rural environment. We will vigorously press ahead with comprehensive rural land development. We will improve our ability to provide public services in rural areas, including education and training, medical and health care, and cultural services, and speed up efforts to promote wide IT application and universal communications services in the countryside.

4) We will actively promote urbanization. We will accelerate the development of small and medium-sized cities and small towns, improve urban public utilities such as gas, heat and water, and increase the overall carrying capacity of cities. We will relax requirements for household registration in towns and small and medium-sized cities. Where conditions permit, cities will be encouraged to grant urban household registration to rural migrant workers holding a steady job with a steady income in the city, and to their children as well, and incorporate them into the urban public service system. We will improve the employment, housing, medical care and other basic living conditions for rural migrant workers and ensure their children receive a school education.

4. We will earnestly implement all plans and policies for promoting regional development and make development among regions more balanced.

1) We will intensely promote the large-scale development of the western region. We will promptly formulate guidelines for thoroughly carrying out the strategy for large-scale development of the western region (2010-2019) and introduce plans for implementing them in a timely manner. We will continue to launch a number of key projects to develop infrastructure and improve people's wellbeing, build upon progress in returning farmland to forests, improve the policies for returning grazing land to grasslands, establish sound mechanisms to compensate for ecological damage and resource depletion, and carry out demonstration projects for ecological conservation. We will promptly formulate development plans for the Chengdu-Chongqing Economic Zone and other areas. We will promote the development of experimental zones for developing and opening up major border cities and towns.

2) We will comprehensively revitalize northeast China and other old industrial bases. We will support mergers, reorganizations, technological upgrading and independent innovation in key enterprises and industries. We will foster and expand industries that can take advantage of local strengths, further promote sustainable development of resource-dependant cities, accelerate development of modern agriculture, and vigorously develop modern service industries such as tourism and logistics. We will energetically press ahead with development of the coastal economic belt in Liaoning Province and the Changchun-Jilin-Tumen development and opening up priority zone. We will formulate plans to protect the ecology of the forests in the Greater and Lesser Hinggan Mountains and transform their local economies.

3) We will effectively boost development of the central region. We will conscientiously implement the plan for energizing development of the region, formulate specific policies and measures to support its development, and draw

up plans focusing on development of three different types of production bases and a system of integrated transportation hubs. We will speed up the formulation of development plans for specific areas, such as those to promote economic and social development in the Danjiangkou Reservoir area and its upper reaches. We will introduce and implement guidelines for encouraging industries to relocate to the central and western regions.

4) We will energetically support the eastern region in taking the lead in development. We will effectively implement existing development plans, policies and measures for key areas, including the Pearl River Delta area, and quickly formulate and implement development plans for the Yangtze Delta area, the Beijing-Tianjin-Hebei area and the economic zone in Fujian Province on the west coast of the Taiwan Straits. We will work on the guidelines for promoting development of the marine economy. We will energetically encourage the eastern region to make innovations in systems and mechanisms, and optimize and upgrade industries so that it can participate in international competition and cooperation in all areas.

5) We will increase regional cooperation. We will strengthen overall planning and coordination in areas such as development planning, industrial distribution, infrastructure development, ecological improvement, environmental protection and public services, in order to promote both division of labor and cooperation between regions so that they complement each other better. We will intensify efforts to support development of the old revolutionary areas, ethnic minority areas, border areas and poor areas, and increase government spending and improve basic public services there. We will increase support to ethnic groups with small populations. We will continue to implement the program to develop border areas and improve people's lives there. We will work hard to ensure the eastern and central regions provide assistance to designated areas with financial difficulties in the western region. We will accelerate development of the development priority zones.

5. We will work hard to conserve energy, reduce emissions and counter climate change, and quickly build a resource-conserving and environmentally friendly society.

1) We will tighten accountability for meeting targets and intensify oversight and inspection. We will continue to enforce an accountability system for energy conservation and emissions reduction, and initiate performance evaluations to test whether local governments and key enterprises are achieving their targets. We will increase supervision and inspection of energy conservation and emissions reduction efforts to ensure all facilities installed for these purposes are functioning effectively. We will carry out extensive publicity activities, such

as the campaign to get everyone to save energy and reduce emissions.

2) We will improve relevant policies and standards. We will promptly introduce measures for assessing and examining energy savings in fixed-asset investment projects. We will formulate or revise a number of mandatory energy efficiency standards for the end-use of energy-consuming products, limits on energy consumption per unit of production, and technical standards for products that must be recycled by manufacturers. We will improve the systems for state certification and government procurement of energy-efficient products. We will speed up efforts to promote energy performance contracting. We will make sure that enterprises enjoy income tax credits for producing products that are designed to save energy and water and protect the environment, and likewise reward them for carrying out technological upgrading projects that contribute to energy conservation and environment protection. We will also make sure that power plants equipped with desulphurization devices charge a premium rate for electricity. We will improve economic policies to encourage the recovery of by-product heat and pressure to generate electricity, which in turn will be supplied to the power grid.

3) We will accelerate the development of key projects. We will continue work on the ten major energy conservation projects, with an additional energy savings equivalent to 80 million tons of standard coal. We will intensify efforts on major projects such as those to treat urban sewage and garbage, install desulphurization devices in coal-fired power plants and sintering machines in steel mills, and comprehensively address the problem of tailings. The daily urban sewage treatment and garbage disposal capacities will increase by 15 million cubic meters and 60,000 tons respectively in 2010, and this will ensure 75% of urban sewage is treated and 71% of urban garbage is safely handled, up 2.7 and 2 percentage points from last year respectively. We will implement the plan to comprehensively tackle heavy metal pollution.

4) We will improve energy conservation in buildings. We will tighten oversight and supervision to ensure new buildings comply with energy conservation standards, and introduce energy efficiency labeling and publicize energy saving information in non-industrial buildings. We will intensify efforts to install heat meters and temperature regulators in existing residential buildings and make them more energy-efficient in the northern heat-supply areas. We will improve supervision of energy conservation in the office buildings of state agencies and large public buildings.

5) We will comprehensively implement the project to promote energy-efficient products for the benefit of the people. In addition to subsidizing the purchase of high efficiency air-conditioners, we will formulate detailed rules

to subsidize purchases of energy-efficient refrigerators, washing machines, flat-screen televisions, gas water heaters and electric motors to encourage their widespread use. A total of 150 million energy-efficient light bulbs will also be distributed, particularly in rural areas.

6) We will vigorously develop a circular economy. We will expand pilot projects that demonstrate the circular economy model, improve the circular economy index system, and set up a fund devoted to developing a circular economy. We will launch demonstration projects, such as the one on the recovery of mineral resources from waste in cities, formulate guidelines for developing the remanufacturing industry, vigorously encourage the recovery of resources from construction waste and kitchen waste, and comprehensively utilize straw as biomass energy. Water consumption per 10,000 yuan of value-added of industry will equal 114 cubic meters, a 2.1% decrease, and the rate of comprehensive utilization of industrial solid waste will rise by 1.8 percentage points to reach 68.4% in 2010.

7) We will strengthen ecological improvement and environmental protection. We will carry forward projects to bring the sources of dust storms affecting Beijing and Tianjin under control, protect virgin forests, and develop shelterbelts for key areas. We will intensify pollution prevention and control in the key areas and key water basins of the Huai, Hai and Liao rivers, the Tai, Chao and Dianchi lakes, the Bohai Sea, the Three Gorges Reservoir area, and the sources and routes of the South-to-North Water Diversion Project. We will move quickly to comprehensively clean up the environment on the Loess Plateau and protect and develop the ecological shields in Tibet. We will accelerate implementation of the plans for comprehensive ecological improvement, such as those to protect the sources of the Yangtze, Yellow and Lancang rivers, restore the ecosystem of the Shiyang River, and control the spread of stony deserts. Soil erosion on 21,600 square kilometers of land will be brought under control in 2010, up 1.4%. We will comprehensively improve the rural environment.

8) We will actively respond to climate change. We will formulate and implement policies and measures to meet our action targets for limits on greenhouse gas emissions by 2020. We will continue to implement China's National Climate Change Program. We will improve our capacity to respond to climate change and increase related publicity and education activities. We will accelerate the process of making our country green by planting trees and increase the capacity of forests to capture carbon emissions. An additional 5.92 million hectares of land will be covered with trees this year. We will improve our work concerning Clean Development Mechanism projects. We will continue

to promote international talks on countering climate change, and strengthen international exchanges and cooperation.

6. We will accelerate reforms in key areas and crucial links and increase the impetus and vitality of economic and social development.

1) We will further deepen the reform of pharmaceutical and health care systems. We will further expand the coverage of basic medical insurance, accelerate development of the national system for basic drugs, implement major public health projects and projects for basic public health services, improve our capacity for medical relief in response to public health emergencies, carry out pilot projects for the reform of public hospitals, and accelerate the reform of pricing mechanisms for medical care and drugs. The national system for basic drugs will cover 60% of government-financed, community-level medical and health care institutions this year.

2) We will make steady progress in reforming resource product prices and environmental protection charges. We will continue to implement pilot projects for public bidding among power plants for the right to supply electricity to power grids and for direct trade between large electricity users and power plants. We will implement a progressive electricity pricing system for households and improve the pricing and subsidizing mechanisms for electricity generated from renewable sources. We will continue the reform of water prices and expand the collection of sewage treatment fees. We will reform the way in which garbage disposal fees are collected. We will press ahead with emissions cap and trade trials.

3) We will deepen SOE reforms. We will press ahead with the strategic readjustment and reorganization of the public sector; accelerate reforms to institute a corporate system or a stockholding system in large SOEs, particularly parent corporations of central government enterprises; make progress in setting up standardized boards of directors in central SOEs; and improve corporate governance and the system of executive pay and bonuses. We will continue to implement the reform of monopoly industries, relax controls over market access, and actively introduce a competitive system.

4) We will unwaveringly encourage, support and guide the development of the non-public sector. We will increase support for this sector via financial, fiscal and tax policies; provide it with equal treatment in policies on public biddings and government procurement; modify discriminative laws, regulations and policies against it related to financing, foreign exchange control and land use; and foster a market environment conducive to fair competition among economic entities under all types of ownership.

5) We will improve systems and mechanisms that benefit agricultural and

rural development. We will stabilize and improve the basic system for rural operations and carry out the reform of the rural land management system in an orderly manner. We will deepen the reform of tenure in collective forests and begin reforming tenure in state-owned forests. We will carry out reform in the contracting of pastureland and restructure state farms built on reclaimed land.

6) We will accelerate the reform of fiscal and tax systems. We will establish a sound public finance system in which the financial resources of governments are in line with their respective responsibilities. We will improve the transfer payment system and enhance local governments' capacity to provide basic public services. We will improve the systems of sales tax and real estate tax. We will accelerate the reform of resource taxes. We will extend the urban construction and maintenance taxes and education surcharges to foreign enterprises and nationals.

7) We will continue to promote reform of the financial system. We will standardize corporate governance in commercial banks, encourage the Import and Export Bank of China and the Agricultural Development Bank of China to deepen internal reforms, continue to reform rural credit cooperatives, accelerate the development of small financial institutions to serve rural areas and small and medium-sized enterprises, and expand the trials of small and medium-sized enterprises issuing corporate bonds. We will improve the system of financial oversight and supervision.

8) We will deepen reform of the investment system. We will improve the system for assessing completed investment projects, the public notice system for major investment projects, and the accountability system for decisions made on investment projects. We will formulate regulations for managing the contractor system for construction projects, and improve the system for managing government investment. We will promptly set up a system for managing industrial investment funds and improve the venture capital system.

7. We will pay closer attention to both domestic and international conditions in our overall planning and steadily develop an open economy.

1) We will promote steady recovery in foreign trade. We will ensure the continuity and consistency of our policies regarding external demand; implement the strategy of diversifying export markets; stabilize traditional markets while opening up new markets; adjust the mix of exports; continue to encourage the export of traditionally competitive products, products with Chinese trademarks, and technologies and standards for which we own intellectual property rights; and strictly control the export of resource products and products whose production is energy-intensive or highly polluting. We will support the import of advanced technologies and equipment, key spare parts and

components, and goods and materials that are in short supply in China. We will properly handle trade frictions and vigorously promote international trade and economic cooperation. We will continue to expand our assistance to other countries.

2) We will utilize foreign capital more effectively. We will revise the Suggested List of Industries for Foreign Investment; open more areas to foreign competition; guide foreign investment toward high-end manufacturing industries, new and high-tech industries, modern services, new energy sources, and energy conservation and environmental protection industries; and encourage foreign investors to develop labor-intensive industries that conform to environmental protection standards in the central and western regions. We will vigorously pursue business in the outsourcing of international services. We will deepen reform of the management system of foreign investment, reduce the scope of examination and approval, and increase transparency of the approval process. We will strive to attract foreign direct investment of \$96 billion this year. We will continue to make good use of foreign loans.

3) We will support and standardize the overseas investment and international cooperation of Chinese enterprises. We will revise the Methods for Examining and Approving Outward Investment Projects Overseas and related industrial guidance policies; strengthen and improve the guidance, coordination, supervision and services for Chinese enterprises overseas; and guide them to operate in accordance with the law. We will strive to increase our outward direct investment overseas by 15.5% this year.

8. We will strengthen social development with the focus on improving people's wellbeing and do all we can to safeguard social harmony and stability.

1) We will follow an even more vigorous employment policy. We will vigorously develop labor-intensive industries, small and medium-sized enterprises, the non-public sector and service industries; establish a mechanism for stimulating employment with public investment; and strive to create more jobs. This year, 6.3 million students will graduate from colleges and universities, and there are some who graduated in previous years but still have not found jobs, with both groups increasing pressure on employment. We need to do a good job of providing them with employment services and help them find employment at the local community level. We will increase employment assistance and support for disadvantaged groups and encourage more people to start their own businesses or find jobs for themselves. We will effectively implement our employment policies concerning rural migrant workers.

2) We will improve the social safety net. We will implement the unified nationwide methods for transferring basic old-age pension accounts for workers

of urban enterprises who move from one region to another. We will expand the pilot program for a new old-age insurance system for rural residents, especially in border counties, poverty-stricken counties in ethnic minority areas, and pastoral areas. We will study and solve the problem of how to provide basic old-age pensions to retirees of collectively owned enterprises who are not covered by the basic old-age insurance system, and address other longstanding problems related to social security. We will improve the basic medical insurance system for non-working urban residents and the new type of rural cooperative medical care system, and gradually raise the levels of financing, government subsidies and benefits. We will increase support and assistance to the low-income population, improve the system of subsistence allowances for urban and rural residents, and further raise these allowances. We will quickly develop the ability to provide public services related to social security. The number of urban residents covered by basic old-age insurance and basic medical insurance will increase by 5 million and 9.4 million respectively this year. We will continue to do a good job of providing work-relief and relocating people from inhospitable areas as a poverty relief effort. An additional 760,000 people will be relocated for this purpose, and 4.1 million more rural residents will be lifted out of poverty.

3) We will give top priority to education. We will promulgate and implement the Outline of the National Long- and Medium-term Program for Education Reform and Development. We will make further progress in improving the operating conditions of schools in rural and poor areas, renovating the buildings of rural junior secondary schools in the central and western regions, and implementing the national program to ensure the safety of primary and secondary school buildings. We will improve the development of preschool education and the construction of special education schools. We will continue to implement the May 1998 Program, the third phase of the 211 Project, and the project to improve the infrastructure for secondary vocational education. We will support the development of ethnic minority colleges and universities and bilingual education in ethnic minority areas. We will increase support for the development of higher education in the central and western regions. The secondary gross enrollment ratio will reach 80%, and plans call for enrolling 6.57 million undergraduate students and 534,000 graduate students in regular institutions of higher learning in 2010, up 2.7% and 4.5% from last year respectively.

4) We will strengthen public medical and health care services. We will improve the systems for medical and health care services and family planning services at the community level; continue to renovate and build a number of

county-level hospitals and health care facilities in towns, townships and urban communities; support the development of key traditional Chinese medicine hospitals; and launch a plan to set up a system to prevent and treat mental health problems. Hospitals and health clinics will provide 3.08 hospital beds per 1,000 people in 2010, up 3.7%. We will take effective measures to prevent and control influenza A (H1N1) and other major communicable diseases.

5) We will intensify efforts to ensure an adequate housing supply. We will increase government funding by allocating 44 billion yuan of capital construction investment in the central government budget to accelerate the construction of low-rent housing and other low-income housing; support the renovation of dilapidated rural houses and the run-down areas in cities, state-owned industrial and mining areas, forest regions, and land reclamation zones; and continue to build permanent homes for nomadic herdsmen. As required, we will spend no less than 10% of the net income from the transfer of land-use rights on construction of low-rent housing. We plan to build 3 million units of low-income housing; improve the houses of 2.8 million families living in all kinds of run-down areas; renovate dilapidated houses for 1.2 million rural families; and provide permanent housing for 60,000 nomadic families in 2010.

6) We will vigorously strengthen cultural development. We will increase efforts to build community public cultural facilities and sports facilities for the masses, with the focus on rural areas and the central and western regions. We will speed up implementation of cultural projects that benefit the people such as those to share cultural information and to build multipurpose cultural centers in towns and townships. We will do more to protect national natural and cultural heritage sites, famous historic and cultural cities, recovered cultural relics, and intangible cultural heritage. We will continue to promote reform of the cultural management system and improve policies to support non-profit cultural programs, develop cultural industries and encourage cultural innovations. We will promote the flourishing of philosophy and the social sciences. We will promote the development of major cultural projects and product innovation in radio, film and television, the press and publishing, and other areas. We will vigorously carry out public fitness programs. We plan to build 2,000 sports venues this year, an increase of 4.1%.

7) We will make programs for senior citizens a high priority, effectively protect the rights and interests of women and minors, show our concern for people with disabilities and support programs that benefit them. We plan to increase the number of social welfare beds by 100,000, up 3.3%; and raise the number of facilities providing comprehensive services for the disabled by 384, up 15.1% in 2010.

8) We will continue to carry out post-Wenchuan earthquake recovery and reconstruction work well, and basically complete the major tasks by the end of September this year.

We will continue to increase exchanges and cooperation between the mainland and the Hong Kong and Macao special administrative regions in the areas of economic and trade affairs, science and technology, education, culture, health and sports, and we will continue to support the two regions in overcoming the adverse impact of the global financial crisis and promoting economic development. We will seize the historical opportunity to actively promote economic and cultural exchanges and cooperation between the two sides of the Taiwan Straits, and expand the direct mail, transport and trade links between the two sides. We will support the role of the economic zone in Fujian Province on the west coast of the Straits in pioneering new approaches to exchanges and cooperation between the two sides.

This year we have an additional important task to perform: formulating the Twelfth Five-Year Plan for National Economic and Social Development. We will draw up the draft Outline of the Twelfth Five-Year Plan based on a wide range of opinions from all regions, departments, and all sectors of society; complete the preparatory work for submitting it to the Fourth Session of the Eleventh NPC for deliberation; and make arrangements for the formulation of related special plans and regional plans.

Fellow Deputies,

Successfully completing all the work for economic and social development in 2010 will be an arduous but important task. We will unite even closer around the CPC Central Committee with Comrade Hu Jintao as General Secretary, hold high the great banner of socialism with Chinese characteristics, follow the guidance of Deng Xiaoping Theory and the important thought of Three Represents, thoroughly apply the Scientific Outlook on Development, voluntarily accept the guidance and supervision of the NPC, and listen with an open mind to comments and suggestions from the CPPCC National Committee members. Let us strengthen our confidence, work hard with a pioneering and innovative spirit, and strive to achieve the targets for the Eleventh Five-Year Plan and promote sound and rapid economic and social development.