



A Strategic Blueprint:
The Four-pronged Comprehensive Strategy



Comprehensively Deepening Reforms: A Critical and Challenging Stage



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Taking a holistic view, the Third Plenary Session of the 18th CPC Central Committee formulated a complete strategic arrangement for comprehensively deepening reforms across China, consisting of more than 330 major measures covering 15 fields. This is a strategic decision and direction to advance China's economy into the "new normal" through comprehensively deepening reforms. However, we should be aware that even more arduous tasks and unprecedentedly formidable challenges lie ahead. China has entered a critical but challenging stage and a deep-water zone in continuing reforms.



Dividends are a source of wealth and an engine of growth. Reform payoffs, as a matter of fact, refer to potential incremental value generated by the reorganization and optimization of production factors through institutional reform.

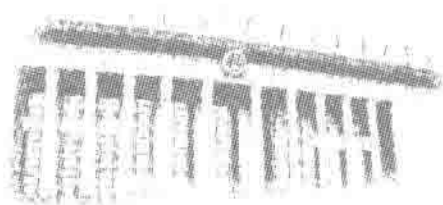
Reform Payoff: Institutional Dividends



Before the Third Plenary Session of the 11th CPC Central Committee was convened, China had just ended the disastrous Cultural Revolution, which had dampened the country's economic and social development and considerably widened the gap between China and developed countries in terms of economic strength, social progress, technological advances, democracy and rule of law, as well as people's living standards. Deng Xiaoping had developed a very profound understanding regarding China's reforms, noting, "We must keep abreast with the times; this is the purpose of our reforms."



President Xi Jinping reaffirms: “We should comprehensively deepen reforms. By ‘comprehensively,’ we mean carrying out reforms in all aspects in a coordinated way... This is a great project, rather than piecemeal adjustments or fragmentary repairs. It must mean complete and systematic reforms and improvements, involving linkage and integration of steps in all aspects.”








Customs officers at the Yiwu Cross-Border E-commerce Monitoring Center checking goods of different categories



Dividends are a source of wealth and an engine of growth. Reform payoffs, as a matter of fact, refer to potential incremental value generated by the reorganization and optimization of production factors through institutional reform. As by nature a type of systematic or institutional dividend, reform payoffs include not only development advantages, such as lower labor costs, but also a fairer competitive environment and lower trading costs. The establishment of the household contract responsibility system, in Xiaogang Village, Fengyang County, Anhui Province, the prelude to China's reforms, provides strong evidence how reforms of institutions and systems can bring forth dividends, given the subsequent success in significantly promoting the development of rural productivity, as well as providing adequate food and clothing to the peasantry.



Unleashing the Vitality of Major Market Players by Streamlining Administration and Delegating Power to Lower Levels

The reforms are decentralizing the power of the government and stimulating the vitality of the market. Administrative system reform launched in 2014 placed ample focus on “streamlining”: with reform of the administrative examination and approval system being expedited. In 2015, the State Council pledged to rescind and delegate power to lower levels, in terms of at least 200 items for administrative examination and approval, along with over 400 items revoked or decentralized in the previous year; to allow enterprises to enjoy more decision-making power in terms of investment, with 80 demonstration projects in such sectors as transportation and energy inviting public tender, breaking monopolies and allowing for private investment; and to take new measures for cancelling unreasonable charges and reasonably defining taxes. More specifically, favorable tax policies designed to help key groups of people to start businesses or find employment, and to support the development of small and medium-sized enterprises, were extended to the end of 2016, and enterprises were exempted from designated fees.

The government commenced efforts to withdraw items not subject to administrative examination and approval, in order to plug loopholes and eliminate “gray zones” in administrative examination and approval. The “negative list” system is due to be released. Once such a list is formulated, all market players will be able to gain equal access according to the law, to sectors, fields and business other than those on the “negative list” for which investments and operations are banned or restricted. The access “thresholds” for market players will be further lowered, such as issuing operating permits before licenses, the practice in the past, to be replaced with the practice of license first, operating permit second.



Anhui Province reforms the mode of using government vehicles. The picture above shows potential buyers check auctioned government cars at a parking lot in Hefei's high-tech zone.



After this, China embarked on a new long march of great national revitalization through reforms. The country launched, and still continues, major reforms vital to its future, such as reforms in ownership, prices, state-owned enterprises (SOEs), the fiscal and taxation system, financial system, employment system, income distribution system, and the foreign trade system. At the same time, profound reforms have been occurring in its socialist political, cultural, social and eco-civilization systems, constituting an important part of China's reform process. The over three decades of reform and opening-up have brought radical changes to China's economic system, constant improvements in socialist democracy and rule of law, a better use of people's energy, initiative and creativity, and significant enhancement of cultural soft power. Also thanks to the reforms, the core socialist value system keeps gaining popular support and the development of the socialist cultural system is making enormous progress.



On October 7, 2013, President Xi Jinping announced at the APEC CEO Summit 2013: “If China is to make progress, it must comprehensively deepen reform and opening-up in all aspects.” Premier Li Keqiang reaffirmed, at the symposium on pilot comprehensive supplementary pilot reforms convened by the State Council in November 2012, that reform has been and will continue to be China’s biggest dividend.

Reform: China's Biggest Dividend



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