

Chapter Forty Seven: Accelerate Fiscal and Taxation Structure Reforms

We will smooth out the financial distribution relationship between various levels of government, perfect the public finance structure, improve budget system and tax collection system, and actively establish a fiscal and taxation structure that is conducive to the transformation of the economic development model.

1. Deepen Financial Structure Reform

In line with the demands for a match between financial power and administrative power, and on the basis of rationally defining powers, we will further smooth out the financial distribution relationship between various levels of governments, and perfect the tax-sharing system. Surrounding the promotion of the equal provision of basic public services and the construction of major-functions oriented zones, we will perfect the transfer payment system, increase the payment scale and ratio of general purpose transfer payment, balanced transfer payment in particular, and reduce and standardize special transfer payment. We will promote financial structure reforms below the provincial level, steadily promote the management system reforms of province's assuming direct management of county financial system, and enhance the financial guarantee of provincial-level governments in providing basic public services. There will be establishment of a sound debt management system for local governments, and exploration of the establishment of a system for local governments to issue bonds.

2. Perfect Budget Management System

There is a need to implement a full-covered budget management, perfect public financial budget, work out a detailed government fund budget, perfect state-owned assets operation budget, study the formulation of social protection budget on the basis of perfecting social insurance fund budget, and establish a sound government budget structure marked by organic linkup. It is necessary to perfect a system on budget compilation, execution, and management, enhance constraints on budget expenditure and supervision over budget execution, perfect the budget opening mechanism, and increase the degree of budget transparency. There is a need to deepen reforms on the systems on departmental budgets, on state treasury's concentrated collection and payment, on government procurement, and on national debt management. We will further promote government accounting reforms, and gradually establish a government financial report system.

3. Reform and Perfect Tax Collection System

In line with the principle of optimizing the taxation structure, of equally sharing the tax burden, of standardizing the distribution relations, and of perfecting the allocation of tax rights, we will perfect the taxation system structure, and enhance the tax collection legal system building. We will expand the collection scope of value added tax, and reduce the collection of corporate tax and other taxes correspondingly. There will be rational readjustment of collecting consumption tax, of tax rate structure, and of tax collection procedures. A sound personal income tax system that combines comprehensive and classified tax collection will be gradually established, and the mechanism on collecting and managing personal income tax will be perfected. It is necessary to continuously promote the tax-for fee reform, promote the reforms of resources tax and arable land occupation tax in an all-round manner, and study the promotion of the reforms of property tax. Local tax structure will be gradually perfected. Provincial-level governments will be given appropriate right on managing taxation affairs.

Chapter Forty Eight: Deepen Financial System Reform

We will comprehensively promote financial reform, opening, and development, establish and organize a financial structure that is diverse, that offers highly efficient services, that exercises prudent monitoring and management, and that can control risks, constantly enhance the functions of financial market, and provide better services to accelerate the transformation of the economic development model.

1. Deepen Financial Organ Reform

There will be continual deepening of the reforms of the large financial organs that the state has a controlling stake, perfection of the modern financial and enterprise system, strengthening of internal management and risk management, and raising of innovative development capabilities and international competitiveness. We will continuously deepen the reforms at the China Development Bank, promote the reforms at the Export-Import Bank of China, at the China Export & Credit Insurance Corporation, study the promotion of the reforms at the Agricultural Development Bank of China, and continue with the promotion of the reforms at the Postal Savings Bank of China. We will build a savings deposit insurance

system. There will be promotion of the standardized development of securities and futures operation organs. There is a need to enhance the innovative service capabilities and the internal risk control capabilities at insurance organs, strengthen the supervision and management of insurance sector's compensation payment capabilities, deepen the reforms of the management structure on the utilization of insurance funds, and steadily raise the operational level of funds. It is necessary to promote the commercialized transformation of financial assets management companies. We will positively and steadily promote the pilot projects on comprehensive operations of financial sector.

2. Accelerate Multi-Level Financial Market Structure Building

We will greatly develop the financial market, continue to encourage financial innovation, and significantly raise the ratio of direct financing. It is necessary to expand the breadth and depth of the monetary market and increase the functions of liquidity management. There is a need to deepen the market-based reforms of the stock issuance and review system; standardize the development of the main board and small and medium-board markets; promote the start-up board market building; expand the pilot project on proxy stock transfer system; accelerate the development of the over-the-counter market; and explore the establishment of an international board market. We will actively develop the securities market, perfect the issuance management system, promote the innovation and diversification of the securities varieties, and steadily promote the turning of assets into securities. We will promote the development of the futures and financial derivatives markets. It is necessary to promote the healthy development of start-up investment and of stock right investment, and standardize the development of the privately-offered fund markets. Market's infrastructure building will be strengthened. Market laws and regulations will be perfected. The promotion of the development of assets management, and of the foreign exchange and gold markets will be continuously promoted.

3. Perfect Financial Regulation Mechanism

We will optimize the target structure of monetary policy, perfect the monetary policy's decision making mechanism, and improve the conduction mechanism and environment of monetary policies. There is a need to establish a reverse cycle macro-prudential management system framework and set up a sound prevention, early-warning, evaluation system, and handling system and mechanism against systematic financial risks. We will steadily promote the market-based interest rate reforms, and enhance the money market's benchmark interest rate structure building. There is a need to perfect the managed floating exchange rate system based on market supply and demand, promote the reforms of the foreign exchange management structure, expand the RMB's cross-border settlement, and gradually realize the convertibility of RMB under capital account. We will improve the operation and management of foreign exchange reserves, expand the utilization channels, and raise the earnings level.

4. Enhance Financial Supervision

We will perfect the financial supervision structure mechanism, enhance financial supervision coordination, and perfect the coordination mechanism between financial supervision organs and between macro regulation and control departments. We need to perfect local governments' financial management system, strengthen local governments' risk handling responsibility of local small and medium-sized financial organs. There is a need to formulate cross-sector and cross-market financial supervision regulations, and enhance supervision over major financial organs. We will perfect financial laws and regulations. There will be acceleration of non-government credit system building and the standardization development of credit rating organs. We will take part in the revision of international financial norms, and perfect the stability standards of our country's financial sector. We will enhance international cooperation with international organizations and with foreign supervision organs. Efforts will be made to maintain the country's financial stability and security.

Chapter Forty Nine: Deepen Resource-Type Product Price and Environmental Protection Fee Collection Reform

We will establish a sound resource-type product price formation mechanism that can flexibly reflect the market supply and demand relations, the degree of resources shortage, and the cost of environmental damage; promote structural readjustment, resources conservation and environmental protection.

1. Perfect Resource-Type Product Price Formation Mechanism

We will continue to promote water price reform, perfect the price policies on water resources fees, on water conservancy projects' water supply prices and on city water supply prices. We will actively promote the electricity price reforms, promote the direct transaction with big power users and the pilot online price bidding, perfect the electricity transmission and allocation price formation mechanism, and reform the classified structure of electricity sales prices. There is a need to earnestly promote the ladder-price system for citizens' utilization of electricity and water. There will

be further perfection of the finished oil product price formation mechanism, and active promotion of the market-based reforms. We will smooth out the price relations between natural gas and alternative energy. In line with the joint mechanism of prices, taxes, fees, and rents, we will appropriately raise the resource tax burden, perfect the calculation and collection method, change the collection of taxes on major resource products from collection by set volume to collection by set price, and promote the rational development and utilization of resources.

2. Promote Environmental Protection Fee Collection System Reform

We will establish a sound "who pollutes who pays" system, and increase the collection rate of pollution removal. The collection method of garbage disposal fee will be reformed. We will appropriately increase the standards of garbage handling fees and the financial subsidy level. It is necessary to perfect the waste water handling fee collection system. There will be active promotion of the reform of the collection of environmental taxes and fees. We will start collecting environment protection tax by selecting tax items with heavy prevention tasks and with mature technical standards, and gradually expand the scope of collection.

3. Establish a Sound Resources Environment Property Right Trading Mechanism

We will introduce a market mechanism, and establish and perfect the compensated utilization and trading system of mining rights and pollution rights. We need to standardize and develop the mine prospecting right and mine exploitation right trading market, develop the pollution rights trading market, standardize the behavior of pollution rights trading price, perfect laws and regulations and policy system, and promote the orderly transfer and open, fair, and just transaction of resources environmental property rights.

Section Twelve: Create a Mutually Beneficial and Win-Win Situation and Raise Opening-Up Level

To adapt to our country's new situation in opening up of shifting from mainly exporting goods and attracting foreign capital to give equal attention to imports and exports, attract foreign capital and investment in overseas, we must implement an even more positive and active open-up strategy, constantly expand new open-up areas and spaces, expand and deepen the converging point of interests with various parties, perfect structures and mechanisms that are even more adapted to the requirements of developing an open-type economy, effectively prevent risks, and promote development, reforms, and innovation with opening up.

Chapter Fifty: Perfect Regional Opening-up Setup

We should persist in the integration between the expansion of opening up and the coordinated development of regions, cooperate in promoting the development in coastal regions, in hinterland, in border regions, and help form a regional opening-up setup characterized by complementing of each other's advantages, by a division of labor, by cooperation, by being balanced and coordinating.

1. Deepen Coastal Region Opening up

We will comprehensively raise the development level of the open-type economy in coastal regions, and accelerate the transformation from being a global processing and assembling base to an advanced manufacturing and service base. We will take the lead in establishing a management structure and operation mechanism that is adapted to internationalization, and enhance the soft power of regional and international competitiveness. It is necessary to promote the opening up of service sector and the development of international service trade, and attract the convergence of the factors of international service sector. We will deepen the development and opening up of various special economic zones including the one in Shenzhen, the Shanghai Pudong New Area, the Tianjin Binhai New Area, and accelerate the construction of the Shanghai international economic, financial, navigation, and trade centers.

2. Expand Hinterland Opening up

By relying on city centers and city clusters, and with various development zones as the platform, we will accelerate the development of open-type economy in hinterland. There is a need to give play to the relative advantage in resources and labor force; optimize the investment environment; expand the advantageous investment areas for foreign businesses; positively take over the relocation of international industrial sector and coastal industrial sector; nurture and form several international processing and manufacturing bases and service outsourcing bases. We will promote the development and opening-up of the Chongqing Liangjiang New Area.

3. Accelerate Border Region Opening up

It is necessary to give play to the geological advantages of border regions, formulate and implement special opening-up policies, accelerate the construction of economic cooperation zones and key development and opening up experimental zones at key ports, border cities, borders (cross-border), enhance the infrastructure connection with neighboring countries, develop export-oriented industrial groups and industrial bases with special characteristics that are geared toward neighboring countries, build Heilongjiang, Jilin, Liaoning, Nei Monggol into important hubs for the opening up to Northeast Asia, build Xinjiang into an important base for the opening up to the western regions, build Guangxi into a new high ground for cooperation with the ASEAN, build Yunnan into a key bridge head for the opening up to Southwest regions, and constantly raise the opening-up level of border regions.

Chapter Fifty One: Optimize External Trade Structure

We will continue to stabilize and expand foreign demands, accelerate the transformation of the external trade development model, and promote the transformation of the external trade development from scale expansion to the raising of quality and efficiency, from cost advantage to comprehensive competitive advantage.

1. Nurture New Advantages in Export Competition

We will strive to maintain existing advantages in export competition and accelerate the nurturing of new advantages with technologies, brand names, quality, and services as the core competitiveness. We will raise the quality and grades of the labor intensive export products, expand the exports of mechanical and electrical products and of new and high-tech products, and strictly control the export of products that require high energy consumption, that are highly polluted, and that consume lots of resources. There will be perfection of policies and measures, promotion of the expansion of processing trade from assembling and processing to research and development, designing, core component manufacturing, and to commodity distribution, and extension of the domestic value-added chain. We need to perfect the policies and functions in the customs' special supervision areas, encourage enterprises engaging in processing trade to concentrate in the customs' special supervision areas. We encourage enterprises to establish international marketing network, and raise the capabilities of opening up international market. We will actively open up emerging market and promote the diversification of the import and export markets.

2. Raise Import's Comprehensive Effect

We will optimize the import structure, actively expand the imports of advanced technologies, key components and parts, resources that are in shortage at home, and of energy-saving and environment friendly products, appropriately expand the imports of consumption goods, give play to the important role of imports to the balance and structural readjustment of the macro economy, and optimize the trade balance structure. There is a need to give play to the attractiveness and impact of our country's huge market scale, and promote the diversification of the country sources of imports. We will perfect the import and export regulation and control mechanism on major agricultural products and effectively use international resources.

3. Greatly Develop Service Trade

We will promote the export of service trade, expand the opening up of service sector, and raise the ratio of the service trade in external trade. While stabilizing and expanding the export of such traditional service trade as tourism, transportation, and labor, we will strive to expand the export of such emerging service trade as culture, traditional Chinese medicine, software, information service, commerce and trade circulation, and financial insurance. There is a need to greatly develop outsourcing services, and establish several outsourcing service bases. There will be the expansion of the opening up of finance, freight forwarding, and other service trades, the steady opening up of educational, medical, physical education areas, the introduction of excellent resources, and the raising of the international level of service sector.

Chapter Fifty Two: Work out Overall Planning for the Strategy of "Attracting Foreign Investment" and of "Going Global"

We will persist in the integration of the "attracting foreign investment" and "going global" strategy, give equal emphasis on the utilization of foreign capital and on investment in foreign countries, and raise the capabilities of the safe and highly-efficient utilization of the two markets and the two resources

1. Raise Foreign Capital Utilization Level

We will optimize structure, provide guidance to foreign capital to invest even more in modern agriculture, new and high

technologies, advanced manufacturing, energy conservation and environment protection, new energies, modern service sector, and in other areas, and encourage the investment in central and western regions. We will enrich methods and encourage foreign capital to take part in the mergers and reorganization of domestic enterprises through share holding, acquisitions and mergers, and other methods, and promote the development of foreign equity investment and start-up investment. We will introduce high-level talents and advanced technologies from overseas, encourage foreign-funded enterprises to set up research and development centers in China, borrow international advanced management concepts, systems, experiences, and actively merge into the global innovation system. It is necessary to optimize the soft investment environment and protect the legitimate rights and interests of investors. There is a need to do a good job on the security review of foreign-funded mergers and acquisitions. We will utilize foreign preferential loans and international commercial loans in an efficient manner, and perfect the external debt management.

2. Accelerate "Go Global" Strategy Implementation

In line with the principle of market orientation and of enterprises' independent decision-making, we will provide guidance to various ownership enterprises to engage in overseas investment cooperation in an orderly fashion. We will deepen international energy resources development and mutually beneficial processing cooperation. We will support technical research, development, and investment cooperation in overseas, encourage advantageous manufacturing enterprises to carry out effective investment in overseas, and create international sales and marketing network and name brand products. There is a need to expand international agricultural cooperation, develop overseas engineering project contracting and labor cooperation, and actively carry out cooperation projects that help improve the livelihoods of local people. It is necessary to gradually develop our country's large transnational companies and transnational financial organs and raise the internationalized operations level. We need to do a good job on the study of overseas investment environment, and enhance the scientific evaluation of investment items. We will raise the comprehensive coordination capabilities, perfect the trans-departmental coordination mechanism, and enhance the macro guidance and service in implementing the "go global" strategy. There is a need to accelerate the perfection of laws, regulations, and systems related to investment in overseas, actively sign multilateral and bilateral agreements including agreements on investment protection and on double-taxation avoidance. We will accelerate the perfection of the laws, regulations, and systems on promoting investment in overseas, raise the convenient degree of enterprises' investment in overseas, help maintain our country's rights and interests in overseas, and prevent various risks. When engaging in cooperation projects in overseas, "go global" enterprises should fulfill their social responsibilities and bring benefits to local people.

Chapter Fifty Three: Actively Participate in Global Economic Management and Regional Cooperation

We will expand exchanges and cooperation with developed countries, increase mutual trust and raise cooperation level with them. We will deepen good neighborly, friendly and pragmatic cooperation with neighboring countries, maintain regional peace and stability, and promote common development and prosperity. There will be enhancement of unity and cooperation with developing countries, deepening of traditional friendship, and maintenance of common interests. It is necessary to actively carry out multilateral cooperation. We will promote international economic structure reforms and promote the development of international economic order in an even fairer and rational direction. We will actively cooperate with the G-20 and others on global economic management mechanism, promote the establishment of a balanced, universal, and win-win multilateral trade structure, and oppose various forms of protectionism. We will actively promote international financial structure reforms, and promote the rationalization of the international monetary system. There will be enhancement of macro-economic policy coordination with major economic entities. We will actively take part in the formulation and revision of international rules and standards, and play an even greater role in international economic and financial organizations.

We will accelerate the implementation of the free trade zone strategy, further enhance the economic ties with major trading partners, and deepen the pragmatic cooperation with emerging market countries and developing countries. We will make use of various international regional and sub-regional cooperation mechanisms including the Asia-Pacific Economic Cooperation to enhance the regional cooperation with other countries and regions. The South-South cooperation will be strengthened. We will optimize the foreign assistance structure, innovate on foreign aid methods, and increase economic and technical assistance to developing countries in the areas of livelihood and welfare projects, of social public facilities, independent development capability building.

Section Thirteen: Develop Democracy and Promote Socialist Political Civilization Building

We will persist in the Party leadership, in making the people the master of their own country, in the organic unity of administering the country according to the law, in developing socialist democratic politics, and in building a socialist country ruled by law.

Chapter Fifty Four: Develop Socialist Democratic Politics

We will persist in the perfecting of the people's congress system, the multi-party cooperation and political consultations system under the leadership of the Communist Party of China, in the autonomous system in ethnic areas, in the autonomous system for the grass-roots masses, and constantly promote the self-perfection and development of socialist political system. We will perfect democratic system, enrich democratic forms, expand democratic channels, practice democratic elections, democratic decision-making, democratic management, democratic supervision according to the law, protect the people's right to know, right to participation, right to expression, and right to supervision. We support the people's congresses on fulfilling their functions and powers according to the law. We will consolidate and fortify the most extensive patriotic united front. We will support the people's consultative conferences on fulfilling their functions and powers by surrounding the two main themes of unity and democracy. We will support trade unions, communist youth leagues, women federations, and other mass organizations to carry out their work according to the law and to their respective constitutions, and participate in social management and public services. There is a need to implement the Party's and the state's ethnic policies, protect the legitimate rights and interests of ethnic minority groups, carry out the national unity propaganda education and creation activities, and consolidate and develop the equal, united, mutual-assistance, and harmonious socialist ethnic relations. It is necessary to comprehensively implement the Party's basic principle on religious work, and give play to the positive roles of personages in religious circles and of the religion-believing masses in promoting social and economic development. Personages of new social class are encouraged to involve in socialist construction with Chinese characteristics. We need to do a good job on overseas Chinese work, and support Chinese in overseas and family members of returned overseas Chinese to show care and participate in the motherland's modernization construction and in the great cause of the motherland's modernization construction and peaceful reunification.

Chapter Fifty Five: Comprehensive Legal System Building Promotion

We will comprehensively implement the basic strategy of administering the country according to the law, persist in scientific and democratic law legislation, and perfect the legal system with special socialist characteristics. We will place main emphasis on the legislation of laws related to the enhancement of the acceleration of the transformation of the economic development model, the improvement of the people's livelihood, the development of social causes, and the government's self-building. There will be strengthening of the implementation of the Constitution and laws, and the maintenance of the unity, dignity, and authority of socialist legal system. There is a need to perfect the mechanism of linking the administrative law enforcement with criminal justice, and promote administration according to the law and just and honest law enforcement. It is necessary to deepen judicial structure reforms, optimize the allocation of judicial powers and functions, standardize judicial behavior, and establish a fair and highly efficient and authoritative socialist judicial system. We will implement the "Sixth Five-Year Plan on Legal Popularization," carry out in-depth legal system propaganda education, establish socialist rule-by-law ideas, carry forward the rule-by-law spirit, and help create an excellent social atmosphere in which everyone studies laws and abides by laws. We will enhance legal assistance, human rights protection, and promote the comprehensive development of the human rights cause.

Chapter Fifty Six: Enhance Anti-Corruption and Clean Government Building

We will persist in putting the people first, administering the government for the people, and by stressing the maintenance of the blood and flesh ties with the masses earnestly, promote the political work style building. There is a need to persist in the principle of treating the root cause and symptoms, of engaging in comprehensive management, of giving equal importance to punishment and prevention, and of attaching importance to prevention. By stressing the perfection of the punishment and corruption prevention system, we will enhance anti-corruption and clean-government building. We will strictly implement the clean-government building responsibility system. It is necessary to enhance leading cadres' integrity and self-discipline and strict management, and seriously implement the regular report system on leading cadres' incomes, real estate, investment, and on the employment situation of their spouses and sons and daughters. There will be in-depth promotion of reforms and of system innovation, and gradually establish an anti-corruption and clean-government building system with scientific contents, strict procedures, complete complementary measures, and with effectiveness. We will establish a sound power structure and operation mechanism which not only has mutual constraints between decision-making right, enforcement right, and supervision right but also are mutually coordinated; actively promote transparency in political affairs and economic responsibility auditing; and enhance the constraints and supervision on the operation of powers. We will intensify the work on investigating into discipline-breaching and law-breaking cases. We need to carry out corruption prevention work in social areas. We will enhance international exchanges and cooperation to combat corruption.

Section Fourteen: Deepen Cooperation and Build Chinese Nation's Common Home

Proceeding from the fundamental interests of the Chinese nation, we will promote the practice of "one country, two systems" and the great cause of the motherland's peaceful reunification, deepen the economic and trade cooperation between hinterland and Hong Kong and Macau, promote the development of economic relations between the two sides of the Strait, and make joint efforts to realize the great invigoration of the Chinese nation.

Chapter Fifty Seven: Maintain Long-Term Prosperity and Stability in Hong Kong and Macau

We will unwaveringly implement the high degree of autonomous principle of "one country, two systems," of "Hong Kongers administering Hong Kong," and of "Macau people ruling Macao," strictly manage things according to the basic laws of the special administrative zones, and fully support the chief executives and governments of the special administrative zones to administer their areas according to the law. We support Hong Kong and Macau to continuously give play to their important roles in the nation's overall development.

1. Support Hong Kong and Macau to Consolidate and Increase Their Competitive Advantages

We will continue to support Hong Kong's development of financial, navigation, freight forwarding, tourism, specialized service, information, and other high value added service sector; support Hong Kong's development into an offshore RMB center and an international asset management center; and support Hong Kong's development into a high-value goods inventory management and regional distribution center. There is a need to consolidate and raise Hong Kong's international financial, trade, navigation center status, and increase its global impact as a financial center. We support Macau's construction of a world tourism and leisure center, and acceleration of the establishment of a commercial and trade cooperation and service platform between China and Portuguese-speaking countries.

2. Support Hong Kong's and Macau's Fostering of Emerging Sectors

We support Hong Kong's and Macau's efforts to increase industrial innovation capabilities, accelerate the fostering of new economic growth points, and promote coordinated economic and social development. We support Hong Kong's development of its advantageous sectors in environmental protection, medical service, educational service, inspection and certification, sci-tech innovation, and cultural innovation areas, expansion of cooperation areas and service scope. We support Macau's efforts to appropriately diversify its economy, accelerate leisure and tourism development, convention and exhibition, Chinese traditional medicines, educational service, cultural innovation, and other sectors.

3. Deepen Economic Cooperation Between Hinterland and Hong Kong and Macau

We will enhance the exchanges and cooperation between hinterland and Hong Kong and Macau, and continue to implement even closer economic and trade arrangements. There is a need to deepen the cooperation between Guangdong, Hong Kong, and Macau, implement the cooperation framework agreements between Guangdong and Hong Kong, between Guangdong and Macau, promote the common development of regional economy, and create world-class city groups with even more comprehensive competitiveness. We support the building of a financial cooperation zone with Hong Kong's financial system as the head, and the Zhujiang Delta city financial resources and service as the support; the establishment of a world's advanced manufacturing and modern service base; the construction of a modern freight forwarding economic circle; Guangdong's path-finding and pioneering role in opening up its service sector to Hong Kong and Macau and the gradual expansion of the path-finding and pioneering measures to other regions. There will be accelerating the pace of jointly building a Guangdong, Hong Kong, and Macau quality life circle. We will enhance planning and coordination, and perfect the transportation system between the Zhujiang Delta region and Hong Kong and Macau. There will be enhancement of the exchanges and cooperation between hinterland and Hong Kong and Macao in cultural, educational, and in other areas.

Chapter Fifty Eight: Promote Cross-Strait Relations Peaceful Development and Great Cause of Motherland's Reunification

We will persist in the "peaceful reunification and one country, two system" principle and the eight-point call on developing the current stage of cross-Strait relations and on promoting the process of the motherland's peaceful reunification, in comprehensively implementing and promoting the important thinking and the six-point opinions on the peaceful development of cross-Strait relations; firmly grasp the main theme of the peaceful development of cross-Strait relations; and oppose and deter the "Taiwan independence" splittist activities. We will consolidate the political, economic, and cultural foundations of the development of cross-Strait relations; comprehensively deepen cross-Strait economic cooperation; strive to enhance the exchanges in cultural, educational, tourism, and in other areas between the two sides of the Strait; positively expand the exchanges between the various circles of the two sides of the Strait; promote the mechanism construction of the exchanges between the two sides of the Strait in a sustained manner, and establish a

framework for the peaceful development of cross-Strait relations.

1. Establish a Sound Economic Cooperation Mechanism Between the Two Sides of the Strait

We will actively implement the cross-Strait Economic Cooperation Framework Agreement and other agreements between the two sides of the Strait, promote the follow-up consultations on commodity trade, service trade, investment and economic cooperation, promote the further liberalization of cross-Strait commodity and service trades, gradually establish a fair, transparent, convenient investment and protection mechanism, and build a sound economic cooperation mechanism with cross-Strait characteristics.

2. Comprehensively Deepen Cross-Strait Economic Cooperation

We will expand cross-Strait trade, promote two-direction investment, enhance the cooperation in modern service trade including emerging industrial and finance sector, and promote the establishment of a cross-Strait currency settlement mechanism. There will be definition of cross-Strait industrial cooperation setup and key areas, and carrying out major project cooperation between the two sides. It is necessary to promote the cooperation of small and medium-sized enterprises between the two sides of the Strait, and increase the competitiveness of small and medium-sized enterprises. We will enhance the cooperation between the two sides of the Strait in intellectual property rights protection, trade promotion, trade convenience, customs, electronic commerce, and in other areas. We will actively support the transformation and upgrading of Taiwan-funded enterprises on the mainland. We will protect the legitimate rights and interests of Taiwan compatriots according to the law.

3. Support Western Taiwan Strait Economic Zone Building

We will give full play to the path-finding and pioneering role of the Western Taiwan Strait Economic Zone in promoting cross-Strait exchanges and cooperation, strive to establish a frontier platform for cross-Strait exchanges and cooperation, build a close cross-Strait economic and trade cooperation area, a major base for cross-Strait cultural exchanges, and an overall hub for cross-Strait direct exchanges. We will give play to Fujian's unique advantage in exchange with Taiwan; raise the functions of the Taiwan businessmen investment zones; promote industry's in-depth connection; accelerate the opening up and development of the Pingtan Comprehensive Experimental Zone; and promote the building of the Xiamen cross-Strait regional financial service center. We will support the economic development of other areas where Taiwan businessmen has massive investment.

Section Fifteen: Military-Civilian Harmony and Enhance National Defense and Army's Modernization Building

With an eye on the overall situation of the state security and the development strategy, we will coordinate the economic construction and defense building, and realize the unity of making the country rich and the army strong in the process of the building of a well-off society in an all round manner.

Chapter Fifty Nine: Enhance National Defense and Army's Modernization Building

We will comprehensively enhance the army's revolutionization, modernization, and regularization building by persisting in making Mao Zedong's military thinking, Deng Xiaoping's army building thinking in the new period, Jiang Zemin's thinking on national defense and army building as our guide, in making the scientific development concept as an important guiding principle for defense and army building, in aiming to fulfill the army's historical mission in the new century and in the new stage, in over-viewing the military strategy and principles in the new period, in making the promotion of defense and army building and scientific development as the main theme, and in accelerating the transformation of the formation model of combat strength as the main line.

We will enhance the army's ideological and political building; persist in the basic principle and system of the Party's absolute leadership over the army; persist in the fundamental purpose of the people's army; greatly carry forward the excellent tradition of following the command of the party, of serving the people, and of being brave and of good at fighting; and nurture the core value concept of the contemporary revolutionary army men. We will further expand and deepen the preparations for military struggle, and by making the raising of the information system-based system operation capabilities as the basic focus point, deepen the promotion of the transformation in military training. We need to persist in relying on science and technology to make the army strong, strengthen defense scientific research and weapons and equipment building, accelerate the pace of comprehensive building of a modern logistics system, step up the training of the new type of high-quality military talents, and raise the capability of accomplishing diverse military tasks with the ability to win regional wars under information-based conditions as the core. There is a need to persist in managing the army according to the law and in strictly managing the army; enhance scientific management; actively and steadily promote defense and army reforms; optimize leadership management structure; perfect joint operation

command system, and promote innovation in military theory, military technology, military organization, and military management. It is necessary to build a modernized armed police force, and increase the capabilities of duty performance, of handling sudden outbreak of events, of anti-terrorism, and of maintaining stability. We will strengthen the reserve force building, and consolidate the unity between the military and the government, between the military and the people.

Chapter Sixty: Promote Military-Civilian Harmonious Development

We will persist in the principle of making the state as the main guidance, of system innovation, of market operation, and of the integration between the army and the people. There will be coordinated economic and defense construction. We will fully rely on and make use of non-government resources to raise the defense strength and military capabilities, greatly promote the opening and sharing of military and local resources, and the mutual transfer of dual use technologies, and gradually establish an army-civilian harmonious type development system with Chinese characteristics that is adapted to the laws of socialist market economy and that can meet the requirements for winning regional wars under the information-based conditions.

We will establish and perfect the weapons and equipment scientific research and production system marked by military-civilian integration and by the military's cooperation with the civilian sectors, the military talent training system, and the military logistics system. We will build an advanced defense science and technology industry; optimize structure; strengthen the core capabilities with informatization as the guide and with advanced research, development, and manufacturing as the foundation; accelerate the breaking of the basic bottle neck that constrains scientific research and production; and promote the indigenous development of weapons and equipment. There is a need to improve the weapons and equipment procurement system. It is necessary to improve the army's talent recruitment and perfect the policies and systems of direct recruitment of various talents from localities. We need to perfect the settlement policies for army veterans, and enhance the training and employment arrangement work for army veterans. There will be steady promotion of the socialized reforms of army logistics with the main emphasis on providing daily life protection, general material reservation, and equipment maintenance. We will bring about a management system for army's staff members that is adapted to the state's regulations and systems on personnel, labor, and social protection. We will establish a military-civilian integrated military goods distribution system and a strategic injection force system that integrates the military and localities.

We insist that economic construction implement defense requirements. We will intensify infrastructure construction and the degree of the in-depth integration and sharing between the military and civilians, in maritime, aviation, space, information, and in other key areas. There will be perfection of policy mechanism, standards, and norms, and promotion of the coordinated development and virtuous interaction between economic construction and defense building. It is necessary to enhance defense concept among the people; perfect the national defense mobilization structure; enhance the people's armed forces, national economic mobilization, the people's air defense, the traffic combat readiness building and defense education; and strengthen the capabilities of defense mobilization of providing services in peace time, of responding to emergencies, and of preparing to fight during war time.

Section Sixteen: Enhance Implementation and Realize Magnificent Development Blueprint

This program, having been reviewed and approved by the National People's Congress, has legal effect. We need to rely on the efforts of all the people in the nation and gather the wisdom of all the people in the nation to realize the magnificent development blueprint for the next five years.

Chapter Sixty One: Perfect Program Implementation and Assessment and Evaluation Mechanism

To promote the smooth implementation of the program, there is a need to mainly rely on giving play to the basic role of market resources allocation. Governments at all levels should correctly fulfill responsibilities, rationally allocate public resources, guide and regulate and control social resources, and ensure the fulfillment of the program's objectives and tasks.

1. Define Program's Implementation Responsibilities

There is a need to mainly rely on the autonomous behavior of the principal part of the market to realize anticipated targets, industrial development, and structural readjustments and other tasks as proposed in the program. Various levels of governments should, through the perfection of market mechanism and the interest-oriented mechanism, create an excellent policy environment, system environment, and rule-by-law system; break market segmentation and trade monopoly; stimulate the initiative and creativeness of the principal part of market; and guide the consistency between the behavior of the principal part of the market and the state's strategic intentions.

The constraining targets and the tasks in the sphere of public services as defined in this program constitute the commitments made by the government to the masses. Targets of constraining nature as defined in the program should be implemented in relevant departments, provinces, autonomous regions, and municipalities. There is a need to promote the task of the provision of equal basic public services and define the work responsibilities and progress. This mainly requires the government to exert full effort by utilizing public resources.

2. Enhance Policy Coordination

Surrounding the targets and tasks as put forward in the program, we will enhance the overall planning and coordination of economic and social development policies, and pay attention to the linkup and coordination between policy targets and policy instruments, between short-term policies and long-term policies. In line with the principle of public finances subordinating to and serving public services, we will optimize financial expenditure structure and government investment structure; gradually increase the central government's investment scale; establish central government's investment scale formation mechanism that is compatible with the program's tasks; stress investment in people's livelihood, social undertakings, agriculture, rural areas, sci-tech innovation, ecology, environment protection, resources conservation, and in other areas; and invest more funds in central and western regions, in old revolutionary areas, in areas inhabited by ethnic minority groups, in border regions, and in impoverished areas.

3. Implement Comprehensive Evaluations and Checks

There is a need to accelerate the formulation and perfection of a performance-based assessment and evaluation system and of concrete assessment and evaluation methods that favor the promotion of scientific development and the acceleration of the transformation of the economic development model; weaken the assessment and evaluation on the speed of the economic growth; enhance the comprehensive assessment and evaluation on the situation of the fulfillment of targets in structural optimization, of the improvement of the people's livelihood, of resources conservation, of environmental protection, of basic public services, and of social management areas. The results of the assessment and evaluation should be made an important basis for the readjustment of various levels of government leading bodies, for the selection and promotion of leading cadres, and for rewards and for meting out punishments.

4. Enhance Program's Supervision and Evaluation

It is necessary to perfect the supervision and evaluation system, enhance the supervision and evaluation capability building, enhance the statistical work on service trade, energy-conservation and emissions reduction, climate change, labor and employment, income distribution, real estate and on others and strengthen the follow-up and analysis of the implementation of the program. Relevant departments of the State Council should enhance the evaluation on the implementation of the program's relevant spheres, and accept the supervision and inspection by the National People's Congress and its standing committee. The program's competent departments should evaluate the progress of the fulfillment of constraining targets and of major anticipated targets, submit annual reports on the progress of the implementation of the program to the State Council, and release the reports to the general public in an appropriate way. At the medium stage of the implementation of the program, the State Council will organize and carry out a comprehensive evaluation, and will submit the medium stage evaluation report to the standing committee of the National People's Congress for examination. If there is a need to readjust the program, the State Council should put forward a readjustment plan and submit it to the National People's Congress Standing Committee for approval.

Chapter Sixty Two: Enhance Program Coordination and Management

We will promote the program's structural reform, accelerate the program's legal system building, and with the overall program for national economic and social development as the lead, with the major function oriented zones as the basis, and with special projects, national land planning and land utilization planning, regional planning, city planning as the support, form a planning system with clear definition of various planning, functional complementary, and with unified linkage; perfect the scientific, democratic, and standardized formulation process; and work out a sound implementation mechanism with clear responsibilities, classified implementation, and effective supervision.

Relevant departments of the State Council should organize the compilation of a number of state-level special project planning, key special project planning in particular, and provide details on the implementation of the major tasks as set forth in the program. When formulating the key state-level special plans, we need to, by surrounding the key areas of economic and social development and weak links, give emphasis on resolving prominent issues and form a key support for implementing this program.

When drawing up local plans, there is a need to seriously implement the state's strategic intentions, integrate with local

realities, and give prominence to local characteristics. It is necessary to do a good job in the coordination between local planning and the development strategies, major targets, and key tasks as proposed in the program, particularly on the issue of enhancing linkup with constraining targets.

It is necessary to enhance the linkup between annual plans with this program. There is a need to set annual targets for major targets and fully realize the development targets and key tasks as proposed in the program. There is a need for the preparers of the annual planning reports to analyze the progress of the implementation of this program, in particular the progress of the fulfillment of the constraining targets.

The people of all nationalities in the country should rally closely around the CPC Central Committee with Comrade Hu Jintao as general secretary, hold high the great banner of socialism with Chinese characteristics, emancipate the mind, seek truth from facts, advance with the times, blaze new trails in a pioneering spirit, and struggle for the realization of the 12th five-year program for national economic and social development and of the building of a well-off society in an all-round manner!

< BR>