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HIGHLIGHTS OF CHINESE PREMIER LI KEQIANG'S GOVERNMENT WORK REPORT PRESENTED TO NPC AND CPPCC DEPUTIES ON MARCH 5, 2021

Chinese Premier Li Keqiang presented a 36-page Report on the Work of the Government to the NPC session on March 5, 2021. Delegates to the CPPCC, among others, attended the session and will discuss the Report but not vote on it. The Government Work Report, the draft of which had been discussed and approved at the Politburo meeting chaired by Chinese President Xi Jinping, contained 13 references to Xi Jinping.

The Report highlighted that China had "achieved major strategic success in our response to Covid-19 and China was the world's only major economy to achieve growth". Specifically mentioned was that Xi Jinping had taken personal charge of the fight against Covid-19. It highlighted that China had "attained a complete victory in the fight against poverty, and we scored decisive achievements in securing a full victory in building a moderately prosperous society in all respects", adding that the achievements had received the "approval of our people and global recognition" and "will be remembered in history".

It stressed that despite "facing shocks of a severity rarely seen before", China had maintained security and stability. It claimed "a total of 11.86 million urban jobs were added, and the year-end surveyed urban unemployment rate dropped to 5.2 percent". Credit for the achievements last year was given "to the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, to the sound guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and to the concerted efforts of the Party, the armed forces, and the Chinese people of all ethnic groups".

Highlights of the Report on the Work of the Government for 2021 are:

- Discussing agriculture, the Report stressed that "The total area of China's farmland must stay above the red line of 120 million hectares". It also disclosed that "Agricultural belts for national food security will be developed. Subsidies for grain growers will be maintained, and minimum purchase prices for rice and wheat will be increased as appropriate. Pilot insurance programs covering total production costs and incomes will be expanded. Grain acreage will be kept stable, per unit crop yield will be increased, and the quality of grains will be raised". It added that China "will adopt multiple measures to expand the production of oil-bearing crops, develop livestock, poultry, and aquaculture farming, and promote stable hog production. Prevention and control of animal and plant diseases will be enhanced.
- It disclosed that "The statutory retirement age will be raised in a phased manner".
- Among the 15 major tasks listed for 2021 to be implemented "under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core", the first was to "follow the guidance of Xi Jinping Thought on Socialism with Chinese

Characteristics for a New Era". Among the others are ensuring stability; creating a new pattern of development; applying systems thinking; ensuring better coordination in pursuing development and upholding security; ensuring stability on six key fronts and maintain security in six key areas; keeping major economic indicators within an appropriate range; expanding domestic demand; strengthening science and technology to provide strategic support for development; and maintaining social harmony and stability.

- Among the main projected targets for this year are: GDP growth of over 6 percent; creation of over 11 million new urban jobs; maintaining CPI increase of around 3 percent; steady increases in the volume and quality of imports and exports; steady growth in personal income; a drop of around 3 percent in energy consumption per unit of GDP; and grain output of over 650 million metric tons.
- Offering relief to citizens, the Report said "Government subsidies for basic medical insurance for rural and non-working urban residents will increase by an average of 30 yuan per person, and subsidies for basic public health services will increase by 5 yuan per person". It assured that the government "will increase the basic pension for retirees and the subsidies and living allowances for entitled groups, and work toward unified national management of old-age insurance funds" and will also "increase the benefits for service members and their families, ex-service members, and other entitled groups, while also refining work systems and support mechanisms for ex-service members".
- The Report extended the duration of several temporary policies such as VAT relief for small-scale taxpayers. The VAT threshold for small-scale taxpayers will be raised from 100,000 yuan to 150,000 yuan in monthly sales. The income tax of micro and small enterprises and self-employed individuals on annual taxable income below one million yuan will be halved.
- The Report said China "will continue to implement the three-year action plan for SOE reform, and work to strengthen, expand, and increase the returns on state capital and enhance the strength, quality, and size of SOEs". China, it said, "will also push ahead with mixed-ownership reform in SOEs".
- On Science and Technology and Innovation, the Report said the government "will ensure the stable functioning of funding mechanisms for basic research and boost spending in this area by a considerable sum. Central government expenditures on basic research will increase by 10.6 percent. Research institutes will have more say about how funds should be used, and the mechanisms for assessing projects and evaluating personnel will be refined". As part of the effort and encourage increase in R&D spending, the government "will continue to implement the policy of granting an extra tax deduction of 75 percent on enterprises' R&D costs, and will raise this to 100 percent for manufacturing enterprises".
- China will this year issue 3.65 trillion yuan of local government special-purpose bonds and additionally earmark a total of 610 billion yuan for investment in its budget for key projects already under construction.
- The Report said China will pursue the BRI and promote multilateral trade arrangements including with Japan, ROK, and the U.S.
- The Report said China continue to "forge a strong sense of community among the Chinese people and encourage all China's ethnic groups to work in concert for common prosperity and development" and that it "will fully implement the Party's basic policy on religious affairs, and work to guide religions in adapting to socialist society".
- There were five brief paragraphs on China's armed forces. Asserting that "Last year, major success was attained in the development of national defense and the armed forces". It said China's "people's forces, with complete competence and fine conduct,

safeguarded China's national security and participated in epidemic control. This year, we will thoroughly implement Xi Jinping's thinking on strengthening the armed forces and the military strategy for the new era, ensure the Party's absolute leadership over the people's armed forces, and strictly implement the system of ultimate responsibility resting with the chairman of the Central Military Commission. We will, bearing in mind the goals set for the centenary of the People's Liberation Army, continue to enhance the political loyalty of the armed forces, strengthen them through reform, science and technology and the training of capable personnel, and run them in accordance with the law. We will boost military training and preparedness across the board, make overall plans for responding to security risks in all areas and for all situations, and enhance the military's strategic capacity to protect the sovereignty, security, and development interests of our country. We will improve the layout of defense-related science, technology, and industry, and enhance the defense mobilization system. We in government at all levels should vigorously support the development of national defense and the armed forces, and conduct extensive activities to promote mutual support between the civilians and the military, so as to forge an ever closer bond between the people and the military in the new era".

- The Report declared that China "will resolutely guard against and deter external forces' interference in the affairs of Hong Kong and Macao" and reiterated its strong commitment to "the one-China principle and the 1992 Consensus, and to promoting the peaceful growth of relations across the Taiwan Strait and China's reunification".

The Report concluded with the call: "Let us rally more closely around the Party Central Committee with Comrade Xi Jinping at its core, hold high the great banner of socialism with Chinese characteristics, follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and push forward in a concerted effort to complete the objectives and tasks for this year and celebrate the centenary of the Communist Party of China with outstanding achievements. Let each and every of us keep making tireless efforts to build China into a great modern socialist country that is prosperous, strong, democratic and fulfill the Chinese Dream of national rejuvenation".

(Comment: There were no references in the Report to Pakistan, North Korea or India or any other countries except, in the context of multilateral trade, to Japan, ROK, and the U.S. Neither did the Report mention, obliquely or otherwise, the military tension with India.)

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