



About the Proposal for the 13th Five-Year Plan

Yang Weimin, Deputy Director of the Office of the Central Leading Groupo Financial and Economic Affairs

Profile of Yang Weimin

Yang Weimin, male, born in 1956, is currently deputy director of the Office of the Central Leading Group on Financial and Economic Affairs. He is mainly engaged in work with respect to planning and drafting development strategies, medium- and long-term plans and economic structures as well as the formulation of policies. He has authored *China's Industrial Policy - Concepts and Practice*, and co-authored *Studies on Problems of the Industrial Structure*, *Studies on Urbanization Planning of the 10th Five-Year Plan*, and *Answers to 500 Questions Concerning the Outline of the Tenth Five-Year Plan*. He has published more than 40 articles in *Economic Research*, *Management World*, *Research of Industrial Economics*, *Macroeconomic Research*, etc., including: *Change of Long-run Cost and Structural Transformation of the Mining Industry*, *An Empirical Analysis of Changes in the Inter-regional Income Gap*, *Industrial Organization Modes and Their Selection*, *City Shortage and Its Consequences*, *Urbanization, Internationalization and Industrial Structure Supererogation - A Judgment on the Basic Trends of China's Economic Development over the Next 20 Years*, *Looking Ahead to China's Industrial Structure Changes During the 9th Five-Year Plan Period*, and *Thoughts on the Compilation Method and Process of the 10th Five-Year Plan*.

About the Proposal for the 13th Five-Year Plan

The Proposal of the CPC Central Committee for the Formulation of the 13th Five-Year Plan for National Economic and Social Development (hereinafter referred to as the "Proposal") was adopted on the fifth plenary session of the 18th CPC Central Committee. Apart from the economic recovery period from 1949 to 1952 and the economic adjustment period from 1963 to 1965, a total of 13 five-year plans have been formulated since 1953 when the first five-year plan was prepared. It is an important agent to Chinese economic success to persist in formulating and implementing those five-year plans.

Every five-year plan defines the economic and social development targets and clarifies the tasks and measures to be taken before it is carried out in an orderly manner. Results show that all of them have been implemented well enough to have targets accomplished. Taking the 12th Five-Year Plan that is drawing to a close for example, 28 major indicators so defined can be successfully accomplished at large as shown in the current situation. **GDP growth**, for instance, was targeted at 7%. Its average growth was 8.0% from 2011 to 2014, and this year saw a growth rate of 7% or so. The average growth of GDP for the five years was 7.8% while that for the world in the same term was 2.5%. GDP grew to 63 trillion yuan (10.4 trillion USD) in 2014 while per capita GDP reached 7,800 USD for a population of 1367 million. The **registered urban unemployment rate** was set at 5%, but actually always stayed at 4.1% or so in recent years. The proportion of **service sector** to GDP was set at 47%, but raised to 51.4% from January to September this year. The proportion of **R&D expenditure** to GDP was targeted at 2.2% but lifted to 2.05% in 2014. The **energy consumption per unit of GDP** was projected to drop by 16% but had reduced accumulatively by 13.4% for the first 4 years. **Chemical oxygen demand (COD) and sulfur dioxide (SO₂)** emissions were set to drop by 8% but now have accumulatively declined by 10.1% and 12.9% respectively, while **ammonia nitrogen and nitrogen oxides** were planned to drop by 10% but have accumulatively fallen by 9.8% and 8.6% respectively. The annual growth of **urban and rural incomes** was set above 7% but had come to 9.5% in the first 4 years. The disposable personal income of urban residents grew by 7.9% while per capita net income of rural residents increased by 10.1% on a yearly basis.

In the following, I'd like to make a brief introduction to four aspects of the Proposal for the 13th Five-Year Plan, such as formulation process, basic logic, main goal and five conceptions.

I. Formulation Process

A key plan formulated at the critical stage of China's development, the 13th Five-Year Plan is not only the final one formulated at the stage of completing the building of a moderately prosperous society in all respects, but also the first one marking China's

development into the "new normal".

The Central Committee of the CPC has attached great importance to its formulation, which was launched in January 2015. A drafting group was set up subsequently in February with General Secretary Xi Jinping as its head, and Premier Li Keqiang and Vice Premier Zhang Gaoli as its deputy heads.

The drafting group was made of a collection of heads of departments and top experts in various areas. A total of 31 key research topics were arranged and 117 special reports were formed after revised and improved by soliciting opinions from various regions and departments within the Party. The National Development and Reform Commission also made efforts to seek opinions for the formulation of the 13th Five-Year Plan, and received a lot of suggestions from the private sector. After more than a dozen modifications, the Proposal was submitted to the fifth plenary session of the 18th CPC Central Committee for deliberation and fully discussed during the meeting.

The formulation process may be said to be a process in which collective wisdom is pooled, public opinions are solicited and embodied and decisions are made in a scientific and democratic way.

II. Basic Logic

First, China already has an established and unchangeable goal, namely, completing the building of a moderately prosperous society in all respects, which must be accomplished and allows no retreat. All aspects of the 13th Five-Year Plan have to concentrate around how to realize this pre-set goal.

Second, while the goal is established, the situation is changing. It is an objective and unalterable reality that there are new changes in the domestic and international situations facing the 13th Five-Year Plan.

Third, with a pre-set goal and changed situations, what can we do? We are constantly reminded by economic operation in recent years, especially in the past two years, that the traditional developmental approaches in the "old normal" cannot be sustained already. Meanwhile, the economic environment of the world for the next few years will be quite different from that during the 12th Five-Year Plan period, and corresponding adjustment is needed as a result. To guide the "new normal", a breakthrough should be made in conception to usher in new developmental ideas before new developmental approaches are established.

III. Main Goal

Targets set forth in the 13th Five-Year Plan are all concentrated around the general goal of completing the building of a moderately prosperous society in all respects. And I

would like to highlight how to understand it in the following part.

First, a moderately prosperous society in an all-round way is a society in which coordinated progress is made in economic, political, cultural, social, and ecological fields. It is not merely a goal concerning economic development and the people's livelihood and it should therefore not be construed as economic development in the pure sense of the term. It covers the overall layout of China's modernization program with respect to economic, political, cultural, social, and ecological fields. It refers to a society in which more progress is made in the economy, democracy and rule of law is sounder, culture is further enriched, social harmony is fostered, the people lead a better life and the overall ecological environment is improved. Based on this consideration, targets set forth by the Proposal include the following. **Economy should be kept growing at a medium-to-high speed**, and on the basis of making China's development much more balanced, coordinated and sustainable, we should double its 2010 GDP and per capita income for both urban and rural residents by 2020. Noticeable increase should be registered in the investment efficiency, business efficiency and the proportion of service sector to GDP, and consumption should contribute much greater to economic growth. **The overall caliber of the population and the moral and ethical standards of the whole society should be significantly raised** and the cultural sector should become a pillar of the economy. **The ecological and environmental quality should be overall improved**, and energy and water consumption, land for construction, carbon emissions should be effectively controlled, with a significant reduction in emissions of major pollutants; **institutions in all sectors should be more mature**, etc.

Second, a moderately prosperous society in an all-round way is a society in which the whole body of the people is benefited. A moderately prosperous society in an all-round way should cover its entire people, for China's development is a people-centered one, which is repeatedly stressed by President Xi Jinping as one of his governance thoughts and the top one of the six principles for the formulation of the Plan. All efforts made by the CPC and Chinese government are for the benefit of the people. China's determination to complete the building of a moderately prosperous society in an all-round way is nothing but to benefit all its people of different incomes, regions and ethnic groups. No ethnic group or individual will be left behind. To this end, the Proposal sets forth the targets of "overall raising the people's living standards and quality", including relatively full employment, sound public service systems with respect to employment, education, culture, social security, healthcare and housing, and of the equalization of basic social services. Important progress should be made in modernization of education, and schooling years of working-age population should be significantly increased. The income gap should be narrowed down and the proportion of middle-income population should increase. Poverty-stricken population in rural areas should be lifted out of poverty as specified by the current standards of China, etc.

Third, a moderately prosperous society in an all-round way is a society lying

somewhere between a subsistence society and an affluent society. A moderately prosperous society in an all-round way falls into the category of middle-income countries on the whole. By 2020 when this goal is achieved and per capita GDP is over 10,000 USD, China will remain a developing country rather than a high-income country. As far as the income structure is concerned, the proportion of middle-income group to the total population will increase significantly while the low-income group will still account for a considerable proportion.

Fourth, a moderately prosperous society in an all-round way is not a moderately well-off one in its usual sense. Although China tries its best to address the problem of imbalanced and uncoordinated development, it never means that every one of its population of more than 1.3 billion has the same conditions of living, nor each region will enjoy the same development level, nor per capita GDP of different regions will be the same, nor the income of urban and rural residents will stay at the same level when the building a moderately prosperous society in an all-round way is completed by 2020. The balance is always a relative state while imbalance is the absolute one.

IV. Five Conceptions and Their Key Tasks and Measures

The Proposal requires the establishment of five conceptions of development, that is, innovative, coordinated, green, open and sharing. Such five conceptions are the highlights sustaining this Proposal and clarify the five approaches to completing the building of a moderately prosperous society in all respects.

First, innovative development. Innovation is the primary force to drive development. It carries wide connotative meanings, including innovation in theory, institution, technology and culture. As far as the driving force of economic growth is concerned, it means scientific and technological innovation. Innovative development is put forth in response to the fact that the driving force of economic elements declines noticeably nowadays while the new primary force for growth remains to be further enhanced. The strategy of innovation-driven development will be implemented to make innovation a major engine for economic growth. Comprehensive innovation is needed whether to foster a new driving force or to activate the old one. Development should be based on innovation, and efforts should be made to facilitate the industrialization and commercialization of innovative achievements so as to form new growth points.

Second, coordinated development. It is targeted at solving the problem of imbalanced, uncoordinated and incomprehensive development, by pooling efforts to shore up "weak spots" and boosting the coordination of development. The basic requirement of completing the building of a moderately prosperous society in all respects lies in "comprehensiveness". Therefore efforts should be made to facilitate the coordinated development between urban and rural areas, economy and society, material civilization and spiritual progress, economic construction and national defense construction as well as that between the "Four Modernizations".

Third, green development. Green development is a reflection of the people's desire for a better life in the context that the resource constraints increase, the environment pollution deteriorates and the ecological system degrades. It is a response to the people's expectation of good ecological environment, and a green revolution aimed to raise the green level of economic operation. The nature of green development is to properly address the relations between economic development and environmental protection, man and nature. It is also an important direction in which new impetus for economic growth in the "new normal" can be formed.

Fourth, open development. Opening up is the only way forward to national prosperity. As China gains influence on the world economy, it needs to follow the mutually beneficial, opening and win-win strategies with a global vision and an open mind, by which it will get itself developed on the one hand and promote the sustainable growth of the world economy on the other hand. We must promote mutual coordination of domestic and international opening up, strike a balance between imports and exports, integrate "bringing in" and "going out", attach equal importance to foreign investment and foreign technology and intelligence resources. We should take due responsibilities and obligations as a responsible developing country, actively participate in the agenda of the world economy, push ahead with the governance of the world economy, increase the supplies of global public services and products, and promote the establishment of a win-win economic system of the world.

Fifth, shared development. Sharing is the essential requirement of socialism with Chinese characteristics. It requires that social fairness and justice be upheld, and development opportunities, process, and fruits should be shared. In view of the fact that the provision of quality public services is inadequate on the whole and part of our people are stuck in special difficult situations, targeted and effective guarantees should be made to ensure the people's livelihood and efforts should be increased to help particular groups with special difficulties.

It should be noted that after the Proposal for the 13th Five-Year Plan is put forth, the *Outline of the 13th Five-Year Plan for National Economic and Social Development* based on it will be formulated by the State Council and then submitted to the National People's Congress in March next year for deliberation.