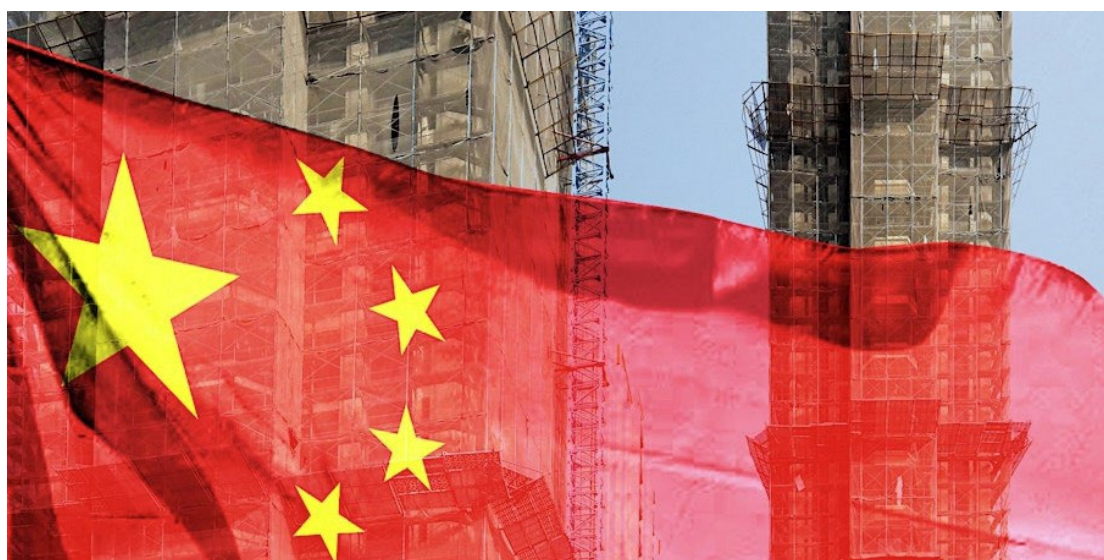


Understanding China Brief

Third Plenum of the 20th Central Committee of the Communist Party of China



This Understanding China Brief results from a [roundtable](#) discussion organised by the China Studies Centre on 26 July 2024 to discuss the outcome of the 3rd Plenum of its 20th Central Committee.

To cite: Roundtable on China's 2024 Third Plenum *Understanding China Briefs*, China Studies Centre, University of Sydney, July 2024

Third Plenum of the 20th Central Committee of the Communist Party of China

A Discussion

The 20th Central Committee of the Communist Party of China held its Third Plenum from 15 July to 18 July. The Third Plenum is usually a meeting focused on economic reforms and sometimes proposes significant directions related to reforms. After the meeting concludes, a communiqué is typically issued, followed after a few days by the full text of a fuller Resolution. The Communiqué of this plenum was published on 18 July and the Resolution on 21 July. The full text of the Resolution appears as Appendix 1

On 26 July, the China Studies Centre hosted an online roundtable to discuss the main conclusions and resolutions of the plenum and their implications.

Speakers:

Prof David S G Goodman, University of Sydney

Philippa Jones, China Policy

Dr Wei Li, University of Sydney

Richard MacGregor, The Lowy Institute

Prof James Laurenceson, Australia China Relations Institute, UTS

Philippa Jones

What is your interpretation of the three most important takeaways from the conclusion of the plenum and its resolution?

The plenum did not introduce any major stimulus package or significant measures to boost consumption, which was anticipated by those closely observing the Xi Jinping administration. PRC elite politics operate within a highly opaque environment, yet economic and social policies in China are often developed by an expert community that frequently publishes their insights. As a result, the anticipated content of the Plenum was well known beforehand.

One surprising element was the delivery timetable, with policies scheduled for implementation by 2029. This reflects a sense of urgency and highlights the challenges the party and government face in addressing these issues. Compared to the last plenum in 2013, the current economic direction shows a strong sense of déjà vu but with a noticeably sharper focus. The issues that have been on the agenda since the beginning of Xi Jinping's administration are being reiterated, with a clear goal to resolve them by 2029.

Firstly, regarding economic issues and the evolving productive forces within the economy, one of the key insights is the emphasis on improved regional coordination. It aims to address all the issues that have developed during the Xi Jinping administration over the last 10 years. In China Policy, we have a meta-analysis formulation called "China's deep troubles": state-market disconnect, urban-rural disconnect, and centre-local disconnect. These issues are interrelated and are expected to be addressed through enhanced regional coordination. It is essential to recognize that the economic model to date has been based on regional competition, particularly in low-end sectors such as footwear and clothing. However, we are now witnessing a transition as regional coordination starts to influence the automotive industry, which is undergoing significant consolidation.

Secondly, regarding education and SciTech, the resolution consolidates numerous changes observed in the education sector over recent years. There is a pronounced shift towards an increased emphasis on STEM fields. This trend is reflected in the growing number of STEM majors and the reorganization of universities, which is leading to a reduction in the prominence of the humanities. The primary mission of education now aligns with supporting Beijing's vision of global SciTech governance. The plenum document indicates that education will aim to foster virtue, cultivating capable individuals with sound moral grounding, intellectual ability, physical vigour, aesthetic sensibility, and work skills. Additionally, there is a newfound focus on preschool and early childhood education. The recognition that investing in early education yields long-term benefits reflects a significant shift in policy priorities.

Lastly, the recent agricultural plenary extended agricultural land contracts by 30 years, which is not surprising. Sharp issues in rural areas, such as demographic changes, extreme weather, land degradation, the absolute reduction of arable land, and food security policies, rarely receive media attention. Agriculture has also seen many new terms, such as precision agriculture, data analytics, controlled environment agriculture, and low-altitude agriculture.

The fastest-growing job in rural areas now is that of a drone pilot. Developments in education and SciTech are also being directed towards the agricultural sector. I believe that transforming agriculture is as important to Beijing as other economic issues. If the plenum's financial allocations are directed towards agriculture, we could witness rapid advancements in China's agricultural sector.

What can we tell about the future macroeconomic settings in China and their consequences as a result of this Plenum?

In terms of fiscal and taxation matters, the Central Economic Work Conference held in December introduced numerous changes, and for the first time since then, we have received a comprehensive blueprint from the central authorities. Prior to this, provincial-level discussions provided some indication of forthcoming fiscal and taxation policies. The strategies outlined in the document are highly appropriate and necessary. They include adapting taxation to new business models, a significant focus on the transfer system, and enhancing the tax-sharing mechanism between the central government and provinces, as well as within provinces, thereby increasing the revenue share allocated to localities. This represents a major overhaul of centre-local financial relations. Notably, although the property tax was mentioned in 2013 and introduced in 2014, it is still not being actively pursued.

In terms of macroeconomics, another noteworthy development is the cessation of the era of rapid economic growth. We are witnessing a transition from aggressive asset accumulation to asset management, as reflected in the activities of State-Owned Enterprises. The exploration of macro balance sheet governance suggests a potential shift towards unified national macro balance sheet management. This development, while complex, may indicate an effort to adjust existing asset structures and could imply increased government involvement, though this remains speculative.

Other notable announcements include the development of a financial law and expanded tracking statistics. We have also observed more mechanisms to support small and medium-sized technology enterprises, which are also part of the main objectives of the Plenum.

The resolution also promised that rural migrant workers without Hukou living in cities would be granted the same services and rights as urban residents. However, a subsequent press conference clarified that this would apply everywhere except Beijing and Shanghai, indicating careful consideration of this policy. What is your perspective on this?

There have always been restrictions in megacities to encourage migration to smaller cities. The primary issue is the "not in my backyard" mentality. The policy also states that migrant workers with access to social services in their city of residence will retain rights to their land back home, which is significantly important.

What did the new policies say about China's banking crisis?

The banking sector is quite conservative. It does not lend 100% of the value; borrowers are required to make a very substantial downpayment. Furthermore, the currency is trusted

globally. It is certainly not on the brink of collapse. Moreover, the banks can finance all the work needed in agriculture.

What about the impact of what is referred to as “China’s population collapse” and its impact on growth?

One of the impacts on growth is related to the labour market. While there is a significant number of able-bodied individuals who retire early, which complicates the labour market dynamics, the more pressing concern pertains to the other end of the demographic spectrum: the elderly population. The burden of supporting an aging population is likely to have a greater impact on the economy than concerns about labour shortages. The strain of providing for a growing number of elderly individuals will impose significant economic pressures, potentially outweighing the issues related to birth rates and Labor availability.

Is the Belt and Road Initiative part of an economic outgoing policy? Or is it essentially part of playing geopolitics?

The Belt and Road Initiative (BRI) has morphed into China’s new grouping of trade partners. It represents the group that China prefers to deal with and is developing as the alternative trade destination, which was previously directed towards the United States or the European Union. For China, the long-term primary target markets are not the US and the EU. Instead, their target markets lie within the BRI and the Shanghai Cooperation Organization. These economies need green technology products and other new products that China is currently developing.

The decision from the plenum stated that local governments will have more autonomy over taxation. How might this change the financial situation of local governments? And how significant might this be in helping to enhance local economies?

We have observed that they are going to adapt taxation to new forms of business. This may well apply locally too. Additionally, the central government has committed to transferring more money directly from the centre. This is one of the measures outlined in the document.

What control does Beijing have over local government taxation drives? What are the limits?

With increased control, instances of disobedience have decreased compared to before. Another important aspect of finance is the push towards digitisation. The more it is digitised, the more control the central government has and the more transparency there is in terms of financial activities. Not only will it be digitised, but it will also be integrated with blockchain technology. As a result, the opportunities for local governments to act independently and contravene central directives have significantly reduced compared to the past.

Wei Li

What are your takeaways from the plenum?

This is a strategic document that will guide economic reform for the next few years, so it is important not to view it as one that drives immediate actions.

Firstly, the documents acknowledge the economic challenges currently facing China. They do not ignore the strategic issues within the Chinese economy but fully acknowledge both domestic and international challenges. It is evident that those who compiled the document are acutely aware of the ongoing difficulties.

Secondly, despite widespread discussions about economic growth and stimulus plans, the documents place less emphasis on economic growth itself. Instead, they highlight the strategy for high-quality development. A text analysis reveals that the terms “development” appears 33 times, “modernization” 28 times, “security” 17 times, “governance” 17 times, and “socialist” 16 times. In comparison, “market” is mentioned 14 times and “economy” only 10 times. This indicates that while the media may have expected clear economic signals, the document’s primary aim is to promote high-quality development.

Thirdly, the concept of high-quality development is not clearly defined academically. Globally, the definition of economic development or high-quality development remains ambiguous. The document attempts to define, redefine, or refine the components of high-quality development. This explains the amalgamation of various elements within the document. The intention is to explore and establish what high-quality development means through continuous experimentation and trial-and-error processes.

What do you consider to be the more likely consequences for the development of the PRC economy based on the plenum’s suggestions? What might be the actual outcomes?

Firstly, the plenum’s documents emphasize new quality productive forces as the future economic drivers for China. This shift moves away from traditional infrastructure building and real estate reinvestment. The new focus is on areas such as new energy, advanced manufacturing, and digital technologies. This approach is not entirely new; it aligns with earlier initiatives like “Made in China 2025”, which faded due to international backlash. Following this, there was a significant emphasis on self-sufficiency in technology and science, leading up to the current focus on new quality productive forces. Xi Jinping aims to leverage opportunities in sectors such as new energy, new materials, advanced manufacturing, and digital technologies to upgrade industrial manufacturing and develop strategic emerging industries. China is beginning to build advantages in areas like renewable energy and advanced manufacturing equipment, which are being recognized both domestically and globally. This development aligns with the global demand for energy transition.

Secondly, the document outlines comprehensive economic reforms, acknowledging the decisive role of the market in resource allocation but clarifying that the market does not play an all-encompassing role. While recognizing the market’s effectiveness and utility, the

document emphasizes strengthening the government's role in the economy to ensure fairness, efficiency, and order. This perspective aligns with other reforms, including the property rights system, deepening financial reform, and expanding institutional open up. Given the broad development goals that intertwine with security, legal, and property rights issues, significant coordination among various bureaucratic institutions and departments is anticipated. Structures like leadership group and working groups, previously established to coordinate complex tasks across departments, are likely to continue playing important roles in the next five years. This indicates the ongoing intertwining of political and economic logics.

Lastly, I want to highlight Xi Jinping's approach to globalization. Although Chinese overseas direct investment is not heavily featured in the document, it is particularly relevant, especially regarding the BRI. In recent years, we have seen significant growth in Chinese outward direct investment, with increased participation from both private and state-owned enterprises. This trend indicates that China will continue to integrate itself into the global economy. China is now finding more effective, beneficial, and targeted ways to integrate into the global economy. In contrast to the previous broad approach to inward and outward direct investment and import-export activities, this more specific and targeted strategy aims to maximize benefits for the Chinese economy and its development.

You have expressed optimism about the Chinese economy in your previous media comments, yet people from various social classes in China are voicing their concerns about the economic downturn. How does this affect your current view of the Chinese economy? Do you truly trust the statistics provided by Beijing?

I believe the comments about my perceived optimism regarding the Chinese economy may not accurately reflect my statements in the media. My recent comments mainly addressed the Chinese government's ability to achieve the targets set during the Two Sessions, which was around 5% last year and around 5% this year. My view is that despite all the challenges, the Chinese economy will avoid a recession. This does not imply that I am overly optimistic about the Chinese economy. I acknowledge there are numerous challenges within the Chinese economy. I think the reason why new quality productive forces are being seen as a driver for economic growth is partly because investment is declining, exports are facing challenges, and the economy is experiencing deflation. This deflation means consumption is decreasing. This is partly due to slower income growth and significant changes in property values over the past few years, which have affected personal wealth.

Thus, there is no inconsistency in my view that the government is capable of achieving the targets it sets at the beginning of the year and my observation that household spending and consumption are declining, leading to more challenging times for people in China. I think economic policies related to development and growth involve multiple instruments used by the government. As observed in the Third Plenum, the government is employing a range of policies to compensate for reduced consumption in the private sector and among private households.

The question of when and how to trust Chinese statistics has been ongoing for the past 20 years. My point is not about whether I am giving credibility to Chinese data, but rather

about the range of policy instruments the Chinese government has at its disposal. There are still certain areas where growth can occur, even though we are witnessing weaknesses in investment, trade, and consumption.

Is the Belt and Road Initiative part of an economic outgoing policy? Or is it essentially part of playing geopolitics?

The BRI has different generations. Now, the initiative has become quite coordinated, with trade and investment becoming more aligned and starting to show some impact on investment destinations.

One part of the recent strategy is that, even though outbound direct investment is encouraged, the support around it is not what it was ten years ago during the “go global” policy when everyone was encouraged to invest abroad. From an enterprise perspective, particularly related to research on Chinese investment into Australia, the BRI does have some impact on company decisions. Nowadays, there is much discussion about overseas investments in terms of asset management and appreciation. Enterprises feel the need to maintain the increasing value of their assets. Consequently, these enterprises feel much more comfortable investing in Belt and Road Initiative countries than in other countries like Australia. Due to the significant amount of regulatory uncertainty and risk in countries like Australia, enterprises need to carefully examine the economic return of their investment proposals. When looking at overall outbound investment growth for the past year, the main growth has been directed towards Belt and Road Initiative countries.

The decision from the plenum stated that local governments will have more autonomy over taxation. How might this change the financial situation of local governments? And how significant might this be in helping to enhance local economies?

Now, local governments are facing considerable stress regarding their financial income. This is partially related to the performance of the property markets, as traditionally, a significant portion of local government income comes from selling land. Recently, statistics from China have indicated that very few local governments are currently able to balance their income and expenses. This presents a challenging situation. My interpretation of the decision document is that it allows more local governments to collect other fees that are not necessarily in the tax categories. These additional fees provide another avenue for local governments to increase their revenue to cover local expenses.

Moreover, the reform discussions include topics such as education reform, healthcare reform, and the agricultural economy. It is interesting to consider how this expanded local government taxation and fee collection will be linked to the responsibilities arising from social commitments highlighted in the decisions.

What control does Beijing have over local government taxation drives? What are the limits?

Over the last few years, the key performance indicators (KPIs) for local governments have shifted. In the earlier years of reform, economic growth and job creation were the two most important metrics. The rationale for raising taxes and other revenues was to fulfil these

main objectives: developing the local economy and ensuring job creation. However, the KPI criteria have changed in recent years. Local KPIs for local government officials currently take into account a big bank's local budget deficit, and whether or not it increases taxes and expenses

Richard MacGregor

What are your takeaways from the plenum?

Firstly, we need to consider the document on its own terms. It is important to note that the document is not intended for financial markets or Western media; it is an internal strategic document. If one expected significant changes in China, there might be some disappointment. Xi Jinping remains steadfast in his views on the importance of state power, both politically and economically, ensuring alignment with the Chinese Communist Party. The term "reform" has evolved to encompass broader meanings beyond marketization and liberalization, now explicitly including national security as well.

Secondly, there is a relative emphasis on national security. Reflecting on the ambitious the Third Plenum in 2013 held shortly after Xi became leader, it famously stated that the market would play a decisive role in resource allocation; the private sector, both local and foreign, would receive equal treatment, and the government would be more of a regulator and less of a player. In retrospect, that document reflected the direction of the Hu Jintao and Wen Jiabao administration more than Xi's vision. Now, in his third term, Xi has taken a much more personal role in this document. He is involved in reviewing drafts, giving instructions, and reading notes. Under Xi, the economy is characterized by a strong emphasis on the central role of the party-state. Barry Naughton's concept of "Grand Steerage" highlights that investment in production takes precedence over consumption and households. State-owned enterprises retain a central role. Although there is some discussion about further opening the Chinese market, the focus has been more on leveraging the large market for China's benefit. The core of this strategy emphasizes high productive forces, particularly in technology, aiming to match the United States in technological advancements. This is a geopolitical contest. China's concept of national security differs from the Western perspective, encompassing political, territorial, military, cultural, economic, ecological, and cyberspace security.

Thirdly, the private sector is not quite dead; it is different. Xi is not anti-business or anti-market; he is just pro-party. The private sector must align with Xi's goals and the party's objectives, effectively undertaking national strategic tasks. Xi previously cracked down on private enterprises, but his current rhetoric has shifted to emphasize the significant role of private enterprises, particularly in leading major national technological research tasks and accessing major national scientific research infrastructure. This hybrid economy involves the state and private sector working together.

What insights can we gain about China's politics from the plenum?

Regarding global politics, Xi Jinping has faced criticism for his crackdown on the private sector, but he might see it as a success, especially with the growth of China's green

industrial economy (batteries, solar panels, EVs). These enterprises are innovative, successful, and aligned with Xi's strategic goals. However, there is concern among trading partners that China's model threatens global manufacturing, likely leading to more trade conflicts. The document does not address these criticisms.

Domestically, fiscal policy is crucial, particularly the distribution of tax revenues. The 1994 policy centralized tax collection in Beijing, but now, provinces face financial shortages, highlighting the need for reform. However, an often-overlooked aspect of tax reform is the necessity for higher taxes, which poses significant challenges. Under Xi, income growth has been the lowest since 1979-1980, with the urban middle class no longer experiencing the income growth they once did. This will have consequences. Simultaneously, the fiscal burden on all levels of government continues to grow, while the tax burden on Chinese citizens is relatively light, especially about personal income tax. Raising the necessary funds for vertical fiscal rebalancing, simply by adjusting the value-added tax is extremely challenging. Protests have erupted over increased health insurance copayments for the elderly, showing the sensitivity of these issues. As income growth slows, navigating fiscal and tax issues will be tough. By 2027, when Xi seeks a fourth term, his critics might find their voice if growth remains subpar, potentially leading to a more contested political environment.

Neil Thomas recently wrote about why Xi Jinping adhered to his original plans. One of the reasons he mentioned was that Xi was uncertain about his ability to ensure compliance from local officials. Would you like to comment on that?

Local disobedience is not a perennial issue. Every leader has talked about this issue. I believe Xi Jinping is a tougher taskmaster, demonstrating a greater willingness to use the powers vested in the Central Party leadership. China is a leader-friendly system if the leader consolidates all reins of power. Xi has been willing to punish various individuals, as evidenced by the anti-corruption campaign. Anti-corruption campaigns have always had an element of economic policy discipline, given that corruption is intertwined with economic policy. As seen from the anti-corruption campaign, it seems never-ending, albeit not at the initial pace set in 2013.

Thus, it is not just local-level disobedience; it encompasses disobedience or self-serving behaviour at all levels of government, state enterprises, and beyond. However, I do not think China's problems are solely about local disobedience. Local competition has been one of China's greatest strengths, and it is not far away from local disobedience. So, I am not convinced this policy will necessarily yield significant benefits.

What did the new policies say about China's banking crisis? Western commentators continue to see this as a critical weakness.

While it is not going to be a collapse of the financial system due to its closed currency, there are significant issues. Recently, there has been a massive attempt to clean up the Chinese banking sector, with scores of banks being closed or taken over by larger banks. Various riots have occurred in the past weeks, with people trying to withdraw their money. This is quite natural in the context of a massive downturn in the property sector. This situation is

not necessarily about individuals and their mortgages, but rather the overall economy. As a result, there are numerous bad debts and insolvent loans. While it is not like Lehman Brothers in the sense of rapid, uncontrollable contagion, it is similar in that nobody really knows who owes money to whom because the money has been lent and re-lent so many times. The complexities involved will take a long time to resolve.

There was a debate about whether China is undergoing a “Japanification”—a period of slowing growth over many years as debts are paid down. I believe we often make the mistake of looking for a collapse, whereas the real issue is the gradual draining of energy from the economy.

There is a massive excess of savings in the banks. However, the reason all the money is in the banks is twofold: people are not spending it, and the government continues to pursue policies of financial repression to fund industrial projects. If these projects yield diminishing returns, the model eventually becomes unsustainable. While the situation is not as dire as in 1999, when ICBC had 70% bad loan levels, it is certainly not healthy.

Is AUKUS effectively deterring China's aggression in the South China Sea? Can it all work out?

Whether AUKUS succeeds or not will depend on much more than the agreement itself. AUKUS has two main components: submarines and technology. Politically, the technology aspect is progressing quite well, but predicting when we will have the submarine capability, if at all, is very difficult. We might end up merely hosting American nuclear submarines.

If you ask for my opinion on AUKUS in terms of capability, I would say it is promising. The issue lies in the execution of this policy, which is exceedingly challenging. Ultimately, I believe it will not be about us, and we will remain relatively peripheral players.

Is the Belt and Road Initiative part of an economic outgoing policy? Or is it essentially part of playing geopolitics?

The BRI is that it has changed dramatically since its launch in 2013. Initially, the BRI was geographically circumscribed, focusing on Central Asia, Southeast Asia, the Middle East, and Europe. These days, the BRI is like a brand for China. Almost any investment that China makes around the world can be labelled as part of the BRI.

Actual lending under the BRI has fallen dramatically for several reasons. Firstly, China is now a major creditor nation and is struggling to get its money repaid from other countries. So, it is not just about handing out money anymore. Secondly, the Chinese have realised it has become a bit of a corruption boondoggle within China, so the lending is now much more regulated and restricted than it was before. Consequently, bad Chinese lending has fallen dramatically.

In terms of global influence, I think it was successful on its own terms. Chinese global influence is now more about narrative power with initiatives like the Global Security Initiative, Global Development Initiative, and Global Civilisation Initiative, which are big

ideas about a parallel world order. I think the BRI has built a strong foundation for that. China is moving into the BRI of high-quality productive forces, in line with the third plenum.

What control does Beijing have over local government taxation drives? What are the limits?

Digitalisation allows the central authorities to observe things that might have been hidden from them for a long time. State-owned enterprises, local governments, and various entities in China have often tried to conceal these issues through complexity. If there is a more systemic online tracking system, it might improve transparency. However, none of that addresses the fundamental problems of funding at the local level. Simply being able to see the shortfalls does not help to resolve them.

James Laurenceson

What are your takeaways from the plenum?

My expectations for significant policy shifts, particularly those towards market-oriented economic reforms and addressing challenges like fiscal reform and increasing consumption, were modest. Several factors might have sparked optimism for this plenum. A presentation by reform-oriented scholar Zhou Qiren drew significant attention in state media and was seen as a potential indicator of future directions. Additionally, due to the underperformance of the Chinese economy, some thought that the government might need to introduce more radical measures. However, despite the memorable one in December 1978, the longer historical record of third plenums delivering radical reforms is modest.

Xi Jinping has demonstrated strong control, consistently emphasizing quality over mere growth metrics, with no significant move to elevate consumption. Instead, there is a continued focus on new, high-quality productive forces driven by science and technology. Given these factors, modest expectations were appropriate.

Areas of focus such as rural land reforms, fiscal reforms, and advancements in science and technology are relevant and necessary. However, these issues have been known for some time, and there has been a disappointing track record, particularly regarding fiscal reform.

One exception to my modest expectations was the introduction of a 2029 deadline to complete the reform tasks outlined in the resolution. This suggests a degree of urgency within the system. Currently, economic growth for the second quarter stands at 4.7%, sluggish by historical standards but not cause for panic. Nonetheless, I remain unconvinced that the current combination of factors within the Chinese system is sufficient to drive large-scale reforms.

Would you like to discuss any consequences you can identify in the plenum and its resolution for Australia-China relations?

I will confine my comments to the economic aspect. It is important to remember that there has never been a direct, one-to-one relationship between growth fluctuations in China and China's demand for Australian goods and services. Over the last decade, China's growth rate

has been steadily declining, yet the value of Australia's exports to China has consistently increased, now approaching record highs of approximately \$200 billion annually. Even if China shifts to new quality productive forces and economic expansion driven more by productivity growth rather than extensive growth through increased inputs, I am not convinced this would severely impact China's demand for Australian iron ore. It is important to note that China's property sector has been in a slump for several years, yet China's overall demand for Australian iron ore has held up well. This is largely because China's demand for iron ore spans multiple sectors of its economy, with residential construction being just one of them. Our miners also indicate that China's manufacturing sector has increased its demand for our iron ore. The Reserve Bank of Australia has modelled the impact of a significant shift in the structure of China's economy away from investment, and the results show that the impact on Australia is actually quite mild.

While Australia's exports are generally concentrated on minerals and fuels, Australia's trade with China is far more diversified than it is with many other trading partners, which supports trade resilience. Beyond LNG and coal, Australia has developed a trade worth over \$10 billion with China in lithium in recent years. This economic complementarity does not exist with any other countries because China is leading the global energy transition. China is not only our biggest market for minerals and fuels but also our largest market for agriculture. China is also Australia's largest market for services. This diversified trade structure creates resilience in our trade relationship, regardless of the outcomes of the third plenum.

What do you think about the current state and trajectory of the Chinese technology ecosystem, particularly for new entrepreneurs, domestic or foreign?

I am optimistic about China's tech prospects. Five to ten years ago, it seemed rather short-sighted when people claimed that China could not innovate. I believe it has since been proven incorrect. If you examine various sectors, China has emerged as a global technology leader. However, I still do not think this realization has fully dawned on many Western countries.

When it comes to green manufacturing and critical minerals, it is evident that China is the global technology leader. This is why I believe Australia should seek to partner with China in the critical minerals sector, despite acknowledging legitimate concerns from the Australian government regarding supply chain resilience due to the concentration of activity in China. Nevertheless, we should strive to make this partnership work wherever possible because access to the best technology is essential for maintaining an internationally competitive sector. In terms of basic scientific research and scientific publications, China is now the global leader.

What did the new policies say about China's banking crisis? Western commentators continue to see this as a critical weakness.

Most of China's debt is denominated in local currency, so there is no risk of an Asian financial crisis-style situation where foreign investors withdraw their money, the exchange rate collapses, and they cannot repay US dollar loans. Additionally, there is no risk of a subprime-type crisis like in the United States, where banks were lending 100% of the value

of properties, leading to immediate systemic consequences when house prices fell. In China, there are very high deposit requirements. I am not suggesting that the Chinese financial system is in a good state, but I do not see it as a bubble that is about to burst.

About the speakers

David S G Goodman (moderator) is Professor of Chinese Politics and Director of the China Studies Centre at the University of Sydney. His research considers local social and political change in China. Recent publications include the two-volume *Class and the Communist Party of China* (Routledge, 2022) with Marc Blecher, Yingjie Guo, Jean-Louis Rocca, Tony Saich, and Beibei Tang; and *Local Governance in China* (Edward Elgar, 2023) with Ceren Ergenc.

Philippa Jones is a regulatory and trade policy specialist. Philippa set up CHINA POLICY in Beijing in 2011. Supported by a team of some 15 analysts, she advises public, private and non-profit clients across the company's sectoral coverage, from macroeconomy through ag, scitech and energy to education and health. She bases her practice on a long-term, wide-angle vision of Beijing's policy trajectory, bringing cross-sectoral synthesis to emerging issues. She also leads the European Commission's PRC legislative and regulatory monitoring project, EUCLERA, a position she has held since 2015. After 20 years in Beijing, Philippa returned to Australia at the outset of COVID.

James Laurenceson is an economist and Director of the Australia-China Relations Institute at the University of Technology Sydney (UTS:ACRI). He has previously held appointments at the University of Queensland and Shandong University. His academic research has been published in leading scholarly journals including *Journal of Contemporary China*, *China Economic Review* and *Australian Journal of International Affairs*. Professor Laurenceson also provides regular commentary on developments in China's economy and the Australia-China economic and broader relationship. His opinion pieces have appeared in *Australian Financial Review*, *The Australian*, *South China Morning Post*, *China Daily*, amongst others.


Wei Li is a Senior Lecturer in International Business at the University of Sydney Business School and the Program Director for the Master of International Business. With a rich background in corporate sectors across the UK and China before transitioning into academia, Dr Li's research focuses on the globalization of Chinese firms, economic developments in China, and the internationalization of the RMB. A prominent contributor to industry research, Dr Li has co-authored significant reports such as the "Demystifying Chinese Investment in Australia" series in collaboration with KPMG. Her work has earned her multiple awards, including prestigious grants from industry and government bodies, and she is an active voice in public media both in Australia and globally.

Richard MacGregor is Senior Fellow for East Asia at the Lowy Institute. His areas of expertise including China's political system and the workings and structure of the communist party; China's foreign relations, with an emphasis on ties with Japan, the two Koreas, and Southeast Asia; Australia's relations with Asia.



HOME > NEWS > TOP STORIES

Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization

Updated: JULY 21, 2024 20:56 

(Adopted at the third plenary session of the 20th Central Committee of the Communist Party of China on July 18, 2024)

In order to implement the strategic plans made at the 20th National Congress of the Communist Party of China (CPC), the 20th CPC Central Committee studied the issue of further deepening reform comprehensively to advance Chinese modernization at its third plenary session. On this basis, it adopted this resolution.

I. Great Significance and Overall Requirements

(1) Importance and necessity

Reform and opening up have been crucial to the cause of the Party and the people, enabling us to catch up with the times in great strides. The third plenary session of the 11th CPC Central Committee was a landmark event that ushered in a new period: one of reform, opening up, and socialist modernization. The third plenary session of the 18th CPC Central Committee was also of epoch-making significance. It marked the start of a new journey of comprehensively deepening reform in the new era with systematic and holistic plans, thus paving the way for a brand new stage in China's reform and opening up endeavors.

The Party Central Committee with Comrade Xi Jinping at its core has, with great historical initiative, tremendous political courage, and a strong sense of mission, united and led the entire Party, the military, and Chinese people of all ethnic groups in unshackling their thinking and breaking down the barriers erected by vested interests. We have dared to brave uncharted waters, grapple with tough problems, and navigate potential dangers and have worked resolutely to remove institutional obstacles in all areas. As a result, reform has evolved from a variety of trials and breakthroughs limited to certain areas into an integrated drive being advanced across the board. Foundational institutional frameworks have been basically put in place in all sectors, and historic, systemic, and holistic transformations have been achieved in many fields. Overall, we have accomplished the reform tasks set at the third plenary session of the 18th Central Committee and attained our objective of

achieving marked results in making all institutions more mature and better-defined by the time of the Party's centennial in 2021. All this has provided strong institutional support for completing the First Centenary Goal of building a moderately prosperous society in all respects and set China on a new journey toward building a modern socialist country in all respects.

The present and the near future constitute a critical period for our endeavor to build a great country and move toward national rejuvenation on all fronts through Chinese modernization. As Chinese modernization has been advanced continuously through reform and opening up, it will surely embrace broader horizons through further reform and opening up. To deal with complex developments both at home and abroad, adapt to the new round of scientific and technological revolution and industrial transformation, and live up to the new expectations of our people, it is vital that we continue to advance reform. Advancing reform is essential for upholding and improving the system of socialism with Chinese characteristics and modernizing China's system and capacity for governance, for putting the new development philosophy into practice and better adapting to the evolution in the principal contradiction in Chinese society, and for adhering to a people-centered approach to see that the gains of modernization benefit all our people fairly. It is also crucial for responding to major risks and challenges and ensuring steady and sustained progress in the cause of the Party and the country, for promoting the development of a human community with a shared future and winning the strategic initiative amid accelerating global changes of a like not seen in a century, and for further advancing the great new project of Party building in the new era and making our Marxist party stronger. Reform and opening up are an ongoing endeavor rather than a task to be completed. All of us in the Party must consciously give more prominence to reform and further deepen reform comprehensively with a view to advancing Chinese modernization.

(2) Guiding philosophy

We must stay committed to Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of Three Represents, and the Scientific Outlook on Development and fully implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We must thoroughly study and implement General Secretary Xi Jinping's new ideas, viewpoints, and conclusions on comprehensively deepening reform and fully and faithfully apply the new development philosophy on all fronts. We must adhere to the general principle of pursuing progress while ensuring stability and continue to free our minds, seek truth from facts, move with the times, and take a realistic and pragmatic approach, as we work to further unleash and develop the productive forces and tap into and boost the vitality of our society. Keeping in mind both domestic and international imperatives, we will ensure coordinated implementation of the Five-Sphere Integrated Plan and the Four-Pronged Comprehensive Strategy. Regarding economic structural reform as the spearhead and greater social fairness and justice and increased wellbeing of the people as our ultimate objectives, we will channel greater energy into making our reforms integrated, focused, and effective. We will work to better adapt the relations of production to the productive forces, the superstructure to the economic base, and national governance to social development so as to provide strong impetus and institutional support for Chinese modernization.

(3) Overall objectives

We will continue to improve and develop the system of socialism with Chinese characteristics and modernize China's system and capacity for governance. By 2035, we will have finished building a high-standard socialist market economy in all respects, further improved the system of socialism with Chinese characteristics, generally modernized our system and capacity for governance, and basically realized socialist modernization. All of this will lay a solid foundation for building China into a great

modern socialist country in all respects by the middle of this century. In particular, we will focus on achieving the following objectives:

—Building a high-standard socialist market economy. We will see that the market plays the decisive role in resource allocation and that the government better fulfills its role. We will uphold and improve China's basic socialist economic systems, achieve greater self-reliance and strength in science and technology, and promote high-standard opening up. We will build a modernized economy, move faster to create a new pattern of development, and promote high-quality development.

—Advancing whole-process people's democracy. We will uphold the unity between leadership by the Party, the running of the country by the people, and law-based governance. We will improve the institutions through which the people run the country, promote extensive, multilevel, and institutionalized development of consultative democracy, and refine the system of socialist rule of law with Chinese characteristics. We will move to a higher stage in building a socialist country under the rule of law.

—Developing a strong socialist culture in China. We will uphold the foundational system for ensuring the guiding role of Marxism in the ideological domain and improve the institutions and mechanisms for developing cultural programs and industries. We will promote cultural prosperity, enrich the intellectual and cultural lives of our people, and enhance China's cultural soft power and the appeal of Chinese culture.

—Improving the people's quality of life. We will refine the income distribution, employment, and social security systems, make basic public services more balanced and accessible, and facilitate more notable, substantive progress in promoting people's well-rounded development and common prosperity for all.

—Building a Beautiful China. We will ramp up the green transition in all areas of economic and social development and improve the environmental governance system. We will prioritize ecological protection, conserve resources and use them efficiently, and pursue green and low-carbon development, with a view to promoting harmony between humanity and nature.

—Advancing the Peaceful China Initiative to a higher level. We will strengthen the national security system, enhance integration between national strategies, and improve our capacity to safeguard national security. We will create new institutions, mechanisms, and methods for social governance and build a new security architecture.

—Improving the Party's capacity for leadership and long-term governance. We will develop new and improved ways of exercising leadership and governance, deepen institutional reforms related to Party building, and improve the system for exercising full and rigorous Party self-governance.

The reform tasks laid out in this resolution shall be completed by the time the People's Republic of China celebrates its 80th anniversary in 2029.

(4) Guiding principles

On the basis of reviewing and applying the valuable experience we have gained since the launch of reform and opening up, particularly from our endeavor to comprehensively deepen reform in the new era, we will implement the following principles:

- Upholding the Party's overall leadership. We must firmly uphold the Central Committee's authority and its centralized, unified leadership and ensure that the Party fulfills its core role of exercising

overall leadership and coordinating the efforts of all sides. We must ensure that Party leadership is exercised in every aspect and throughout the entire process of reform so that it always advances in the correct political direction.

- Adhering to a people-centered approach. We must respect the principal position and pioneering spirit of the people and make our reform measures highly responsive to the call of the people, so as to ensure that reform is for the people and by the people and that its fruits are shared among the people.
- Upholding fundamental principles and breaking new ground. Staying committed to socialism with Chinese characteristics, we must keep pace with the times, adapt to the evolution of practice, and take a problem-oriented approach, so that from a new starting point, we can promote innovations in theory and practice, in our institutions and culture, and in all other aspects.
- Strengthening institutional building as our main task. We must strengthen top-level design and overall planning, always establishing new systems before abolishing old ones while attaching equal importance to efforts in both respects. We must consolidate foundational systems, refine basic systems, and innovate important systems.
- Staying committed to law-based governance on all fronts. We must deepen reform and advance Chinese modernization under the rule of law and ensure unity between reform and the rule of law, seeing that all major reforms have a solid legal basis and that reform achievements are elevated to law in a timely manner.
- Applying systems thinking. We must properly handle the major relationships between the economy and society, between the government and the market, between efficiency and fairness, between vitality and order, and between development and security, thus pursuing reform in a more systematic, holistic, and coordinated manner.

II. Building a High-Standard Socialist Market Economy

A high-standard socialist market economy provides an important guarantee for Chinese modernization. We must better leverage the role of the market, foster a fairer and more dynamic market environment, and make resource allocation as efficient and productive as possible. We need to lift restrictions on the market while ensuring effective regulation and strive to better maintain order in the market and remedy market failures. By doing so, we will ensure smooth flows in the national economy and unleash the internal driving forces and creativity of the whole of society.

(5) Upholding and fulfilling the commitments to the public and non-public sectors

We will stay committed to unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting, and guiding the development of the non-public sector. We will ensure that economic entities under all forms of ownership have equal access to factors of production in accordance with the law, compete in the market on an equal footing, and are protected by the law as equals, thus enabling them to complement each other and develop side by side.

We will deepen reform of state capital and state-owned enterprises (SOEs), improving the institutions and mechanisms for management and oversight, strengthening strategic coordination between relevant administrative departments, and working to refine the layout of the state-owned sector and adjust its structure. All this will help state capital and SOEs get stronger, do better, and grow bigger, with their core functions and core competitiveness enhanced. We will clearly define the functions of

different types of SOEs, improve the management of their primary responsibilities and core business, and identify the key areas and orientations for state capital investment. State capital will be steered toward major industries and key fields that are vital to national security and serve as the lifeblood of the national economy, toward sectors such as public services, emergency response, and public welfare, which concern our country's prosperity and our people's wellbeing, and toward forward-looking and strategic emerging industries. The institutional framework under which SOEs pursue original innovation will be improved, and the reform of state capital investment and operation companies will be continued. We will establish a system to assess SOEs' performance in fulfilling their strategic missions, refine the category-based SOE evaluation system, and introduce value-added accounting in the state-owned sector. While promoting independent operation of natural monopoly businesses in sectors such as energy, railway, telecommunications, water conservancy, and public utilities, we will advance market-oriented reforms in the competitive areas of these sectors and improve regulatory institutions and mechanisms.

We will continue to implement principles and policies that help foster a favorable environment and create more opportunities for the development of the non-public sector. We will formulate a private sector promotion law. We will do more to remove barriers to market access, work to see that the competitive areas of infrastructure are open to market entities in a fair manner, and improve the long-term mechanism by which private enterprises participate in major national projects. We will support capable private enterprises in leading national initiatives to make breakthroughs in major technologies and provide private enterprises with greater access to major national scientific research infrastructure. We will refine financing support policies and systems for private enterprises to resolve the difficulties they face in accessing affordable financing. We will improve the legal framework for the long-term regulation of charges levied on enterprises and for clearing overdue payments owed to them. We will move faster to set up a system for comprehensively evaluating private enterprises' credit status and refine the credit enhancement system for small and medium private enterprises. We will support and guide private enterprises in improving their governance structures and management systems, building up compliance capacity, and better preventing corruption-related risks. We will strengthen ongoing and ex post oversight and regulate administrative inspections on private enterprises.

We will refine the modern corporate system with distinctive Chinese features and promote entrepreneurial spirit. We will support and guide enterprises of all types as they work to use resources and production factors more efficiently, improve their operation and management, and fulfill their social responsibilities. Efforts will be accelerated to foster a greater number of world-class enterprises.

(6) Building a unified national market

We will work to see that the underlying institutions and rules of the market are unified, that market regulation is exercised in an impartial and unified manner, and that connectivity between market facilities is built to high standards. We will enhance the binding force of fair competition review, take stronger action against monopolies and unfair competition, and review and abolish regulations and practices that impede the development of a unified national market and fair competition. We will bring local regulations and institutions for attracting investment under regulation and strictly prohibit policy incentives in breach of laws and regulations. We will establish sound, unified, and well-regulated public resource trading platforms that facilitate information sharing. Such platforms will cover public bidding as well as procurement by the government, public institutions, and SOEs and ensure full transparency throughout the project management process. Overall market

regulation capabilities will be enhanced. We will refine the national system of standards and deepen reform of local systems for standards management.

The institutions and rules for production factor markets will be improved to facilitate the smooth flow of production factors, the efficient allocation of all types of resources, and the full realization of market potential. We will develop a unified market for urban and rural land designated for construction. We will refine the underlying systems for promoting well-regulated development of the capital market and foster an integrated national market for technology and data. By refining the mechanisms whereby production factors are priced primarily based on market supply and demand, we will prevent improper government interference in pricing. We will also develop better mechanisms to ensure the contributions of production factors, such as labor, capital, land, knowledge, technology, management, and data, are determined by the market and rewarded accordingly. Pricing reforms will be continued in sectors such as water, energy, and transportation, and the tiered pricing mechanisms for household water, electricity, and natural gas consumption will be improved, as will the pricing mechanism for refined petroleum products.

We will improve the commodity distribution system, speed up the development of the Internet of Things, and further refine the integrated framework of distribution rules and standards to cut logistics costs throughout society. We will deepen reform of the energy management system, build a unified national electricity market, and improve the operation and coordination mechanisms for oil and gas pipelines.

We will step up efforts to develop a complete domestic demand system. To this end, we will set up long-term government investment mechanisms to support the development of major projects that are of fundamental and far-reaching importance and serve the public interest; refine the institutions and mechanisms that enable government investment to effectively drive nongovernmental investment; further reform the investment review and approval system; improve the mechanisms for stimulating and facilitating nongovernmental investment; and create a market-driven mechanism for ensuring self-sustaining growth of effective investment. We will refine long-term mechanisms for expanding consumption, reduce relevant restrictions, boost public spending as necessary, and actively promote the debut economy.

(7) Refining the systems underpinning the market economy

We will improve the property rights system to ensure law-based, equitable protection of the property rights of economic entities under all forms of ownership on a long-term basis and establish an efficient system for the comprehensive management of intellectual property rights. We will refine the market information disclosure system and put in place a commercial secrets protection system. All economic entities, regardless of their form of ownership, will be treated as equals when their property rights and legal interests are infringed upon or they infringe upon the property rights and legal interests of others. We will also refine the punitive compensation system. We will work to bolster law enforcement and justice administration to protect property rights, prevent and rectify administrative and criminal interference in economic disputes, and refine the mechanisms for identifying and redressing wrongly adjudicated cases involving enterprises in accordance with the law.

We will refine the market access system to ensure greater accessibility for new forms of business and new sectors. We will deepen reform of the business registration system based on subscribed registered capital and ensure that subscriptions are paid on time as stipulated by law. We will refine the enterprise bankruptcy mechanism, explore the establishment of a bankruptcy system for

individual persons, move ahead with integrated reforms concerning the deregistration of enterprises, and improve the market exit system. We will also improve the social credit system and related oversight institutions.

III. Promoting High-Quality Economic Development

High-quality development is our primary task in building China into a modern socialist country in all respects. It is essential that we apply the new development philosophy to steer reform and ground our efforts in the new stage of development. We must deepen supply-side structural reform, improve incentive and constraint mechanisms for promoting high-quality development, and strive to create new growth drivers and strengths.

(8) Improving the institutions and mechanisms for fostering new quality productive forces in line with local conditions

We will work to facilitate revolutionary breakthroughs in technology, innovative allocation of production factors, in-depth industrial transformation and upgrading, and the optimal combination of laborers, means of labor, and subjects of labor as well as their renewal and upgrading. All this will give rise to new industries, new business models, and new growth drivers and promote the development of productive forces that are characterized by high technology, high performance, and high quality. A stronger push will be made to pursue innovation in key generic technologies, cutting-edge technologies, modern engineering technologies, and disruptive technologies, and institutional supply will be boosted in new areas and arenas. We will establish a mechanism for ensuring funding increases for industries of the future, improve the policy and governance systems for promoting the development of strategic industries such as next-generation information technology, artificial intelligence, aviation and aerospace, new energy, new materials, high-end equipment, biomedicine, and quantum technology, and steer emerging industries toward sound and orderly development. National standards will be elevated to guide the upgrading of traditional industries, and enterprises will also be encouraged to apply digital, intelligent, and green technologies to transform and upgrade these sectors. We will impose tighter institutional constraints for environmental protection and safety.

Relevant rules and policies will be improved to accelerate the formation of relations of production that are more compatible with new quality productive forces, and to channel various types of advanced production factors toward the development of new quality productive forces. These steps will help realize a significant increase in total factor productivity. We will encourage and regulate the development of angel investment, venture capital, and private equity investment, better leverage the role of government investment funds, and work to promote the development of patient capital.

(9) Improving the systems for promoting full integration between the real economy and the digital economy

We will move faster to advance new industrialization, promote the growth and expansion of advanced manufacturing clusters, and make the manufacturing sector higher-end, smarter, and more eco-friendly. We will set up a number of industrial generic technology platforms, accelerate the transformation of industrial models and organizational forms of enterprises, and refine the institutions and mechanisms for enhancing our leading position in industries where we excel. We will establish better operation and oversight mechanisms for major industrial investment funds to ensure that capital is channeled toward our country's strategic needs. We will put in place a funding mechanism to see that the share of manufacturing in the national economy remains at a desirable

level. We will also realize a reasonable reduction in overall costs and tax and fee burdens in the manufacturing sector.

We will move faster to establish institutions and mechanisms for promoting the development of the digital economy and refine the policy system for developing the digital industry and transforming traditional industries with digital technologies. We will promote faster application of next-generation information technology at all stages and in all dimensions, develop the Industrial Internet, and build digital industry clusters with international competitiveness. We will push forward the innovative development of the platform economy while improving the system for its routine regulation. We will build and put into operation national data infrastructure to promote data sharing. We will work faster to set up a system for data property rights concerning ownership determination, market transaction, proceeds distribution, and interests protection. We will boost our governance and regulatory capabilities in relation to data security and put in place a mechanism to ensure efficient, convenient, and safe cross-border data flows.

(10) Refining the institutions and mechanisms for developing the service sector

We will refine the policy system for supporting the development of the service sector, improve financial accounting, and promote standardization in this sector. With a focus on key links, we will propel high-quality development of producer services on a sector-by-sector basis, invigorate industrial internet platforms, remove administrative barriers that impede trans-regional business operations, and promote the integrated development of producer services. The mechanisms for accelerating the diversified development of consumer services will be improved. We will refine the system of rules and regulations for intermediary service agencies to ensure that they operate in an honest and trustworthy way and fulfill their responsibilities in accordance with the law.

(11) Improving the institutions and mechanisms for modernizing infrastructure

We will build a planning and standards system for new types of infrastructure and improve the mechanisms for integrated utilization of such infrastructure. We will advance the digitalization of traditional infrastructure, diversify investment and financing channels, and refine the coordination mechanisms for major infrastructure construction projects. We will further reform the integrated transportation system, advancing reform of the railway system, developing general aviation and the low-altitude economy, and optimizing the policy on toll highways. We will raise the underwriting capacity of shipping insurers, help them provide better global services, and introduce new systems and rules on the arbitration of marine affairs. We will improve the mechanisms for the construction, operation, and management of major water conservancy projects.

(12) Improving the systems for enhancing the resilience and security of industrial and supply chains

We will move faster to build industrial and supply chains that are self-supporting and risk-controllable, improve the institutions and mechanisms for bolstering key industrial chains such as integrated circuits, industrial machine tools, medical equipment, instruments, basic software, industrial software, and advanced materials, and strive to secure more technological breakthroughs that can be applied across entire industrial and supply chains. A mechanism will be put in place to assess and respond to industrial and supply chain risks. We will improve the coordination mechanism for industries to be relocated domestically in a progressive and orderly manner and promote interest sharing between regions of origin and destination. We will develop China's strategic hinterland and ensure backup plans for key industries. Accelerated moves will be made to improve

the system for national reserves. We will refine the overall planning and linkage systems for the exploration, production, supply, storage, and sale of strategic mineral resources.

IV. Supporting All-Around Innovation

Education, science and technology, and talent function as basic and strategic underpinnings for Chinese modernization. We must fully implement the strategy of invigorating China through science and education, the strategy of developing a quality workforce, and the innovation-driven development strategy, make coordinated efforts to promote integrated reform of institutions and mechanisms pertaining to education, science and technology, and talent, and improve the new system for mobilizing resources nationwide, so as to boost the overall performance of our country's innovation system.

(13) Deepening comprehensive reform in education

We will work faster to build a high-quality education system and advance coordinated reforms in student training methods, school operation models, management systems, and support mechanisms. We will improve the mechanisms for fostering virtue through education, introduce integrated reforms and new approaches in the political education curriculum at all levels, from elementary school to university, and refine the systems for nurturing capable young people with sound moral grounding, intellectual ability, physical vigor, aesthetic sensibility, and work skills. We will increase the ability of teachers to impart knowledge and bring out the best in students and improve the long-term mechanisms for enhancing their professional integrity and conduct. In addition, we will further educational assessment reforms. We will improve the layout of higher education and work faster to develop world-class universities and strong disciplines with Chinese features. We will advance reforms of higher education institutions on a categorized basis and develop discipline adjustment mechanisms and talent training models to meet the needs of China's scientific and technological development and national strategies. This will see us making extraordinary moves to plan for disciplines and majors that are in urgent demand. We will also redouble efforts to develop basic disciplines, emerging disciplines, and interdisciplinary subjects and work harder to cultivate top talent, with a strong emphasis on fostering innovative capacity. We will refine the mechanisms for facilitating scientific and technological innovation in universities and ensure more efficient application of advances. Scientific and technological education and humanities education will be better coordinated. We will work faster to build a vocational education system that is well-integrated with both general education and industry and improve the mechanisms for student internships and work experience. We will better guide and regulate the development of private schools. We will promote high-standard opening up in the education sector, and encourage first-rate foreign universities of science and engineering to develop partner schools and programs in China.

With a view to optimizing the allocation of educational resources across regions, we will establish mechanisms for aligning the supply of basic public education services with demographic changes. We will improve the mechanisms for promoting high-quality, balanced development of compulsory education and explore avenues for gradually expanding the coverage of free education. The support mechanisms for preschool education, special needs education, and specialized education will be improved. We will also pursue the digitalization of education to facilitate the building of a learning society and provide greater support for lifelong education.

(14) Deepening scientific and technological structural reform

Targeting the global frontiers of science and technology, the development of the economy, the major needs of the country, and the health and safety of our people, we will refine the mechanisms under which major scientific and technological innovation projects are organized in order to mount a concerted push for breakthroughs in core technologies in key fields. We will see that the development of innovative capabilities, allocation of innovation factors, and ranks of innovators become more systematic, well-organized, and coordinated. To boost China's strength in strategic science and technology, we will refine the system of national laboratories and better define the roles and layout of our national research institutions, advanced-level research universities, and leading high-tech enterprises. We will promote closer collaboration between the central and local levels, work for coordinated development of technological innovation platforms of various kinds, and encourage and regulate the development of new types of R&D institutions. Giving play to the guiding role of China's enormous market, we will see that innovation resources are more effectively allocated and that our innovative capabilities are better organized, with a view to promoting integrated advancements in technological and industrial innovation. We will establish risk monitoring, early warning, and response systems to safeguard science and technology security, and ensure self-sufficiency in scientific and technological infrastructure. The management system for science and technology-related social groups will be refined. We will expand international science and technology exchanges and cooperation, encourage the establishment of international science and technology organizations in China, and improve the management mechanisms whereby China's universities, research institutes, and science and technology-related social groups engage in specialized exchanges and cooperation with their foreign counterparts.

We will improve the management of science and technology plans to ensure that they are forward-looking and play a guiding role in basic research, interdisciplinary frontier areas, and key fields. We will see that basic research is conducted in a better organized way, raise the share of total science and technology expenditure that goes toward basic research, and improve the basic research investment mechanisms to ensure support on both a competitive and ongoing basis. Regions, enterprises, social organizations, and individuals with the resources to support basic research will be encouraged to do so. We will also support researchers in diversifying their subjects for study and encourage high-risk, high-reward basic research. We will advance reform of the science and technology evaluation system, ensure that ethical standards are adhered to, and rectify academic misconduct.

Reinforcing the principal role of enterprises in innovation, we will establish mechanisms for fostering leading high-tech enterprises and strengthen enterprise-led collaboration between industries, universities, and research institutes. We will set up a reserve fund system for corporate R&D and back enterprises that volunteer to lead or participate in major national science and technology programs. Mechanisms will be rolled out to promote the development of small and medium enterprises (SMEs) that use specialized and sophisticated technologies to produce novel and unique products. To encourage sci-tech SMEs to boost their R&D spending, we will raise the rate of additional tax deductions for their R&D expenses. We will encourage and guide higher education institutions and research institutes in authorizing the use of their proprietary scientific and technological advances by micro, small, and medium enterprises on a "use first, pay later" basis.

We will refine the mechanisms for allocation, management, and utilization of central government research funds and improve the institutions for the implementation of central government-funded science and technology programs and their management by specialized agencies. We will expand application of the contract system for government-funded research projects and grant scientists a greater say in deciding on technology roadmaps, spending funds, and allocating resources. We will establish a mechanism for adopting non-consensus projects based on real-name recommendations

by experts. Public institutions engaged in scientific research will be allowed to implement a more flexible management system as compared to general public institutions, so that they can explore approaches to instituting corporate management.

We will further reform the mechanisms for applying scientific and technological advances. We will enhance the national technology transfer system, move faster to plan and build a number of proof-of-concept and pilot-scale testing platforms, refine the policies for the initial application of newly-developed equipment, materials, and software, and increase government procurement of independently innovated products. The pool of technology managers will be expanded.

Scientists and engineers will have a greater say in the distribution of gains from the transfer of their scientific and technological advances. We will establish a system to place scientific and technological outputs produced on the job under separate management and deepen reforms to grant researchers corresponding rights over these outputs. We will push ahead with the income distribution reform for universities and research institutes. A greater number of eligible SOEs will be permitted to provide diverse medium- and long-term incentives to encourage innovation and creativity among their research personnel.

We will develop a financial system for scientific and technological innovation to provide greater support for major national science and technology programs and sci-tech SMEs. We will refine policies for supporting the investment of long-term capital in projects at the early stages, in small enterprises, over long time horizons, and in advanced and core technologies. We will improve the mechanisms for spreading the risks associated with the development of major technologies and introduce a policy system for technology insurance. We will facilitate foreign equity investment and venture capital investment in China.

(15) Deepening institutional reforms for talent development

Our policies on talent will become more proactive, open, and effective. To improve the mechanisms for nurturing talent here at home, we will work faster to develop national hubs for high-caliber personnel and platforms for attracting and pooling talent. We will step up efforts to build a contingent of personnel with expertise of strategic importance, with a focus on cultivating science strategists, top-notch scientists and innovation teams, outstanding engineers, master craftsmen, and highly-skilled workers, while also working to improve the performance of all types of talent. We will develop a first-rate industrial technical workforce. We will improve the mechanisms for enabling orderly flows of talent to promote a more rational distribution across regions and foster closer personnel collaboration between the eastern, central, and western regions. We will also enhance the mechanisms for identifying, selecting, and training young innovators and ensure better pay and benefits for our young scientists and engineers. Relevant systems will be refined to ensure that researchers can concentrate on research.

We will enhance the incentive mechanisms for talent, granting more say to employers and creating a more accommodating environment for talent development. We will put in place a personnel assessment system based on innovation-related capability, performance, outcomes, and contributions. We will open up channels to enable flows of personnel between universities and research institutes on the one hand and enterprises on the other. We will improve the support mechanisms for recruiting talent from overseas and create internationally competitive personnel systems. We will also explore avenues for establishing an immigration system for highly-skilled personnel.

V. Improving Macroeconomic Governance

Sound macro regulation, along with effective governance by the government, is essential for ensuring that we can fully leverage the institutional strengths of our socialist market economy. It is, therefore, vital that we improve our macro regulation systems. We must pursue coordinated reforms in the fiscal, tax, financial, and other major sectors and work to enhance the consistency of macro policy orientation.

(16) Improving the national strategic planning system and policy coordination mechanisms

We will develop mechanisms for formulating and executing national strategies and make a stronger push to fully integrate all major strategies, so that they can provide better macro guidance and overall coordination. The systems for national economic and social development planning will be improved. This will see us enhancing the mechanisms for the alignment and implementation of plans, better harnessing the strategic guiding role of national development plans, bolstering the basic role of territorial space plans, and reinforcing the supporting role of subject-specific plans and regional plans. We will also improve the system by which experts participate in decision-making on public issues.

To promote the implementation of national development plans and major strategies, we will foster greater synergy between our fiscal, monetary, industrial, pricing, and employment policies, improving the allocation of newly acquired resources and adjusting the mix of existing resources. We will explore the introduction of national macro balance sheet management. Both economic and non-economic policies will be evaluated to ensure that they are consistent with the macro policy orientation. The expectations management mechanism will be improved. We will refine the statistical indicators accounting system to better support high-quality development, expanding the coverage of statistics to include more new forms of economy and new sectors. We will promote the development of statistical infrastructure for industrial entities, optimize statistical methods for both headquarters and branches, and gradually work toward compiling statistics based on the places where market entities conduct their business activities. Steps will be taken to improve the mechanisms for international coordination on macro policies.

(17) Deepening reform of the fiscal and tax systems

We will further improve the budget system and strengthen unified management of all fiscal resources and budgets. All revenues generated on the basis of the exercise of administrative power, government credit, and state-owned resources and assets will be placed under government budget management. We will improve the budgeting and performance assessment systems for state capital operations and strengthen fiscal support for major national strategic tasks and basic public wellbeing. We will enhance macro guidance on budgeting and fiscal policies. We will strengthen performance management for public services, with a focus on conducting ex ante evaluations of their functions. Reforms for zero-based budgeting will be advanced. We will unify budget allocation powers, make budget management more unified and standardized, and take steps to boost budget transparency and enhance budget oversight. We will improve the system for comprehensive government financial reporting based on accrual accounting.

The tax structure will be improved to make taxation systems more conducive to high-quality development, social fairness, and the building of a unified market. We will also look into approaches for better adapting these systems to new forms of business. Fully implementing the principle of legality of taxation, we will regulate policies on tax breaks and improve the support mechanisms for

key sectors and links. We will refine the system of direct taxes, improve the personal income tax system which is based on both adjusted gross income and specific income types, regulate taxation policies on incomes generated from business operations, capital, and property, and unify tax rates for incomes earned through work. Reform of the tax collection and administration system will be deepened.

We will establish a fiscal relationship between the central and local governments that features well-defined powers and responsibilities and the appropriate allocation of resources, with an optimum balance between regions. To place more fiscal resources at the disposal of local governments, we will expand the sources of tax revenue at the local level and grant greater authority for tax management to local governments as appropriate. To improve the system of transfer payments, we will overhaul special transfer payments and increase the scale of general transfer payments. These will help ensure that the fiscal resources of prefecture- and county-level governments are commensurate with their powers. We will establish incentive and constraint mechanisms through transfer payments to promote high-quality development. We will take steps to move excise tax collection further down the production-to-consumption chain, with the power of collection steadily being passed to local governments. We will improve the value-added tax credit refund policy and free up the channels for making tax deductions. The ratio for taxes shared between the central and local governments will be optimized. We will look into rolling the urban maintenance and construction tax, education surcharges, and local education surcharges into one single local surtax. Local governments will have the authority to set the rate for this tax within a predetermined range. We will appropriately expand the scope of use for funds raised from the sale of local government special-purpose bonds, permitting a greater share of such funds to be used as capital in more sectors and on a larger scale. The systems for managing government debt will be improved. We will establish a system for monitoring and regulating all local government debt as well as long-term mechanisms for preventing and defusing hidden debt risks. We will move faster to reform and transform local government financing platforms. In regulating the management of non-tax revenue, we will delegate, as appropriate, some management authority to local governments and allow them to tailor their practices to local conditions.

The central government will hold more fiscal powers as appropriate and raise the proportion of central government expenditure accordingly. In principle, the expenditures commensurate with such powers should be allocated from the central government, and such powers to be delegated to local governments should be reduced. No requirements for supporting funds from local governments in violation of regulations shall be made. When it is necessary to delegate fiscal powers to local governments, the relevant funds should be arranged through special transfer payments.

(18) Deepening reform of the financial system

We will move faster to improve the central bank system and the monetary policy transmission mechanism. We will actively develop technology finance, green finance, inclusive finance, pension finance, and digital finance and work to ensure quality financial services for major strategies, key fields, and weak links. We will refine the role and governance of financial institutions and the incentive and constraint mechanisms for ensuring that they serve the real economy. We will diversify equity financing, step up the development of multilevel bond markets, and increase the proportion of direct financing. We will optimize the state-owned financial capital management system.

We will improve the functions of the capital market to give balanced weight to investment and financing. We will prevent risks and tighten regulation to promote the sound and stable development of the capital market. We will facilitate the entry of long-term capital into the market. We will improve

the overall quality of listed companies, strengthen relevant regulation and delisting systems, and establish long-term mechanisms to enhance the underlying stability of the capital market. We will improve the mechanisms for regulating and constraining the behaviors of major shareholders and actual controllers. We will optimize dividend incentive and constraint mechanisms for listed companies and improve the mechanisms for protecting investors. We will encourage regional equity markets to align their rules and implement unified standards.

A financial law will be formulated. We will improve the financial regulatory system to ensure that all financial activities are placed under regulation in accordance with the law, strengthen regulatory responsibility and accountability systems, and improve regulatory coordination between the central and local levels. We will build secure and efficient financial infrastructure, unify the rules and systems for registration, custody, settlement, and liquidation for the financial market, establish binding constraints for defusing risks at an early stage, and build a robust system to effectively fend off and control systemic risks and ensure financial stability. We will improve the mechanisms for protecting financial consumers and cracking down on illegal financial activities and establish a firewall for industrial and financial capital. We will promote high-standard opening up of the financial sector, steadily and prudently advance the internationalization of the RMB, and develop offshore RMB markets. We will make steady progress in the R&D and application of digital RMB and move faster to build Shanghai into an international financial center.

We will improve the management model based on pre-establishment national treatment plus a negative list and support qualified foreign capital institutions in participating in our financial service trials. We will expand the connectivity between domestic and overseas financial markets in a steady and prudent way and improve the qualified foreign institutional investor system. We will push forward the development of a homegrown, controllable cross-border payment system and strengthen financial security mechanisms as we open our doors wider to the outside world. We will establish a system for the unified monitoring and oversight of all foreign debt. We will actively participate in international financial governance.

(19) Improving mechanisms for implementing the coordinated regional development strategy

We will develop a regional economic layout and a territorial space system characterized by complementarity between different regions and territorial spaces. We will improve the institutional and policy frameworks for opening up a new vista in the large-scale development of the western region, achieving new breakthroughs in the full revitalization of the Northeast, accelerating the rise of the central region, and encouraging the eastern region to modernize more quickly. We will enable regions like the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area to better play their roles as engines of high-quality development and improve the mechanisms for the development of the Yangtze Economic Belt and the ecological protection and high-quality development in the Yellow River basin. We will move forward with the high-standard and high-quality development of the Xiong'an New Area. We will push for solid progress in developing the Chengdu-Chongqing economic zone. We will improve the system of institutions for functional zoning and strengthen mechanisms to support optimal development of territorial spaces. We will improve integrated regional development mechanisms, build new mechanisms for cooperative development across administrative divisions, and deepen industrial collaboration between the eastern, central, and western regions. The institutions and mechanisms for promoting the development of the marine economy will be enhanced.

VI. Promoting Integrated Urban-Rural Development

Integrated urban and rural development is essential to Chinese modernization. We must pursue coordinated progress in new industrialization, new urbanization, and all-around rural revitalization, facilitate greater urban-rural integration in planning, development, and governance across the board, and promote equal exchanges and two-way flows of production factors between urban and rural areas, so as to narrow the disparities between the two and promote their shared prosperity and development.

(20) Improving the institutions and mechanisms for advancing new urbanization

We will put in place mechanisms to foster positive interactions between the processes of industrial upgrading, population concentration, and urban development. We will implement the systems for allowing people to obtain household registration and access basic public services in their place of permanent residence. We will push to see that eligible people who have moved to cities from rural areas enjoy the same rights as registered local residents with regard to social insurance, housing support, and access to compulsory education for their children living with them. The process of granting permanent urban residency to these people will also be accelerated. We will protect the lawful land rights and interests of former rural residents who now hold permanent urban residency, protect, in accordance with the law, their rights to contract rural land, to use their rural residential land, and to share in the proceeds from rural collective undertakings, and explore avenues to facilitate voluntary, paid transfers of these rights.

We will continue to follow the principle that cities should be built by the people and for the people. We will improve urban planning to see that cities of different sizes and small towns develop in coordination with each other to form efficient and closely knit layouts. We will deepen reform of the urban development, operation, and governance systems and step up efforts to change the development models of cities. We will work to create new systems for smart and efficient governance in super-large and mega cities and establish institutions and mechanisms for the highly-integrated development of cities in metropolitan areas. We will deepen reforms to grant super-large towns economic and social management rights that are commensurate with their populations and economic sizes. We will develop sustainable urban renewal models, along with relevant policies and regulations, and strengthen the building of underground utility tunnels and the upgrading of old pipelines. These efforts will help make our cities safer and more resilient.

(21) Consolidating and improving the basic rural operation system

We will move forward with well-organized trials to extend rural land contracts by another 30 years upon the expiration of the second-round contracts, deepen the reform to separate the ownership rights, contract rights, and management rights of contracted land, and develop appropriately scaled agricultural operations. We will improve the framework for agricultural operations and refine the pricing mechanism for the transfer of contracted land management rights. We will encourage farmers to engage in cooperative operations and see that our policies for supporting new types of agribusiness serve to increase rural incomes. We will develop a system of convenient and efficient commercial agricultural services. We will develop new types of rural collective economies, establish related operating mechanisms featuring clearly defined property rights and rational income distribution, and ensure that farmers enjoy more adequate property rights and interests.

(22) Improving supporting systems to strengthen agriculture, benefit farmers, and enrich rural areas

Continuing to prioritize agricultural and rural development, we will improve the investment mechanisms for rural revitalization. We will work to expand county industries that benefit local people, build a diversified food supply system, and foster new industries and new forms of business in rural areas. We will optimize the system of agricultural subsidy policies and develop multi-tiered agricultural insurance schemes. We will refine the regular mechanisms for preventing rural residents from lapsing or relapsing into poverty and establish a system of multi-tiered and categorized support for low-income rural residents and underdeveloped areas. We will improve the long-term mechanisms for managing assets formed with government inputs in the process of poverty alleviation. Applying the experience gained from the Green Rural Revival Program in Zhejiang Province, we will refine the long-term mechanisms for promoting all-around rural revitalization.

We will work faster to improve the mechanisms for ensuring the incomes of grain growers and see that the prices of grain and other major agricultural products remain at a reasonable level. We will coordinate efforts to establish an inter-provincial mechanism for major grain-purchasing areas to compensate major grain-producing areas so as to make substantive headway in incentivizing the latter. We will make coordinated progress in reforming the institutions and mechanisms related to the purchase and sale of grain and the management of grain reserves and develop new regulatory models in this regard. The long-term mechanisms for conserving grain and other types of food will be improved.

(23) Deepening reform of the land system

We will reform and refine the system for offsetting cultivated land that has been put to other uses, manage all types of arable land occupation in a unified manner, and improve the acceptance inspection mechanism to make sure that newly-added arable land is of an equivalent quantity and quality. We will improve the mechanisms for developing, verifying, managing, and protecting high-standard cropland. We will refine the management system for ensuring that arable land is used for planting basic crops. We will allow rural households to put houses under their legal ownership to good use by leasing them out, contributing them in the form of shares, and engaging in cooperative ventures. We will promote orderly reforms for market-based transfers of rural collective land designated for business construction and improve the mechanisms for distributing returns realized from the appreciation of land.

We will optimize land management, refining relevant systems so that they are efficiently aligned with macro policies and regional development needs. We will give priority to the reasonable land needs of leading industries and major projects, with a view to creating greater development space for regions with competitive edge. We will establish a coordination mechanism to link increases in urban construction land quotas for cities with the growth of their permanent residents. We will explore mechanisms for using contiguous land that has been reclaimed and upgraded by the government to offset arable land being used by specific projects and regions. We will optimize land use for urban industry and commerce and accelerate the development of the secondary market for construction land. We will promote mixed land development and use and allow for changes in land use purposes when appropriate, ensuring that idle and inefficiently used land can be put to better use. Targeted steps will be taken to address land use problems in various types of industrial parks. Policies will be formulated for extending land use rights for industrial and commercial purposes and for renewing them upon expiration.

VII. Pursuing High-Standard Opening Up

Opening up is a defining feature of Chinese modernization. We must remain committed to the basic state policy of opening to the outside world and continue to promote reform through opening up. Leveraging the strengths of China's enormous market, we will enhance our capacity for opening up while expanding international cooperation and develop new institutions for a higher-standard open economy.

(24) Steadily expanding institutional opening up

We will promote alignment with high-standard international economic and trade rules and harmonize rules, regulations, management, and standards relating to property rights protection, industrial subsidies, environmental standards, labor protection, government procurement, e-commerce, the financial sector, and other areas, in an effort to create an institutional environment that is transparent, stable, and predictable. We will seize the initiative by opening China's commodity, services, capital, and labor markets wider to the outside world in an orderly manner and unilaterally opening our doors wider to the world's least developed countries. We will further reform institutions and mechanisms for foreign aid to realize full-chain management.

We will safeguard the WTO-centered multilateral trading system, actively participate in the reform of global economic governance, and provide more global public goods. We will expand our globally-oriented network of high-standard free trade areas, establish compliance mechanisms that are aligned with prevailing international rules, and optimize the environment for opening up and cooperation.

(25) Deepening the foreign trade structural reform

We will better coordinate trade policies with fiscal, tax, financial, and industrial policies, create a set of systems and policies to support efforts to build China into a strong trading nation, step up reforms to integrate domestic and foreign trade, and actively respond to the trends of digital and green trade. We will develop new regulatory approaches for customs clearance, taxation, and foreign exchange and foster an institutional environment that is conducive to the development of new models and forms of trade. We will develop digital trade in an innovative manner and promote the development of integrated pilot zones for cross-border e-commerce. We will build commodity trading centers and global distribution centers, support various types of entities in developing logistics facilities overseas in a well-ordered way, and facilitate the development of international logistics hubs, as well as hubs for the distribution of commodities and resources, in areas where conditions allow. The mechanisms for preventing and controlling trade risks will be improved, and our export control framework and trade remedy system will be refined.

We will adopt innovative measures to boost trade in services and fully apply the negative list for cross-border trade in services. We will promote comprehensive trials and demonstrations for expanding opening up of the service sector and encourage specialized service organizations to enhance their capacity for providing international services. We will work faster to promote offshore trade and develop new types of transactions in offshore international trade. We will set up sound systems for cross-border financial services and diversify the supply of financial products and services.

(26) Further reforming the management systems for inward and outward investment

We will foster a first-rate business environment that is market-oriented, law-based, and internationalized and protect the rights and interests of foreign investors in accordance with the law. We will expand the catalog of encouraged industries for foreign investment, appropriately shorten the negative list for foreign investment, remove all market access restrictions in the manufacturing sector, and promote wider opening with regard to telecommunications, the internet, education,

culture, medical services, and other sectors in a well-conceived way. We will further reform the institutions and mechanisms for promoting foreign investment, ensure national treatment for foreign-funded enterprises in terms of access to factors of production, license application, standards setting, and government procurement, and support them in collaborating with upstream and downstream enterprises in industrial chains. We will improve relevant measures to make it more convenient for people from outside the mainland to live, receive medical services, and make payments on the mainland. We will refine the institutions and mechanisms for promoting and protecting Chinese investment abroad, improve the management and service systems for outward investment, and facilitate international cooperation in industrial and supply chains.

(27) Optimizing the layout for regional opening up

We will consolidate the leading role of eastern coastal areas in our opening up endeavors, promote further opening up in the central, western, and northeastern regions, and move faster toward all-around opening up through links running eastward and westward, across land, and over sea. To leverage the strengths of areas along the coasts, borders, rivers, and major transportation routes, we will optimize the division of functions for opening up among different regions in order to develop a diverse array of pacesetters for opening up. We will implement the strategy for upgrading pilot free trade zones and encourage these zones to engage in pioneering and integrated explorations. The development of the Hainan Free Trade Port will be accelerated.

Harnessing the institutional strengths of the One Country, Two Systems policy, we will work to consolidate and enhance Hong Kong's status as an international financial, shipping, and trade center, support Hong Kong and Macao in building themselves into international hubs for high-caliber talent, and improve relevant mechanisms to see the two regions playing a greater role in China's opening to the outside world. We will encourage cooperation between Guangdong, Hong Kong, and Macao in the Greater Bay Area by promoting closer alignment of rules and mechanisms. We will improve relevant institutions and policies to promote economic and cultural exchanges and cooperation across the Taiwan Strait and advance integrated cross-Strait development.

(28) Improving the mechanisms for high-quality cooperation under the Belt and Road Initiative

We will continue to implement the Belt and Road Science, Technology, and Innovation Cooperation Action Plan and redouble efforts to develop multilateral platforms for cooperation in green development, the digital economy, artificial intelligence, energy, taxation, finance, disaster mitigation, and other areas. We will work to improve the integrated framework for land, sea, air, and cyberspace connectivity and build a multidimensional network to connect countries along the Belt and Road. We will make coordinated efforts to advance both major signature projects and "small but beautiful" public welfare projects.

VIII. Advancing Whole-Process People's Democracy

Developing whole-process people's democracy is integral to Chinese modernization. We must firmly stay on the path of socialist political advancement with Chinese characteristics and uphold and improve our country's foundational, basic, and important political systems. We will develop diverse forms of democracy at all levels and ensure that the principle of the people running the country is manifested in concrete and visible ways in all aspects of China's political and social activities.

(29) Strengthening the institutions through which the people run the country

We must uphold, improve, and implement the system of people's congresses to good effect. We will improve the systems under which the people's congresses conduct oversight of the administrative, supervisory, adjudicatory, and procuratorial organs, refine the Law on the Oversight by the Standing Committees of People's Congresses at All Levels and the mechanisms for its implementation, and strengthen the examination and oversight of government budgets and final accounts by people's congresses as well as their oversight of state-owned asset and government debt management. We will improve the rules of procedure for people's congresses and their debate, assessment, discussion, and hearing systems. We will see that deputies to people's congresses reach out to the public on a greater variety of issues and in more diverse ways and enhance the working mechanisms for drawing on public opinion and pooling the wisdom of the people. The roles of people's organizations, such as trade unions, Chinese Communist Youth League organizations, and women's federations, will be brought into play in connecting with and serving the people.

(30) Improving the mechanisms for consultative democracy

We will give play to the role of the Chinese People's Political Consultative Conference (CPPCC) as a specialized consultative body. We will refine the mechanisms that enable in-depth consultations and interactions, the full expression of opinions, and the formation of broad consensus. We will strengthen the mechanisms through which the CPPCC reports on social conditions and public opinions, stays in contact with the people, and provides them with services. Moves will also be made to refine the mechanisms that facilitate democratic oversight by the CPPCC.

The system of consultative democracy will be improved, with the introduction of more diverse forms of consultation. We will enhance the institutional platforms through which consultations are carried out by political parties, people's congresses, government departments, CPPCC committees, people's organizations, communities, and social organizations, and strengthen coordination between the various channels of consultation. We will improve the mechanisms for conducting consultations prior to decision making and during the implementation of decisions. Improvements will also be made to the mechanisms for adopting, implementing, and providing feedback on the consultation outcomes.

(31) Enhancing democracy at the primary level

We will improve the mechanisms for conducting community-level self-governance under the leadership of Party organizations at the primary level. We will refine the institutional and working systems for primary-level democracy and create more channels to allow for the well-ordered participation of various primary-level organizations and local people in the governance of their communities. We will enhance the institutions for keeping the public informed. We will improve the democratic management systems in enterprises and public institutions, which generally take the form of workers' congresses. In addition, more effective ways will be developed to ensure that enterprise employees can participate in management.

(32) Building a broad united front

We will improve the policies and measures for facilitating the united front's political role in rallying the support of the people and pooling their strength. We will uphold, develop, and improve China's new type of political party system. We will see that people from outside the Party can better play their roles and improve the systems for building up the ranks of non-CPC representatives. A law on promoting ethnic solidarity and progress will be formulated, and we will take steps to improve the institutions and mechanisms for forging a strong sense of community for the Chinese nation so as to further strengthen our national cohesion. We will make systematic efforts to ensure that religions in

China are Chinese in orientation and establish a more solid legal footing for the governance of religious affairs. We will improve the mechanisms for providing political guidance to non-CPC intellectuals and people from emerging social groups. We will continue working to cultivate a cordial and clean relationship between government and business across the board and improve the working mechanisms for facilitating the healthy development of the non-public sector and those working in it. We will refine the mechanisms for work related to Hong Kong, Macao, Taiwan, and overseas Chinese affairs.

IX. Promoting Socialist Rule of Law with Chinese Characteristics

The rule of law provides an important guarantee for Chinese modernization. We must ensure full implementation of the Constitution and uphold its authority, coordinate the reforms to promote sound legislation, law enforcement, administration of justice, and observance of the law, and improve the mechanisms for ensuring that all are equal before the law, so as to promote socialist rule of law, uphold social fairness and justice, and see that all work of the state is carried out under the rule of law.

(33) Deepening reforms in legislation

The socialist legal system with Chinese characteristics centered on the Constitution will be improved. We will refine the systems for ensuring full implementation of the Constitution and establish a system for reporting on its implementation. We will improve the legislative framework under which Party committees exercise leadership, people's congresses play a principal role, government departments provide support, and various sectors of society get involved. We will make sure that steps to enact, revise, abolish, interpret, and codify laws are well-coordinated and work to bolster legislation in key, emerging, and foreign-related areas. We will improve both the constitutional review system and the record and review system for normative documents. These efforts will ensure that the quality of legislation further improves. We will explore cross-regional collaboration on legislation. We will improve mechanisms for aligning and coordinating Party rules and regulations with state laws and regulations. A unified national information platform for laws, regulations, and other normative documents will be created.

(34) Advancing law-based government administration

We will keep working to establish a sound legal footing for government institutions, functions, powers, procedures, and responsibilities. We will make government services more standardized, procedure-based, and accessible and improve the integrated national online platform for government services. We will improve the legality review mechanism for major decisions and normative documents and conduct a more thorough review of the legislative work of the government. We will push forward with structural reforms regarding administrative law enforcement, improving institutions and mechanisms for coordinated law enforcement at the community level and for conducting oversight over enforcement. We will refine the system of standards on administrative discretion for matters such as administrative penalties and work to align the administrative law enforcement standards of different regions. Improvements will be made to the system for coordinating administrative and criminal penalties, the institutions and mechanisms for administrative reconsideration, and the administrative adjudication system. We will refine both the vertical management system and the tiered management system at the local level to promote closer coordination and collaboration between institutions under vertical management and local governments. Prudent steps will be taken to optimize the institutions in counties with small

populations. We will further reform the management system in development zones. We will improve the structure and layout of public institutions to ensure that they better serve the public interest.

(35) Improving the institutions and mechanisms for impartial law enforcement and administration of justice

We will refine the institutions and mechanisms for ensuring that supervisory organs, public security organs, procuratorates, courts, and administrative departments for justice all fulfill their respective functions and that powers of supervision, investigation, procuratorate, adjudication, and enforcement complement and constrain each other. This will ensure that law enforcement and judicial activities are subject to effective checks and oversight at every link and stage in the process. We will deepen the reforms to separate adjudicatory and enforcement powers, improve the national system for law enforcement, and see that the parties concerned, the procuratorates, and the public exercise oversight throughout the process of enforcement activities. We will improve the system for providing legal remedies and protection during the course of law enforcement and judicial activities as well as the system for granting state compensation. We will increase the transparency of judicial work and improve relevant procedures. We will also enforce and enhance judicial accountability. The establishment of special courts will be regulated. We will further the reforms related to the jurisdiction of administrative cases where jurisdiction is defined by subject matter, exercised in a centralized manner, or established in another region. We will develop institutions and mechanisms for coordinated, efficient policing, advance the reform of staffing management in public security organs at the local level, and continue to reform the management systems in the civil aviation public security organs and the anti-smuggling departments of customs authorities. We will standardize the management of police auxiliaries.

Adhering to the correct outlook on human rights, we will provide more effective human rights protection through law enforcement and administration of justice. We will improve the working mechanisms for ex ante review, ongoing oversight, and ex post redress and refine the system for coercive measures that concern the personal rights of citizens as well as the sealing, sequestering, and freezing of assets. We will investigate and prosecute, in accordance with the law, the abuse of power to bend the law for personal gain, illegal detention, the use of torture to extort confessions, and other similar offences. We will see that lawyer defense is provided in all criminal cases and introduce a system to seal records for minor offences.

(36) Improving the mechanisms for building a law-based society

We will improve the public legal services system covering both urban and rural populations and further reform the systems related to lawyers, notarization, arbitration, mediation, and forensic evidence management. We will adopt more effective methods to raise public awareness of the rule of law and refine the practice-oriented approach to law school education. We will better protect the rights and interests of minors, step up efforts to prevent and control juvenile delinquency, and formulate special regulations on correction and education.

(37) Strengthening the rule of law in foreign-related affairs

We will establish mechanisms for taking a holistic approach to promoting legislation, law enforcement, administration of justice, observance of the law, legal services, and the training of legal professionals for foreign-related affairs. We will improve the system of foreign-related laws and regulations and the systems for enforcing the rule of law and work to deepen international cooperation in law enforcement and administration of justice. We will refine the judicial system that

allows the parties in foreign-related civil lawsuits to lawfully enter into jurisdictional agreements and choose applicable extraterritorial laws. We will improve the arbitration and mediation system for international commercial disputes and cultivate world-class arbitration organizations and law firms. We will actively participate in the formulation of international rules.

X. Deepening Reform in the Cultural Sector

Chinese modernization is the modernization of material and cultural-ethical advancement. We must boost our cultural confidence and work to develop advanced socialist culture, promote revolutionary culture, and carry forward fine traditional Chinese culture. We must move faster to stay abreast of new dramatic developments in information technology, cultivate a vast pool of talented personnel in the field of culture, and ignite the cultural creativity of the entire nation.

(38) Improving the responsibility system for ideological work

We will refine the working systems for arming all Party members, educating the people, and guiding our practice with the Party's new theories. We will improve the system under which the theoretical study groups of Party committees (leading Party members groups) hold regular study sessions, as well as the system for theoretical and political work. We will develop new approaches in the project to study and develop Marxist theory and promote innovation in philosophy and social sciences with a view to building a Chinese intellectual system in this field. We will improve the spokesperson system, develop content production and communication mechanisms as well as assessment systems for all forms of media, and promote a systemic transformation in mainstream media. We will improve the mechanisms for guiding public opinion and coordinating responses to public opinion incidents.

Activities to foster ideals and convictions will be carried out on a regular and institutionalized basis. We will enhance the systems and mechanisms for cultivating and practicing the core socialist values. We will improve and innovate working mechanisms for raising awareness, applying principles, and developing initiatives aimed at promoting cultural-ethical progress. We will launch projects to enhance social etiquette and civility in rural areas. We will refine the mechanisms for publicizing heroes and role models and encouraging people to learn from them and work to develop new mechanisms for promoting patriotism and organizing themed public activities, in an effort to create a social atmosphere in which people look up to heroes, pay tribute to martyrs, and strive to become pioneers. We will establish a system for carrying forward traditional Chinese virtues and improve the institutions and mechanisms for cultivating social morality, work ethics, family values, and personal integrity. We will refine the long-term mechanisms for promoting integrity and credibility and provide public education and guidance so that all members of society readily abide by the law and respect public order and moral standards. We will take firm steps to oppose money worship, hedonism, egocentricity, and historical nihilism. We will develop mechanisms to provide online theoretical and ethical education in a differentiated and targeted manner. We will establish better mechanisms for addressing serious ethical problems in a coordinated way and improve the long-term mechanisms for combating pornography and illegal publications.

(39) Refining the mechanisms for supplying cultural services and products

We will improve the system of public cultural services, establishing mechanisms for channeling quality cultural resources directly to the community level, improving the mechanisms through which nongovernmental actors participate in the supply of public cultural services, and advancing reforms to separate the ownership and use rights for public cultural facilities. In the cultural sector, we will

continue with the reform of state capital and SOEs, deepen the internal reform of public institutions on a categorized basis, and improve the mechanisms for developing theater troupes.

We will remain committed to people-centered cultural creation and stay focused on both literary and artistic production and talent cultivation, and on both producing fine works and fostering a favorable environment for creation. On this basis, we will improve the working mechanisms for serving, guiding, and organizing literary and artistic creation and production. We will refine the systems for cultural industries and markets as well as economic policies concerning the development of the cultural sector. We will explore effective mechanisms for integrating culture with science and technology and step up our efforts to foster new forms of cultural business. We will further reform the systems for culture-related government review and approval and record keeping so as to strengthen ongoing and ex post oversight. Comprehensive governance of the cultural and recreational industries will be advanced.

We will establish coordination agencies for preserving and passing down our cultural heritage and put in place an inspection system for cultural heritage protection to facilitate systematic protection and unified supervision. We will institute a system of the defining symbols of Chinese culture and refine institutions and mechanisms for promoting the full integration of culture and tourism. We will improve the public fitness services system and carry out reforms to refine the management systems and operating mechanisms for competitive sports.

(40) Improving the system for comprehensive cyberspace governance

We will deepen reform of the internet management system, combine the functions of online content development and management, and promote integrated management of media communication and online public opinion. We will improve the mechanisms for developing and managing generative artificial intelligence. We will step up the law-based governance of cyberspace, improve the long-term governance mechanisms for the online environment, and refine the system for protecting minors in cyberspace.

(41) Establishing a more effective international communication system

We will move ahead with restructuring China's international communication framework and deepen the reform and innovation of our mainstream media's international communication mechanisms in a bid to accelerate the development of a multi-channel and multi-dimensional architecture. We will move faster to develop China's discourse and narrative systems with a view to making our international communication more effective. Mechanisms for promoting the implementation of the Global Civilization Initiative will be established. We will work to facilitate both outbound and inbound visits to promote broader international people-to-people exchanges and cooperation.

XI. Ensuring and Improving the People's Wellbeing

Ensuring and enhancing the people's wellbeing in the course of development is one of the major tasks of Chinese modernization. In line with the principle of doing everything within our means, we will refine the systems of basic public services, with the focus on providing inclusive services, meeting essential needs, and providing a cushion for those most in need. We will strive to resolve the most practical problems that are of the greatest and most direct concern to the people so as to meet people's aspirations for a better life.

(42) Improving the income distribution system

We will build an institutional framework under which primary distribution, redistribution, and tertiary distribution are well coordinated and mutually complementary. We will work to raise the share of personal income in the distribution of national income and give more weight to work remuneration in primary distribution. We will improve the mechanisms for determining wages, ensuring that they are increased at a reasonable rate and that they are paid in full, and refine the policy system for distribution based on factors of production. We will improve the redistribution mechanisms such as taxation, social security, and transfer payments. We will support the development of public interest activities and charities.

We will keep income distribution and the means of accumulating wealth well-regulated, open more avenues for urban and rural residents to increase their property incomes, and put in place systems to effectively boost the incomes of low-income earners, steadily expand the size of the middle-income group, and properly regulate excessive incomes. We will further reform the salary-setting mechanism for SOEs and rationally determine and strictly regulate the remuneration standards, allowances, and benefits for SOE executives at all levels.

(43) Improving the employment-first policy

We will develop sound mechanisms for promoting high-quality and full employment, refine the related public services system, and work hard to tackle structural unemployment. We will improve the system of employment support for key groups such as college graduates, rural migrant workers, and ex-service members and the system of lifelong vocational skills training. We will coordinate urban and rural employment policies, simultaneously advance service reforms related to household registration, human resources, and personnel records, improve the policy environment to boost employment by encouraging business startups, and support and regulate the development of new forms of employment. We will improve the systems and mechanisms for promoting equality of opportunity and see that the channels for social mobility are unimpeded. We will refine the mechanisms for labor relation consultations and mediation and do more to safeguard workers' rights and interests.

(44) Improving the social security system

We will improve the system for unified national management of basic old-age insurance funds and the unified national platform for social insurance public services. We will develop sound systems for ensuring that social security funds are kept safe through supervision and their value is maintained and increased over time. We will refine the mechanisms for financing basic old-age insurance and basic medical insurance and for adjusting the benefits of both as appropriate. Basic pension benefits for rural and non-working urban residents under the basic old-age insurance scheme will be raised gradually. We will build a sound social security system to serve people in flexible employment, rural migrant workers, and those in new forms of employment and expand the coverage of unemployment insurance, workers' compensation, and childbirth insurance programs. We will see to it that all restrictions preventing people from accessing social security in the places where they work but do not hold permanent residency are lifted and that policies for transferring social security accounts are improved. We will move faster to develop a multi-tiered, multi-pillar old-age insurance system, expand the coverage of the annuity system, and promote the implementation of private pension schemes. We will leverage various commercial insurance schemes as a supplementary support. We will work toward provincial-level unified management of basic medical insurance funds, further reform medical insurance payment models, improve major disease insurance and medical assistance schemes, and tighten oversight over medical insurance funds. We will improve the social

assistance system, the system for protecting the lawful rights and interests of women and children, and the social security and service systems for people with disabilities.

We will move faster to establish a housing system that supports both housing rentals and purchases and foster a new development model for the real estate sector. We will scale up the building and supply of government-subsidized housing to meet the essential need of salaried people for a home to live in. We will also work to support the diverse needs of urban and rural residents for better housing. Municipal governments will be given greater decision-making powers to regulate the real estate market, and based on local conditions, some cities will be permitted to abolish or reduce restrictions on housing purchases and to scrap relevant standards for ordinary and non-ordinary housing. We will carry out reforms to change the way real estate development is financed and to improve the advance purchase system for commodity housing. Improvements will also be made to the taxation system in the real estate sector.

(45) Further reforming the medical and healthcare systems

We will implement a health-first strategy. We will improve the public health system, promoting public participation as well as collaboration and integration between hospitals and disease prevention and control institutions and boosting capacities for disease monitoring and early warning, risk assessment, epidemiological investigation, testing and inspection, emergency response, and medical treatment. We will support coordinated development and governance of medical services, medical insurance, and pharmaceuticals. We will do more to increase the availability of quality medical resources and see that such resources are channeled toward the community level and more evenly distributed among regions. We will move faster to develop the tiered diagnosis and treatment system, propel the development of tightly knit medical consortia, and upgrade the services of community-level medical and healthcare institutions. We will deepen the reform of public hospitals to see that they better serve the public interest, establish mechanisms whereby medical expenses are primarily based on medical services, improve the remuneration system, and set up a mechanism for making dynamic staffing adjustments. We will guide and better regulate the development of private hospitals and introduce new approaches in the supervision of medical and healthcare services. We will improve the mechanisms for supporting the development of innovative drugs and medical equipment and for promoting the preservation and innovative development of traditional Chinese medicine.

(46) Improving the systems for supporting population development and providing related services

We will improve the population development strategy in response to population aging and the declining birth rate. A sound system will be instituted to provide full life-cycle population services to all in order to promote high-quality population development. We will refine the policy system and incentive mechanisms for boosting the birth rate and strive to build a childbirth-friendly society. We will work to bring down the costs of childbirth, parenting, and education, refine parental leave policies, introduce a system of childbirth subsidies, improve basic public services for childbirth and pediatric medical care, and further raise the childcare-related deduction for personal income tax. We will make greater efforts to develop a public-benefit childcare service system and provide support for employer-run nurseries, community childcare facilities, and home-based childcare. Based on the general patterns underlying population flows, we will see that public services follow the movement of populations and facilitate the reasonable concentration of people in and their orderly flow between urban and rural areas and different regions.

To actively respond to population aging, we will refine the policies and mechanisms for developing elderly care programs and industries. We will develop the silver economy and support the creation of diverse jobs tailored to elderly people. In line with the principle of voluntary participation with appropriate flexibility, we will advance reform to gradually raise the statutory retirement age in a prudent and orderly manner. To boost the supply of basic elderly care services, we will develop community-based facilities, improve the operation mechanisms for public-run institutions, encourage and guide the participation of enterprises and other non-governmental actors in service provision, and promote mutual-aid elderly care and the integration of medical care and elderly care. We will work faster to shore up weaknesses in rural elderly care services. We will also see to it that better services are provided for elderly people with special difficulties including those who live alone, have disabilities, or suffer from physical impairment, and accelerate the introduction of insurance schemes for long-term care.

XII. Deepening Reform in Ecological Conservation

Chinese modernization is the modernization of harmony between humanity and nature. We must work to improve ecological conservation systems and make concerted efforts to cut carbon emissions, reduce pollution, pursue green development, and boost economic growth. We must actively respond to climate change and move faster to improve the institutions and mechanisms for applying the principle that lucid waters and lush mountains are invaluable assets.

(47) Improving the basic systems for ecological conservation

We will implement region-specific environmental management systems featuring differentiated, targeted regulation and improve the systems for environmental monitoring and assessment. We will establish sound, united, well-aligned systems for regulating the use of territorial space of all types across the country and for approving territorial space plans. To improve the property rights and management systems for natural resource assets, we will refine the mechanism for the delegation of ownership over public-owned natural resource assets and establish systems for assessing and supervising performance in terms of protecting the environment, protecting and utilizing natural resources, and ensuring that natural resource assets hold their value and appreciate. We will improve the coordination mechanism for ensuring national ecological security. An environmental code will be compiled.

(48) Improving environmental governance systems

We will develop responsibility, oversight, and market systems as well as laws, regulations, and policies to improve environmental governance. We will refine the institutions and mechanisms for ensuring that pollution control practices are targeted, grounded in science, and law-based, and implement an oversight system for stationary pollution sources centered on emissions permits. We will establish systems for the coordinated treatment of new pollutants and management of environmental risks and make a coordinated push to reduce the discharge of various pollutants. The reform to advance the law-based disclosure of environmental information will continue, and an environmental credibility oversight system will be put into place. We will develop systems for integrated upstream-downstream environmental governance in major river basins. Comprehensive efforts will be made to develop the national park-based system of protected areas.

We will implement the management system for ecological conservation redlines, improve the mechanisms for integrated protection and systematic governance of mountain, water, forest, farmland, grassland, and desert ecosystems, and develop multiple funding mechanisms for ecosystem

protection and restoration. We will enforce the system of mandatory limits on the use of water resources and replace the water resource fee with a tax nationwide. The coordination mechanism for biodiversity protection will be enhanced, and the systems for developing and protecting marine resources will be improved. We will refine the mechanisms for realizing the market value of ecosystem goods and services. We will further reform the system of paid use for natural resources. We will advance comprehensive compensation for ecological conservation, improve the trans-regional compensation mechanism for ecological conservation, and take coordinated steps to promote compensation for environmental damage.

(49) Improving the mechanisms for green and low-carbon development

We will implement fiscal, tax, financial, investment, and pricing policies as well as standards to support green and low-carbon development, develop green and low-carbon industries, improve incentive mechanisms for eco-friendly consumer spending, and work toward an economy that facilitates green, low-carbon, and circular development. We will optimize policies on green government procurement and refine the green taxation system. We will improve the systems for total resource consumption control and comprehensive resource conservation, as well as the system for recycling waste and used materials. Mechanisms for ensuring clean and efficient use of coal will be refined. We will accelerate the planning and development of a new type of energy system and improve the policies and measures for promoting the absorption of electricity generated from new energy sources into power grids and for the regulation of such energy. Improvements will be made to the working systems for adapting to climate change. New mechanisms will be put in place to facilitate the transition from controlling the total amount and intensity of energy consumption to controlling the total amount and intensity of carbon emissions. We will establish a carbon emissions statistics and accounting system, a carbon labeling and certification system, as well as a carbon footprint management system. We will also improve the cap-and-trade system for carbon emissions and the trading system for voluntary greenhouse gas emissions reduction. On this basis, we will actively and prudently move toward reaching peak carbon emissions and carbon neutrality.

XIII. Modernizing China's National Security System and Capacity

National security provides a pivotal foundation for ensuring steady and sustained progress in Chinese modernization. We must fully apply a holistic approach to national security, improve the institutions and mechanisms for safeguarding national security, and ensure that high-quality development and greater security reinforce each other, so as to safeguard the country's long-term stability and security.

(50) Improving the national security system

The mechanisms for coordinating national security work will be strengthened. We will improve the legal, strategy, policy, and risk monitoring and early warning systems for national security, the systems for safeguarding security in key sectors, and the coordination and command systems for major projects. We will create a coordinated and highly effective system for protecting national security and better leverage science and technology to safeguard national security.

(51) Improving the public security governance mechanisms

We will improve the response and support system for major public emergencies, refine the emergency response command mechanisms under the overall safety and emergency response framework, bolster response infrastructure and capabilities in local communities, and strengthen capacity for disaster prevention, mitigation, and relief. The mechanisms for identifying and addressing workplace safety risks and for conducting retroactive investigations to determine liability will be improved. We will

refine the food and drug safety responsibility system, as well as the systems of monitoring, early warning, and risk prevention and control for biosafety and biosecurity. We will strengthen the cybersecurity system and institute oversight systems to ensure the safety of artificial intelligence.

(52) Improving the social governance system

We will apply and further develop the Fengqiao model for promoting community-level governance in the new era, enhance the Party organization-led urban and rural community governance system based on self-governance, the rule of law, and the rule of virtue, and improve the social governance system based on collaboration, participation, and benefit sharing. We will explore avenues for establishing a unified national population management system. We will improve the institutions and mechanisms for social work, better guide community-level governance through Party building, strengthen the ranks of social workers, and advance the development of the volunteer service system. We will promote law-based handling of public complaints and proposals. To improve the social governance capacity of cities, steps will be taken to ensure that citizen hotlines and other public service platforms function more effectively. To advance one-stop government services, we will improve the list-based management mechanism for relevant major tasks as well as the mechanism for ensuring ongoing progress. We will improve the system for public psychological and counseling services and crisis intervention mechanisms. We will refine the mechanisms for giving full play to the role of family ties, values, and traditions in community-level social governance. Reform of trade associations and chambers of commerce will be furthered. Improvements will be made to the management system for social organizations.

We will enhance the systems for ensuring that the powers and resources of towns and townships (urban sub-districts) are commensurate with their duties, so that they are better able to provide services and conduct management. We will improve the integrated system for maintaining law and order and the mechanism for combating and rooting out organized crime on an ongoing basis, and we will, in accordance with the law, crack down hard on illegal and criminal activities that cause grave public concern.

(53) Improving the mechanisms for ensuring national security in foreign-related affairs

We will establish sound coordination mechanisms for promoting security in neighboring regions. We will strengthen the institutions and mechanisms for early warning, prevention and control, and protection against risks to China's interests and investments overseas and deepen international law enforcement cooperation in the realm of security, so as to protect the lawful rights and interests of Chinese citizens and legal entities overseas. Mechanisms for countering foreign sanctions, interference, and long-arm jurisdiction will be strengthened. We will enhance the mechanisms for safeguarding China's maritime rights and interests, as well as those for China's participation in global security governance.

XIV. Deepening National Defense and Military Reform

National defense and military modernization is an integral part of Chinese modernization. We must maintain the Party's absolute leadership over the people's armed forces and fully implement the strategy of strengthening the military through reform, in order to provide a strong guarantee for realizing the centenary goal of the People's Liberation Army in 2027 and basically modernizing national defense and the armed forces.

(54) Improving the institutions and mechanisms for leading and managing the people's armed forces

We will improve the institutions and mechanisms for implementing the system of ultimate responsibility resting with the chairman of the Central Military Commission (CMC) and continue to enhance political loyalty in the military. We will optimize the functional setup of CMC departments and improve the mechanisms for coordinated advancement of military operations, capacity building, and combat preparedness. We will refine the consultation and evaluation mechanisms for major decisions, develop new approaches to strategic management, and improve the military governance system. We will improve the working mechanisms for running the military in accordance with the law. We will refine the supporting policies and systems for military operations, combat preparedness, military human resources, and other fields. The reform of military academies will be deepened in a bid to fully harness their potential. Military-affiliated enterprises and public institutions will also undergo adjustment and reform.

(55) Deepening reform of joint operations systems

We will refine the functions of the CMC command center for joint operations, enhance its command functions in major security fields, and establish mechanisms for facilitating its coordination with central Party and state departments. We will optimize the composition of the command centers for joint theater operations and improve the configuration of commands for joint taskforce operations. We will better coordinate the development and application of the network information system. To develop a new framework of services and arms, we will speed up the development of strategic deterrence forces and strive to develop new-domain forces with new combat capabilities, while making coordinated efforts to strengthen traditional combat forces. The composition of the armed police force will be improved.

(56) Deepening military-civilian reforms

We will improve the working mechanisms for developing integrated national strategies and strategic capabilities and refine the institutions and mechanisms for military-related decision-making, deliberation, and coordination. We will improve the mechanisms for submitting and reporting on defense-related military needs and enhancing military-civilian alignment and refine the national defense mobilization system. Reform of the defense-related science, technology, and industry systems will be deepened to upgrade the layout of these areas. We will refine the system for weaponry and equipment procurement, develop reward mechanisms for designing military products, and modernize our weaponry and equipment management system. We will improve the mechanisms for coordinating standards between the military and civilian sectors. We will better coordinate development and management in aerospace, military trade, and other fields. We will optimize the institutions and mechanisms for leading and managing border and coastal defense and improve mechanisms to enable the Party, the government, the military, the police force, and the people to work together on border governance. Reform of the militia system will be furthered. The mechanisms for strengthening mutual support between civilian sectors and the military will be refined.

XV. Improving the Party's Leadership

Leadership by the Party provides a fundamental guarantee for further deepening reform comprehensively to advance Chinese modernization. We must acquire a deep understanding of the decisive significance of establishing Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and establishing the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We must be more conscious of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in

alignment with the central Party leadership. We must stay confident in the path, theory, system, and culture of socialism with Chinese characteristics. We must uphold Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole and uphold the Central Committee's authority and its centralized, unified leadership.

We must maintain a keen awareness of the need to use the Party's self-reform to steer social reform and continue to apply both the spirit of reform and rigorous standards in conducting Party self-governance. We will improve the systems and regulations for the Party's self-reform and continue working to purify, improve, renew, and excel ourselves. All this will enable our Party to remain the strong leadership core in building socialism with Chinese characteristics.

(57) Upholding the Party Central Committee's centralized, unified leadership over the endeavor to further deepen reform comprehensively

The Party Central Committee exercises leadership over the general design, coordination, and overall advancement of all our reforms. We will refine the mechanisms through which the major decisions and plans of the Central Committee are implemented, in order to ensure full compliance with its orders and prohibitions. Party committees (leading Party members groups) at all levels are responsible for implementing the Central Committee's decisions and plans, planning and advancing reforms in their regions and departments, encouraging pioneering efforts and innovations based on their own situations, and creating new experience that can be applied elsewhere. Continuing to follow the Party's mass line in the new era, we will fully incorporate social expectations, the people's wisdom, the views of experts, and primary-level experience into the design of reforms. We will set reform agendas with a focus on solving prominent problems and improve the mechanisms for drawing up key reform plans. We will uphold truth, correct errors, and discover problems and remedy failings as they arise. We will improve reform incentives and better guide public opinion so as to foster a favorable environment for reform.

(58) Deepening institutional reforms related to Party building

With a focus on boosting the whole Party's drive, initiative, and creativity for reform and development, we will improve the systems and mechanisms for Party building. We will further arm ourselves with the Party's new theories and set up sound long-term mechanisms for reinforcing commitment, acquiring knowledge, improving conduct, and enhancing performance through learning. We will further reform the management system for officials and personnel and firmly follow the right approach to selecting and appointing officials. Officials who are politically committed, highly responsible, determined to pursue reform, outstanding in performance, and honest and clean, must be selected; and the problem of officials acting arbitrarily or lacking the willingness, courage, or ability to deliver must be addressed. We will see that officials have a correct understanding of what it means to perform well and improve the mechanisms for effectively preventing and correcting any misguided views about achievements. We will apply the "three distinctions" to encourage officials to forge ahead in a pioneering spirit and demonstrate enterprise in their work. We will make an ongoing effort to ensure that officials can be demoted as well as promoted and make a stronger push to replace those who are no longer suitable for their posts. We will improve the mechanisms for providing regular training, and basic training in particular, for officials, give them more professional training opportunities, and temper them through practice, in order to make them fully capable of advancing modernization initiatives. The tenure system for leading officials will be refined and fully applied, and the handover system for the heads of leadership teams will be improved. We will strengthen the political and organizational functions of Party organizations. We will look into effective ways of Party building in new types of economic and social organizations and among groups in new

forms of employment. We will improve the mechanisms for guiding and managing Party members and giving full play to their roles. We will also refine Party rules and regulations, increase their authority, and fully enforce them.

(59) Intensifying efforts to improve conduct, build integrity, and combat corruption

Mechanisms for conducting concrete, targeted, and regular political oversight will be improved. We will steadfastly implement the central Party leadership's eight-point decision on improving conduct and refine our systems and mechanisms for preventing and tackling pointless formalities and bureaucratism. We will continue to streamline and standardize meetings and documents, as well as all types of demonstration initiatives, evaluations, standards inspections, festival celebrations, expositions and exhibitions, and forums; strictly control the total number of community-level inspections, examinations, and evaluations; and raise the quality of research and studies. Great effort will be made to address the excessive frequency of all these activities. We will formulate lists of duties for towns and townships (urban sub-districts) and refine the long-term mechanisms for reducing their burdens. We will set up mechanisms for carrying out regular and intensive education on Party discipline and better exercise four forms of oversight over discipline compliance, thus ensuring we make full use of Party discipline as a guide, restraint, guarantee, and incentive.

We will improve the mechanisms for coordinating efforts to ensure that officials do not have the audacity, opportunity, or desire to be corrupt and work hard to eradicate the breeding grounds and conditions for corruption. We will improve the mechanisms for investigating and addressing instances of both misconduct and corruption, intensify efforts to uproot corruption in sectors with a high concentration of power, funds, and resources, and strictly investigate and deal with any collusion between government officials and businesspeople that undermines the political ecosystem and economic development. We will refine the mechanisms for taking joint punitive actions against major bribe givers and adopt more measures to effectively prevent and control new and disguised forms of corruption. We will take stronger steps to handle false accusations. We will improve the mechanisms for pursuing fugitives, preventing escape, and retrieving stolen assets. We will see that a culture of integrity prevails in the new era.

Party and state oversight systems will be improved. We will ensure that principal and oversight responsibilities for full and rigorous Party self-governance are assumed. We will improve the supporting systems for more effective oversight of leadership teams and their heads. We will improve the mechanisms for applying checks over the allocation and exercise of power and oppose privilege-seeking mindsets and behavior. We will work to coordinate discipline and law enforcement with the administration of criminal justice. We will improve the working institutions and mechanisms for discipline inspection. We will optimize the functions of oversight, inspection, review, and investigation agencies, improve the discipline inspection and supervision systems for departments under vertical management, and work to see that discipline inspection and supervision teams are dispatched to all central government-administered enterprises. Institutional reforms for primary-level oversight will be deepened. Steps will be taken to advance national anti-corruption legislation, revise the Supervision Law, and formulate a law on countering transnational corruption.

(60) Ensuring the implementation of reforms with relentless perseverance

The whole Party must take pragmatic, resolute, and effective steps to ensure implementation of the Party Central Committee's decisions and plans on further deepening reform comprehensively. We need to work in concert from top to bottom across all departments and regions to set the tasks, timelines, and priorities for reform in a well-conceived way, and designate competent departments for

implementing each reform initiative and clearly define their responsibilities. The implementation of major reforms will be subject to oversight and inspection, and the litmus test of reform will lie in how well it performs, what it delivers, and how much satisfaction it brings our people.

Chinese modernization is the modernization of peaceful development. In diplomatic work, China remains firm in pursuing an independent foreign policy of peace and is dedicated to promoting a human community with a shared future. We will stay committed to the common values of all humanity, pursue the Global Development Initiative, the Global Security Initiative, and the Global Civilization Initiative, and call for an equal and orderly multipolar world and universally beneficial and inclusive economic globalization. We will deepen institutional reforms related to the work of foreign affairs and get involved in leading the reform and development of the global governance system. We will resolutely safeguard China's sovereignty, security, and development interests and foster a favorable external environment for further deepening reform comprehensively to advance Chinese modernization.

Let the whole Party, the entire military, and Chinese people of all ethnic groups rally more closely around the Party Central Committee with Comrade Xi Jinping at its core. Let us hold high the banner of reform and opening up, pool all wisdom and strength, and forge ahead with enterprise. Let us work hard toward the Second Centenary Goal of building China into a great modern socialist country in all respects and strive to advance the rejuvenation of the Chinese nation on all fronts through Chinese modernization.

Links:

State Council | Ministry of Commerce | National Development and Reform Commission |
National Immigration Administration

Copyright© www.fmprc.gov.cn

Address: 2 Chaoyangmen Nandajie, Chaoyang District, Beijing, 100701 Tel: 86 - 10 - 65961114



Contact

China Studies Centre

Level 7 Jane Foss Russell Building (G02)
156 City Road The University of Sydney Darlington NSW 2006

+61 2 91140837
chinastudies.centre@sydney.edu.au

<https://www.sydney.edu.au/china-studies-centre/>

CRICOS 00026A