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NEW CHINA'S ANNIVERSARY

**Top leadership deepens reform in the 65th
year since the founding of the nation**

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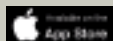
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China meets its southerly neighbors



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Progress in the People's Republic

This October 1 marks the 65th anniversary of the founding of the People's Republic of China (PRC). Over the past 65 years, China has been on a path toward strength and prosperity from instability and poverty. Tremendous changes have happened in China's society, economy, standards of living and international status.

Over the past 60-plus years, China has won economic and political independence, and is continually developing into a modern country with a flourishing economy and a democratic political system. Increasingly, it is becoming an active participant in international relations, moving to the center of the world stage from its former role at the margins. Meanwhile, China has also made progress toward peaceful reunification, as evidenced by its resumption of the exercise of sovereignty over Hong Kong and Macao.

In particular, since its adoption of a reform and opening-up policy in late 1978, China has entered into a period of rapid development, with its comprehensive strength marching forward in major strides. Robust growth has turned China into the second largest economy in the world, laying a solid foundation for the country's efforts to deepen its reforms. Additionally, the establishment of a market economy system has allowed reforms to be carried out at higher levels. Having coped with various challenges, the ruling Communist Party of China (CPC) has accumulated valuable experience to

guide these new reforms.

This year is regarded as the first in which China's deepened reforms will make even further progress in the nation's growth. At the Third Plenary Session of the 18th CPC Central Committee held in November 2013, the road map for an overall deepening of the country's reforms was put in place. In March, Premier Li Keqiang noted in his government work report that reforms would be the priority for 2014, with the goal of building China into a prosperous, strong, culturally advanced and harmonious country. This anniversary of the founding of the PRC has become a new historical starting point for the great renewal of the Chinese nation.

However, there is still great potential to be tapped for further development—in moving forward from a big economy to a competitive economy, from “made in China” to “innovated in China,” and from the relatively well-off standard of living to a much more prosperous and enjoyable life. The economic transformation in this big country of 1.3 billion people is creating infinite opportunities.

China has entered the key last half of its 100-year modernization efforts. The current leadership headed by President Xi Jinping will carry on the efforts and continue the achievements made in the first half, toward realizing a “Chinese dream” that features national prosperity, renewal and improved livelihoods. ■

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ACHIEVING CONSENSUS

Su Zhijia (second from the right), Chairman of the Guangzhou Municipal Committee of the Chinese People's Political Consultative Conference (CPPCC), attends a consultation between CPPCC members and local government officials on September 23 in Guangzhou, south China's Guangdong Province.

September 21 marks the 65th anniversary of the establishment of the CPPCC. The conference held its first session from September 21-30, 1949, during which it proclaimed the founding of the People's Republic of China. It then functioned as the supreme organ of power until 1954 when this role was transferred to the National People's Congress. The CPPCC's national and local committees now serve as important political advisory bodies.

Most of the CPPCC members are experienced political figures, well-known social figures and scholars specializing in a variety of fields.



Jammed Car Free Day

A main road is crammed with cars in Beijing, capital of China, on September 22, World Car Free Day.

Beijing's 21 million residents have been urged to use public transport and avoid driving during peak hours in September as the Chinese capital braces for the gridlock that comes with the beginning of the school year.

Law on Terrorism

China has issued a judicial explanation to clarify application of its criminal law on terrorism.

The document, which was issued to all provincial judicial and prosecuting apparatus and public security authorities, was jointly formulated by the Supreme People's Court (SPC), the Supreme People's Procuratorate (SPP) and the Ministry of Public Security (MPS) on September 9, and was published on the MPS website on September 21.

The document urges authorities to differentiate normal religious activities from religious extremism and terrorism, and protect freedom of religion. It is the latest judicial explanation released by the SPC or SPP to clarify legal procedures when dealing with terrorism.

The SPP said earlier in September that prosecutors should fast-track cases involving terrorists, religious extremists

and manufacturers of firearms and explosives.

Criminal Crackdown

China has apprehended 18,000 suspects in over 14,000 criminal cases concerning intellectual property rights (IPR) infringement this year so far, according to the Ministry of Public Security (MPS) on September 21.

The MPS stepped up its efforts against IPR violations in 2011, and has cleared a total of 127,000 cases. It has uncovered and destroyed more than 1,400 dens for manufacturing, marketing and distributing counterfeit products since 2013.

The MPS also briefed the public about 10 recent IPR cases.

In March, a workshop manufacturing fake and poor-quality sanitary napkins worth 36 million yuan (\$5.86 million) with eight production lines was closed by the public security departments of China's Fujian, Sichuan,

FLY IN THE SKY

A man flies a kite on the bank of the Lhasa River in Lhasa, capital of China's Tibet Autonomous Region, on September 19. Kite lovers there have a tradition to "fight kites" on the bank of the river from August to October every year



Zhejiang and Hunan provinces.

In May, a criminal network selling fake cosmetics online under international brand names including L'Oreal, Dior and Chanel was closed down in Jiangsu Province.

Police departments also acted against cross-border IPR violations with Interpol, the World Customs Organization and other countries' law enforcement offices.

Drought Relief

The Central Government will budget 30 billion yuan (\$4.9 billion) in economic assistance to drought-hit regions over a three-year period, the Ministry of Water Resources said on September 19.

The funds will be provided to local governments on an annual basis, with 10 billion yuan (\$1.6 billion) to be allocated each year for the 2014-16 period, according to the ministry.

The money will be used to build 310 small reservoirs and dig 4,791 wells for emergency drought relief in addition to funding 3,000 water-diversion projects, the ministry said. The budget aims to make safe drinking water available to people in drought-hit regions and ensure irrigation water for staple crops.

Registration Reform

China has completed its public opinion-hearing phase on a provisional property registration guideline.

The Ministry of Land and Resources said on September 21 that the opinions collected since August 15 have included views from experts in the property sector and law, giving constructive advice. The government has promised a unified national property registration scheme by the end of this year to regulate the real estate market and push forward urbanization.

A top-down urbanization plan released in March said China will build a national network for real estate ownership by 2020 at the latest, to reduce speculation and help people buy their own homes.

Ebola Virus Testing

A Chinese health researcher said on September 19 that China has success-

fully produced portable kits to help with Ebola virus testing.

The kits use a diagnostic method based on viral RNA detection. They will be easier to use than lab testing, according to Li Dexin, a research fellow at the National Institute for Viral Disease Control and Prevention under the Chinese Center for Disease Control and Prevention.

Chinese researchers have worked with the France-based Pasteur Institute and conducted tests on the product. It is expected to significantly help with prevention and control of the epidemic both in West African countries and China, the researcher said.

Li said that China has investigated over 80 cases of suspected Ebola patients in the country and infection has been ruled out in most of them.

Pilots in Need

China will need 98,000 more pilots and 101,000 maintenance technicians in the next 20 years, according to the latest estimates from Boeing. For the whole Asia-Pacific region, the demand for pilots and technicians over the same period is forecast to be 216,000 and 224,000, respectively, according to the 2014 Boeing Pilot and Technician Outlook.

From now to the year 2033, the Asia-Pacific region will account for 39 percent of the world's total demand for new commercial airline technicians, more than Europe and North America combined, it said.

The Asia-Pacific region also leads the world's demand for new commercial airplane deliveries over the next 20

“The Asia-Pacific region is seeing tremendous economic growth and is set to become the largest air travel market in the world.”

Bob Bellitto, Director of the Customer Group with Boeing Flight Services



ZHANG YUELIN

Navy Talk

Officers from EU 465 formation visit Chinese Navy's 18th escort naval fleet on *Changbaishan* warship, on September 22. *Changbaishan* warship is part of the 18th batch of convoy fleet sent by the Chinese People's Liberation Army Navy for escort missions in the Gulf of Aden.

years, with 13,460 new aircraft needed by 2033, according to the same report.

Customs Clearance

Two coastal regions including south China's Guangdong Province and the Yangtze River economic zone in the east are the most recent areas to join in customs clearance reform, the General Administration of Customs (GAC) said on September 22.

Aimed at shortening clearance

procedures, the reforms will ease restrictions on goods. They will greatly facilitate flow of goods into the country, according to the administration.

The first batch of cities from the Yangtze River delta to enact the reforms will be Shanghai, Nanjing, Hangzhou, Ningbo and Hefei, the GAC said. In Guangdong, only air and maritime transport were included, with overland freight set to get listed on December 1.

Charity Rebound

The NGO Happy Drum Happy Children from Suzhou, Jiangsu Province, introduces itself to the visitors at the Third China Charity Fair held in Shenzhen, Guangdong Province.

After two years' falling, donations to Chinese charities rebounded to 98.9 billion yuan (\$16.1 billion) in 2013, a 21.06-percent increase than 2012, according to a report released by the China Charity and Donation Information Center, which is under the Ministry of Civil Affairs. The drop in donations in 2011 and 2012 came after a series of scandals involving several charitable organizations. The report said the rebound is due to a better philanthropy environment, citizens' improved charity awareness and public enthusiasm after natural disasters.



MAO SIYUAN

Cutting Coal Use

To increase cleaner power generation and cut greenhouse gas emissions, China will order power firms nationwide to upgrade coal conservation technology and eliminate outdated capacity.

An action plan for the 2014-20 period was jointly released by the National Development and Reform Commission (NDRC), the Ministry of Environmental Protection and the National Energy Administration on September 19.

The action plan comes after the Central Government approved climate change goals to be met by 2020, when carbon emissions per unit of GDP will be cut by 40 percent to 45 percent from the 2005 level.

It will also bring the proportion of non-fossil fuels to about 15 percent of primary energy consumption by 2020.

With stricter environmental protection standards, China will lower coal-fired generation of electricity to under 62 percent of the national

total by 2020, according to the plan. Average coal consumption at new power plants should be less than 300 grams of standard coal per kilowatt hour (kwh). Average coal consumption at existing furnaces should be brought below 310 grams of standard coal per kwh before 2020.

At least 10 gigawatts (gw) of obsolete thermal power capacity will be phased out by 2020. At least 150 gw of coal-fired power generation capacity will be cleaned up by 2015, and another 350 gw by 2020.

Cotton Import Quota

China will not increase its cotton import quota next year beyond the 894,000-ton quota it promised when joining the World Trade Organization, a Chinese official said on September 22.

"We will guide domestic textile enterprises to use more homegrown cotton," Liu Xiaonan, an economic and trade official with the NDRC, said at a



HANDLE WITH CARE

A worker installs strings on a guitar in a factory in Zaozhuang, east China's Shandong Province. The city sells guitars to the EU, the Americas and Southeast Asia, producing more than 100,000 units worth \$7 million in annual export sales

press conference in Beijing.

Liu's remarks came after the government removed its long-held temporary cotton purchasing policy and introduced a target price system for homegrown cotton this year.

Under the target price system, the government will subsidize farmers to ensure their earnings when market prices fall below a preset target price, which was set by the NDRC at 19,800 yuan (\$3,220) per ton in April.

Currently, the domestic price of ginned cotton stands at about 14,000 yuan (\$2,279) per ton, compared with about 11,800 yuan (\$1,921) per ton on the benchmark U.S. futures market.

Liu expected the price difference on the domestic and international markets to narrow to a "reasonable range," which would help reduce imports of cotton yarn.

He said domestic cotton output will reach 6.5 million tons this year, down 500,000 tons from the previous year, while demand will be around 8.5 million tons, resulting in a supply gap of 2 million tons.



Gold Market Opens

Foreigners have now been permitted access to China's gold market after the Shanghai Gold Exchange (SGE) launched its international board on September 18.

The yuan-denominated board was launched in the China (Shanghai) Pilot Free Trade Zone, in a move to encourage foreign participation in China's tightly controlled gold market.

"The international board has made China's opening up of the gold market a reality," said Xu Luode, SGE Chairman, adding that foreign participation and rising trading volume will make China a real international market for gold.

The new international board hopes to challenge current gold market leaders London and New York. So far, it has attracted dozens of foreign members, including renowned international commercial and investment banks.

It is the first time in China's capital market that foreign investors have been able to participate in the investment and trading of yuan-denominated products

Fairy Tale of New York

Eight customer representatives of Alibaba Group Holding Ltd. celebrate the company's listing on the New York Stock Exchange on September 19.



A Mound to Something

Workers in a salt field in Lianyungang, a coastal city in east China's Jiangsu Province, harvest sea salt on September 22.

without a capital cap, said a bank dealer on condition of anonymity.

FTA Talks

China and South Korea kicked off the 13th round of negotiations for a bilateral free trade agreement (FTA) in Beijing on September 22.

The five-day negotiation covered wide-ranging areas such as tax reductions on trade of goods, the opening up of service sectors, further bilateral investment and the possibility of decreasing trade remedies and technical barriers.

China and South Korea officially launched FTA talks in May 2012. Leaders of the two countries jointly announced in July that they would try to conclude the negotiations by the end of 2014.

NEW OPENING

The Shouxihu Tunnel opens in Yangzhou, east China's Jiangsu Province on September 19. The tunnel will greatly ease traffic pressure in the tourist city



China and South Korea have experienced two decades of booming bilateral trade. Two-way trade surpassed \$270 billion in 2013, nearly 50 times the volume in 1992, when the two nations established diplomatic relations.

Reducing Financial Risks

China supports the efforts of the Financial Stability Board (FSB) in increasing the capital requirement for global-systematically important banks (G-SIBs) to reduce risks, Zhou Xiaochuan, Governor of the People's Bank of China, said in the Australian city of Cairns as the world's finance ministers and central bank chiefs gathered to discuss economic and financial systems from September 20 to 21.

The FSB started to publish lists of

G-SIBs in 2010 and sought to increase their capital requirement to prevent a future global financial crisis. There are 29 G-SIBs worldwide, including two in China, which are the Bank of China and the Industrial and Commercial Bank of China.

Addressing the meeting, Zhou said he expects countries to accelerate reforms on financial derivatives and start cooperation on supervision. He called for further classification of shadow banking for more targeted measures.

The meeting reviewed progress of reforms on financial supervision, set higher capital adequacy ratio for G-SIBs and asked the FSB to finish defining the core factors of the supervisory frame to be placed over shadow banking before the G-20 summit in Brisbane, scheduled for November 15 and 16.

LME Clear to Add RMB

The London Metal Exchange (LME) launched its new clearinghouse on September 22, planning to introduce renminbi (RMB) as cash collateral later this year.

LME Clear, the new clearinghouse of LME, has migrated all of the positions of LME members from previous clearer LCH.Clearnet Ltd. to its own risk and clearing system, LMEmercury.

"Building LME Clear was an important strategic decision because it not only provides the LME immediate and substantial revenues, but also gives the LME and the group the ability to pursue new markets, new products and new capabilities, particularly in extending the LME franchise to Asian time zones and in adding RMB capabilities," said Charles Li, Chief Executive of LME Clear's parent company, Hong Kong Exchanges and Clearing Ltd., also known as HKEx Group.

The LME is the world's oldest and largest market for industrial metals such as copper and aluminum. It set out to build its own clearinghouse three years ago to take over from LCH.Clearnet, allowing it to collect fees not only for transactions on the exchange, but for clearing them as well.

Expansion in China, which accounts for 40 percent of global copper demand, was another key LME strategy, so LME Clear has moved quickly to allow clients to use the RMB as collateral.



THE UNITED STATES

Demonstrators call for drastic political and economic efforts to slow global warming during the People's Climate March on September 21 in New York City



KENYA

Family and friends of the victims of the Westgate Mall attack attend a candle light vigil marking the first anniversary of the tragedy at the Amani-Peace gardens in Nairobi on September 21. Somali Islamist gunmen massacred at least 67 people in the attack



TURKEY

Turkish Prime Minister Ahmet Davutoglu (lower center) celebrates with the crowd on September 20 in Ankara as he welcomed dozens of freed Turkish nationals who were held hostage by Islamic militants in north Iraq for more than three months



IRAN

Iranian soldiers in camouflage march during the annual military parade marking the anniversary of Iran's war with Iraq (1980-88) in Tehran on September 22



AFGHANISTAN

President-elect Ashraf Ghani Ahmadzai (right) and his election contender Abdullah Abdullah embrace after signing a power-sharing agreement at the Presidential Palace in Kabul on September 21, ending a prolonged standoff over disputed election results



AUSTRALIA

Australian Treasurer Joe Hockey (center) delivers his opening remarks at the G20 Finance Ministers and Central Bank Governors Meeting in Cairns on September 20, in which participants discussed how to achieve global growth

↓ TENNIS STAR RETIRES

China's first and only Grand Slam winner **Li Na** recently announced her retirement due to a serious knee injury.

"Tennis is what I love, so I will try my best to help more children play," 32-year-old Li said at a press conference in Beijing on September 21. "I won't be a coach of one or two particular players, but work more on the basic training of children at their starting point." She plans to open a tennis academy after leaving competition.

Li, born in Wuhan, central China's Hubei Province, is the most successful tennis player in China. She began playing at the age of 6 and became a professional in 1999. In 2011, she became the first Asian to win a Grand Slam title at the French Open. Experiencing ups and downs in 2012 and 2013, Li found the top of her game again this year, bagging a second Grand Slam title in the Australian Open in January.



China, Time to Speak Up!

World Affairs
September 16

Improving China's power of discourse in the international community has become vital to strengthening the country's overall competitiveness. However, striving for this power is a difficult process and poses challenges. Currently, China's opinions often get lost in the international system, with international communications dominated by Western countries, as they have distinctly different cultures and ideologies.

China remains a developing country. The living standards of Chinese people haven't yet reached the levels of Western countries. However, China is a large country, in both size and population. Its every move draws wide international attention. Therefore, it must speak for itself more effectively. To this end, China must implement three vital changes.

First, it needs to strengthen internal ties. Only by highlighting the country's cohesion can China gain more confidence when addressing world issues.

Second, the nation must continue to pursue peaceful development. As China is increasingly involved in globalization, the country will face more conflicts with other nations in the future. Currently, Western media outlets often portray China as aggressive.

The Revival of Nuclear Power

China Report
September

Since a March 2011 tsunami wreaked havoc on Japan's Fukushima Daiichi Nuclear Plant, approval of the construction of nuclear power plants in China had been suspended. Petitions to restart nuclear power plant construction have been put forth since last year, when 11 members of the National Committee of the Chinese People's Political Consultative Conference, the country's top political advisory body, called on the government to support China's nuclear power programs to go global.

China's national energy development action plan (2014-20) allows the construction of new nuclear power plants in eastern coastal areas on the precondition of employing the highest safety standards in the world. While many other countries like France and Germany are trying to denuclearize their power production, China must encourage the development of nuclear power production because of its unbalanced energy structure and heightened need for energy security.



"Currently, 174 Chinese medical experts are working in Guinea, Liberia, Sierra Leone, Guinea Bissau and other West African countries. This shows China's true friendship with African countries, and the Chinese people's international humanitarianism."

Foreign Ministry spokesman **Hong Lei**, at a press briefing on September 19

"Part of the purpose of this exhibition is to expel the popular narrative that Europe discovered China and China waited to become a globally engaged society. In fact, China was completely engaged at a much earlier period."

Curator of British Museum **Jessica Harrison-Hall**, commenting on the September 18 opening of an exhibition on the cultural splendor and diplomatic reach of China during a 50-year period in the Ming Dynasty (1368-1644)



Raising Entry Fees Under Scrutiny

**Nanfang Daily
September 19**

Recently, many famous Chinese scenic spots have increased their entrance fee prices. Notable examples are the Jade Dragon Snow Mountain in Lijiang, southwest China's Yunnan Province, which increased its ticket price from 105 yuan (\$17) to 130 yuan (\$21), and the Danxia Mountain, in south China's Guangdong Province, where the entry fee went from 160 yuan (\$26) to 200 yuan (\$32.50).

Scenic spots are scarce public resources when compared to China's large population. Should they be allowed to follow the rules of

the free market when setting prices? For large theme parks developed and built by privately owned companies with the sole intent of making a profit, the companies can and should set prices according to the supply and demand of the market. But for most other attractions, which are either historical ruins or national parks meant to be enjoyed by all, a desire for high profits should not decide ticket prices. Those should be determined according to the cost of investment and management and following the government's guidelines.

As an increasing number of people choose travel as a way to relax, China's related industries are embracing myriad new development opportunities. However, the imprudent act of price-setting only shows that this market is still at its preliminary stages of development.

In face of suspicion from the international community, China should continue to follow its peaceful foreign policy by pushing forward cooperation, subduing bilateral conflicts and avoiding the escalation of tensions. Furthermore, it should increase its contributions to world development by providing more humanitarian assistance during emergencies or disasters.

Finally, a greater focus must be placed on truthfully telling China's stories. Chinese media outlets targeting international audiences should try to present Chinese values in a way that is relatable to the rest of the world.



HISTORICAL TRUTH SEEKER

Song Jinhe, a retiree in Jiamusi, northeast China's Heilongjiang Province, has long been committed to educating the public about war crimes Japanese troops committed in China during World War II. Over the past five decades, he has collected 10,000 documents, photographs, letters and other historical materials detailing the cruelty of the Japanese invasion in the 1930s-40s.

The letters written by Japanese soldiers provide chilling firsthand accounts of the brutalities of war. Song has also obtained a secret military order showing that the September 18 Incident—a 1931 rail bombing that Japan used to justify its invasion of northeast China—was premeditated and carefully planned, and was not an act of Chinese sabotage as claimed by the Japanese military.

All this evidence serves as a rebuttal to the Japanese political right wing's denials that the Japanese Imperial Army committed widespread atrocities in China. Song's exhibition has attracted more than 60,000 visitors since it opened on August 15, 2009.



“The artificially bred panda population has reached some 300, compared to just 10 bred in the 1990s. We must continue releasing them to nature, as that’s their real home.”

Zhang Hemin, Director of the China Conservation and Research Center for the Giant Panda in Wolong, southwest China's Sichuan Province, announcing on September 21 that the center will release another two captive-bred giant pandas into the wild this year

“It was not as good as I had expected. It was slower than my time in the first half of this year. But I’m happy that I’m taking home a gold from the Asian Games.”

Liu Ying, a Chinese swimmer whose 25.83-second time in the women's 50-meter butterfly swim took gold and set a new Asian Games record, speaking with Xinhua News Agency on September 22

孤儿保障大行动

Safeguarding Orphans' Health Program

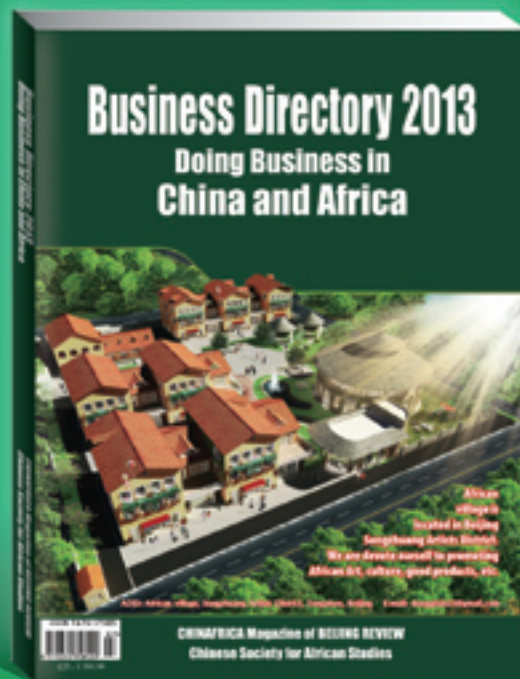


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COVER STORY

A NEW START FOR CHINA

After 65 years of development, China has ignited a new round of reforms to create an even brighter future **By Li Li**

CHANGE

FESTIVE MOMENT: A father and his son visit the Badachu Park in Beijing on September 21, which has been decorated to celebrate the National Day on October 1

When the People's Republic of China was founded on October 1, 1949, the new government inherited an economy that was overwhelmingly agrarian, ravaged by decades of warfare, and wracked by widespread poverty.

Many mines and factories had been damaged or destroyed. Transportation, communication, and power systems had been destroyed or had deteriorated because of lack of maintenance. Agriculture had been disrupted, and food production was significantly below its pre-war peak level. Furthermore, economic ills were compounded by one of the most virulent instances of inflation in global history.

Many observers of post-1949 China doubted whether the brand-new government could survive the economic chaos.

Progress driven by reforms

Sixty-five years later, the Chinese economy, regarded by many as the most dynamic in the world, is on track to become the No. 1 economy by sheer size.

According to official figures, China's outbound direct investment reached a record high of \$108 billion in 2013, making it the world's third largest investor for the second year running. The annual growth rate of 22.8 percent was much higher than the 1.4-percent gain in global outbound investment.

Chinese e-commerce company Alibaba Group Holding Ltd. made the biggest stock market debut in history when it was listed at the New York Stock Exchange on September 19, raising a total of \$21.8 billion and soaring 38 percent in its first session, as investors clamored for a piece of the company, representing a massive bet on the future growth of China's burgeoning middle class.

According to the latest *Fortune* Global 500 list, released in July, China saw 100 companies entering the list, securing the No.2 place in the number of companies on the list and marking the 11th year straight that the number of Chinese companies has increased.

In 2013, a Chinese bank, Industrial and Commercial Bank of China (ICBC), for the first time topped *The Banker* magazine's annual rankings of the profits and capital strength of the world's 1,000 largest banks. In the rankings released this July, the growth story of Chinese banks looks to be continuing unabated, with ICBC keeping its position as the strongest bank, and China's top banks accounting for almost one third of a record \$920 billion of profits made by the world's top 1,000 banks last year.

The World Intellectual Property Organization (WIPO) said in March that the United States and China drove record-level patent-filing activity via WIPO in 2013 as the number of annual international patent applications surpassed the ▶▶

200,000 mark for the first time. China, accounting for 29 percent of total growth under WIPO's Patent and Cooperation Treaty (PCT) system, overtook Germany to become the third largest user of the system.

"Reforms have profoundly and comprehensively transformed China. In retrospect, every major round of reforms has been promptly followed by a period of fast economic growth and social progress and whenever the socio-economic development was met with difficulties and barriers, a new round of reforms was initiated in response," said Chi Fulin, President of the China Institute for Reform and Development.

Xiaogang, a small village in Fengyang County, east China's Anhui Province, is famous for representing the epitome of China's last round of rural reforms. It started with a secret arrangement among local farmers to subdivide their common farmland in December 1978, after which agricultural production increased dramatically. The village was then held up as a model by China's leadership in launching a national reform that made rural households contractors of farmland, and greatly incentivized agricultural production and productivity.

The reforms have transformed China's rural areas as well as people's lives in Xiaogang. Half of the families in this village now live in villas. Local farmers have in recent years built tourism facilities, including a museum related to the famous reform, to attract urban residents seeking a vacation getaway. The revenues from running vineyards and family-run hostels have boosted the local farmers' per-capita income to more than 12,000 yuan (\$1,950) in 2013, compared to a mere 20 yuan (\$3.2) in 1978.

After becoming the general secretary of the Communist Party of China (CPC) Central Committee in November 2012, Xi Jinping, who was elected Chinese president the following March, wasted no time in reassuring the world that the CPC will not only persevere with reforms championed by Deng Xiaoping, chief architect of China's reform and opening up, but also initiate new paths. Shenzhen, the special economic zone of south China's Guangdong Province that is synonymous with the country's 36-year-old era of reform drive, was the first city that Xi inspected after becoming the Party chief.

"I chose Guangdong because I intended to reflect on China's opening-up and reform progress on the site where the trend was first initiated," Xi recalled.

The Third Plenary Session of the 18th CPC Central Committee, held in November 2013,

unveiled an overall deployment of China's new comprehensive reforms. A leading group for overall reform headed by Xi has been established as a key measure to promote the country's comprehensive deepening of reforms.

A series of reforms have already taken place since the landmark plenary session. The reeducation-through-labor system, which allowed detention for up to four years without an open trial, has been officially abolished. The one-child policy has been eased by allowing couples to have two children if one of them is an only child.

Business registration rules were reformed on March 1 by lifting restrictions on minimum registered capital, payment deadlines and cash ratio of registered capital to encourage start-ups. Between March and June, about 1.27 million new companies were registered in China, representing a year-on-year growth of almost 67 percent.

More reforms are in progress, such as the household registration system reform to give citizens without urban household registration equal access to public services in cities, reform on the purchase and use of government vehicles to cut hefty spending and avoid misuse of public money and the reform of cutting hefty salaries for executives of large state-owned enterprises. Meanwhile, medical reform will be expanded from 311 county-level public hospitals to more than 1,000 such institutions, covering 50 percent of Chinese counties, in 2014. The reform is aimed at improving the management of public hospitals and setting up a payroll and human resources system suited to the medical sector.

In the economic field, China is opening the door to private investors in oil and natural gas exploration and the banking sector, areas previously closed to private capital. Private capital has also been encouraged to invest in railway construction. The price mechanisms for agricultural products, and public service products are also undergoing reform.

The 'new normal' mode

"The Chinese economy is transitioning from a stage of high-speed growth to a stage of medium-high-speed growth. In order to step into the new growth routine smoothly and quickly, it is crucial for the government to reduce risks by deepening reforms so as to achieve improved quality of the economy during the

ALL GOOD

NEWS: An official (right) explains the new registration policy to an applicant in Suining, Sichuan Province, on March 3



next stage," said Liu Shijin, Deputy Director of the Development Research Center of the State Council.

During his inspection of central China's Henan Province in May, Xi said that China's economic growth must adjust itself to the requirements of a "new normal" phase.

The relatively weak economic data since the beginning of this year were seen to be the background for Xi's remarks. In August, China's industrial output grew at its slowest pace since December 2008. Electricity production, automobile and property sales and foreign direct investment have all been weaker than expected.

However, more than 9.7 million urban jobs were created during the first eight months of 2014, over 100,000 more compared with the same period last year. In the aforementioned timeframe, the total number of newly registered market entities was more than 8 million. From March to August, in the wake of the business registration reform, the number of new businesses grew by 61 percent over the same period of the previous year, all pointing to a massive upsurge which has generated more than 10 million jobs.

During the first half of 2014, average disposable resident income rose 10.8 percent year on year to 10,025 yuan (\$1,627) and the inflation-adjusted growth rate stood at 8.3 percent. The income gap between urban and rural residents narrowed, with actual income growth in rural China 2.7 percentage points higher than that in urban areas in the January-June period.

A series of commentaries on "China's economy in the 'new normal'" appeared on the first page of *People's Daily* on August 5, 6 and 7, respectively. They said that the seemingly in-dominable economic growth China experienced in the three decades since 1978 is no longer feasible, sustainable or necessary; the "new normal" China is less interested in growth rates



ZHONGCHU



YUJIAN

FREE MEDICAL SERVICE: A retired woman (second left) receives a free health check-up at her community in Ganzhou, Jiangxi Province, on June 9



YUJIAN

CARING FOR THE LEFT BEHIND: On July 18, a college student teaches an art class in a village of Pingdingshan, Henan Province, for rural students who stay at home while their parents seek opportunities in the cities

and more interested in quality and efficiency of growth: pushing forward reform, adjusting structure and improving people's lives.

Greater potential

The Chinese Government has also pressed ahead with management reforms by scrapping or decentralizing administrative approval rights in an effort to improve efficiency and stem corruption.

Li Zhangze, spokesman for the group spearheading the reforms under the State Council, said on September 10 that a total of 632 administrative approval items had been either dismissed or relegated to governments at lower levels. The Central Government aims to scrap and decentralize a further 200 administrative approval items within the year.

"Through these efforts, the government has achieved important progress in simplifying administrative procedures and bringing about

changes to management," he said.

Addressing the Summer Davos Forum in Tianjin on September 10, Chinese Premier Li Keqiang said that instead of adopting strong economic stimulus or easing monetary policy, the Chinese Government has promoted reform and economic readjustment to maintain steady economic performance.

"China's reform and opening-up for the past three-plus decades and beyond has in itself represented a huge innovation drive, and the huge, untapped potential of innovation and development in the future still lies in institutional reform," said Li.

Cheng Zhenfeng, CEO of a Shanghai-based startup producing a coating that protects against the corrosion of pipes or vessels under insulation, is confident about the future. Owing to the reform of lowering registration hurdles and simplifying registration procedures for small businesses, Cheng's company, registered with

subscribed capital of 3 million yuan (\$487,000), was able to open to business much earlier than he had expected. Within three months, the company had incorporated advanced technologies from Germany into the mix and signed orders with several vessel manufacturers.

"The reforms have opened the fast track for private companies to enter the market," Cheng told Xinhua News Agency.


A fairer society

On different occasions, Xi has stressed that the reform would be meaningless without creating a fair social environment, which could even engender more inequalities. He said that while creating more social wealth is paramount, it is equally important to ensure improvements in people's welfare.

Premier Li also stressed recently that carrying out reforms should primarily ensure fairness by giving job seekers equal opportunities, entrepreneurs a fair environment for competition and children equal access to quality education.

As part of "the most comprehensive" reform since China resumed the national college entrance examination in 1977, a new measure requires first-class universities to allocate a certain enrollment quota for students from poor, remote and ethnic minority regions. The new policy saw enrollment rates from rural areas grow by 11.4 percent year on year in 2014, with roughly 50,000 students from across 832 impoverished counties in 22 provinces gaining entrance to top universities.

By the end of 2011, China's basic health insurance system had covered 1.3 billion people, or 95 percent of the population. The per-capita government subsidy for residents covered by this system has also increased steadily over the years. ■



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