



Xi Jinping, General Secretary of the Communist Party of China (CPC) Central Committee, visits the Sichuan delegation during this year's Two Sessions on March 8 (XINHUA)

Xi Jinping: Leader of China's great revival

By Li Zhihui

Can China do it? This is the crucial question for the world's biggest and boldest economic, political and social experiment.

At the core of understanding the country's prospects is the governance philosophy of its leader, Xi Jinping.

Xi is leading more than 1.3 billion people on the march toward the Chinese Dream—an end to the worst kinds of poverty, and the rejuvenation of a nation that has already made astonishing progress in creating prosperity.

Xi has brought his own thinking to bear on problems that will be faced down the road, especially after a year of tumultuous world events.

With the concerns of the people his first and foremost concern, Xi's experience, commitment, determination and ability to govern and lead have become something of a rarity on the global political stage.

Later this year, the 19th National Congress of the Communist Party of China (CPC) will elect new leadership for another five-year term, the crunch period for Xi's vision of a well-off nation by the Party's 100th anniversary.

By 2020, China's gross domestic product is expected to exceed 90 trillion yuan (\$13 trillion). There should be a middle-class

population of about 400 million in the country by then, a huge market for the world.

The goal is fast approaching, and will only be met if officials at all levels can align their thinking with that of the central leadership, and act according to the "four cornerstones" raised by Xi: the cornerstones of prosperity, reform, rule of law and strict Party governance. The strategy aims to lead the country to modernization and a standing at the center of the world stage.

This is China's own story, one neither copied from other countries nor imposed on any.

At the annual "Two Sessions" of the national legislature and political advisory body in Beijing this month, Xi expressed his confidence.

"As long as we gather the wisdom and strength of more than 1.3 billion Chinese people, there can be no limit to the success of our cause," he said.

New thoughts, new actions

From being the youthful head of an impoverished village in northwest China via Party chief in the nation's advanced eastern regions to leader of the nation, Xi has shown deep understanding of state governance, evident in economic and social reform,

foreign affairs and military transformation.

In the economic sphere, he has led China to achieve remarkable growth, even though other major economies are faltering. China now contributes to over 30 percent of world economic growth.

Xi calls the current phase the "new normal," from which an economy is emerging that is more sustainable and inclusive.

To ensure the success of this rebalancing, he has put forward supply-side structural reform as the cure.

Fundamentally different from the supply-side economics of the West, Xi's policy means taking a harsh stance against outdated and inefficient industries and putting in their places new, innovative systems of work and production which will neither destroy the environment nor succumb when the next global financial crisis hits.

China hopes to increase its GDP by about 6.5 percent this year. At this rate, the nation will generate more output than it did during the days of double-digit growth.

Xi is at the wheel of a reform juggernaut, revitalizing and renewing almost every aspect of the economy and society, from the financial sector to health care. Changing the lives of hundreds of millions of people means the abandonment of what is no longer relevant, including the one-child policy and "re-education through labor," a way of dealing with minor offenders that was introduced more than half a century ago.

Xi emphasizes the rule of law and checks on power, as seen in his decision to create a national supervision commission. Lawmakers are compiling a civil code to better protect people's rights.

His campaign against corruption, a threat he warned could destroy the Party and bring about the downfall of the state, has gained "crushing momentum." Since the 18th CPC National Congress, at least 240 senior officials and more than 1 million lower-level officials have been investigated.

As Chinese business people, tourists and students reach almost every corner of the globe, Xi sees China as not only a beneficiary of globalization, but a contributor to it. He has visited around 50 countries as head of state, pursuing his mission to build "a community of shared future."

His strong defense of free trade and warnings against protectionism — "locking oneself in a dark room" — have surprised and delighted observers.

The China-U.S. trade relationship now "supports roughly 2.6 million jobs in the United States across a range of

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industries," according to a January report released by the U.S.-China Business Council based in Washington, D.C.

The Belt and Road Initiative proposed by Xi in 2013 is expected to connect Asia with Europe and Africa. In three years, Chinese businesses have helped build 56 economic and trade cooperation zones in 20 countries along the Belt and Road, with total investment exceeding \$18 billion. They have helped generate more than \$1 billion in tax revenue and create more than 160,000 jobs for host countries.

China's commitment to the Paris agreement on climate change is comforting and unshakable.

Code of success

Making a great country requires strong and competent leadership devoted to the fundamental interests of the people.

"China's most important successes rest on strategic planning and decision-making by the central leadership," said Zhang Weiwei, director of the Institute of China Studies at Fudan University.

Unlike Western democracies, which seem increasingly obsessed by showmanship and short-term elections, China's leadership has a long-term target and is more inclined to plan for the next generation and beyond. Once the Chinese leadership makes a blueprint, it sees it through to completion.

(to be continued on page 2)



XI JINPING

THE GOVERNANCE OF CHINA

Xi Jinping: The Governance of China, has a worldwide circulation of over 6 million in multiple languages

(continued from page 1)

Poverty relief is one such example. It has been included in the work plans of the Chinese leadership of each generation for decades.

Fundamental to a well-off society, poverty alleviation gave better lives to 55 million Chinese people in 2013-2016, a number greater than the population of the Republic of Korea. The government of China has boldly pledged to eradicate poverty by 2020.

It is up to local authorities to make sure that every family has an achievable plan to cast off poverty. Xi picked up a farmer's budget on a visit to a village in Hebei Province in January and showed him how he could increase income to give his family a better life.

Poverty alleviation is not the only matter to hand. Time is short. Speed and efficiency are of the essence. When working in the eastern Chinese city of Fuzhou, Xi reminded officials of their duty to "ma shang jiu ban"—take immediate action—the working style that the president wants to see right across the country.

China's system of governance remains resilient and robust because of how it selects and



Xi Jinping, General Secretary of the CPC Central Committee, extends his warm welcome to honorable guests attending the G20 Hangzhou Summit on September 4 (FILE)

mobilizes officials. A cadre can be promoted only after he or she has served at various grassroots posts and acquired enough experience. How many jobs has an official created? Where are the tangible results regarding economic and social development? Is the environment cleaner or more polluted? These key factors are considered for any promotion.

Those found to be ineffective are demoted and, in some cases, punished.

The latest five-year plan has made local officials accountable for the environmental damage they cause, even if it is discovered after they have left office.

China stresses the unity of Party leadership, people being the masters of the country and the rule of law.

The Chinese approach has shown its advantage over the so-called "Western model," Zhang said.

Making history

The "Two Sessions," among China's most important political events, are poised to support the next round of reform. Thousands of lawmakers and political advisors have raised suggestions on development. Crucially, the sessions have gathered a national consensus to unite more closely around the CPC Central Committee with Xi as the core.

"Xi's core status came through his leadership in advancing the Party's great cause," said professor Dai Yanjun with the Party School of the CPC Central Committee.

The largest modernization movement in human history has a political party with 88 million members united around a core leader, bringing better lives to more than 1.3 billion people.

This common dream not only benefits the Chinese, but also the whole world.

The real test, however, lies ahead.

Daunting as the difficulties may be, in Xi's opinion, "History is created by the brave."

Premier Li Keqiang's work report projects a pragmatic path for 2017

By Clifford A. Kiracofe



Premier Li Keqiang delivers the government work report during the opening meeting of the Fifth Session of the 12th National People's Congress in Beijing on March 5 (XINHUA)

Chinese Premier Li Keqiang delivered a comprehensive, balanced, and forward-looking work report at the opening of the Fifth Session of China's 12th National People's Congress (NPC). From a global perspective, China's role in the international community is rising. The nation accounts for a third of global economic growth and plays an increasingly active and constructive role in world affairs. Therefore, it is not surprising that Premier Li gave particular emphasis to the national economy—getting one's house in order strengthens one's hand internationally.

Domestic and foreign affairs are interrelated and the national economy provides a solid foundation for both. Certainly, the tax cuts outlined by Premier Li can improve the business situation and thus increase competitiveness. Value-added taxes are a common international practice. Along with tax cuts, eliminating unnecessary regulation that impedes economic productivity is essential to solid growth. Proper regulation of the private sector is, however, necessary for economic stability and social justice. Economic growth is facilitated through emphasis on the

development of society's productive forces. The public sector can be further invigorated with a focus on social responsibility and efficiency.

On the financial side, a fundamental consideration is the development of strong and stable national capital markets. Given the uncertainties in the present international financial system and its outdated architecture, this is a particularly significant consideration. There is also the issue of urbanization, which offers a vast panorama for forward-looking modernization. New frontiers in urban design and planning as well as in infrastructure development have the potential to open wider for innovation.

Premier Li did not forget the agricultural sector and rural development. Nor was the important task of poverty reduction overlooked. Around the world, one of history's key lessons is that there should be balanced economic growth in national planning. Such growth must not only concern manufacturing, but also the agricultural sector and food security—pillars of the real economy. Therefore, developing human capital must be a prime concern.

On national defense, the work plan appears realistic, giving attention to the need for the modernization and development of the military. Another important feature brought up is improving the quality of life for all men and women in military service.

Finally, it was good to see the emphasis on the Belt and Road Initiative as a force to promote not only regional but also global development. China's outward reach and its contemporary global strategy can fundamentally alter the face of Eurasia and provide important linkages to the Americas and Africa.

A more active and globally engaged China is a welcome contribution to the peace and development of the international community. So, best wishes for the success of this work plan are in order. The world is watching.

Notable Data in 2016

Business growth

Growth in number of newly-registered businesses **24.5%**



Tax burden reductions
570 bln yuan
Tax burdens were reduced in every sector.

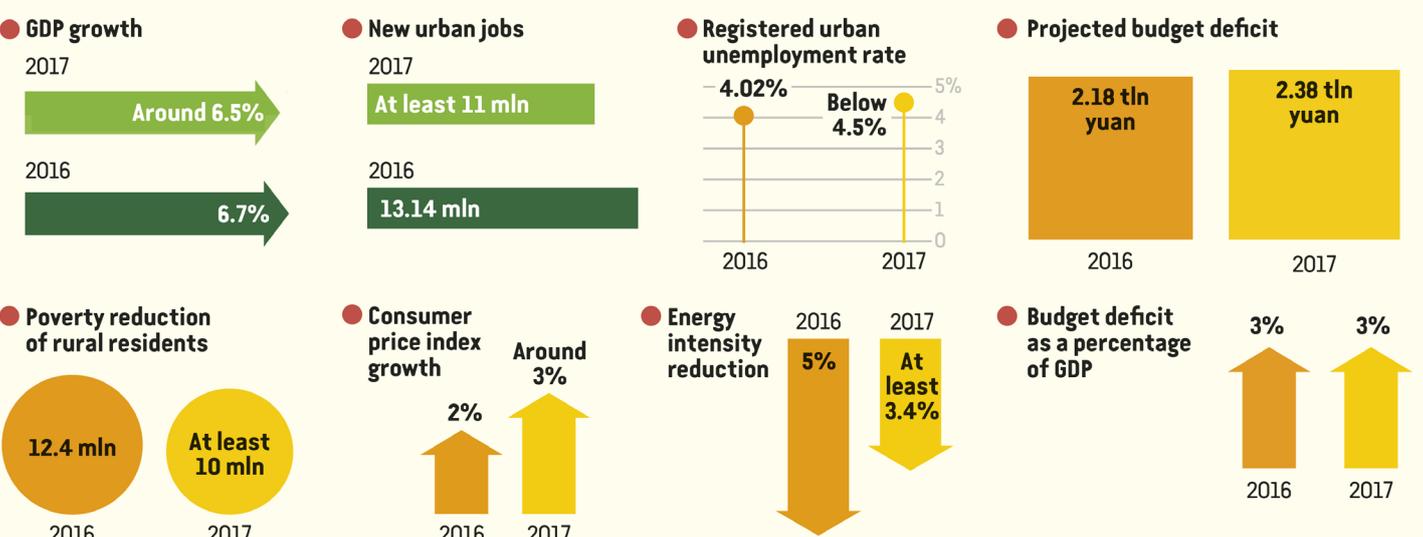


China's contribution to global economic growth surpassed 30 percent

In 2016, China utilized more than **\$130 billion of overseas investment**, continuing to rank **first** among developing countries.

(Compiled by Beijing Review, designed by Pamela Tobey)

Targets for 2017 and Achievements in 2016



(Compiled by Beijing Review, designed by Pamela Tobey)

(The author is a former senior staff member of the U.S. Senate Committee on Foreign Relations and an op-ed contributor to Beijing Review)

A guide for supply-side reform

By Xu Hongcai

China's Iron and Steel Industry

Overall capacity of iron and steel in 2016

1.1 bln tons

Consumption of iron and steel in 2016

800 mln tons

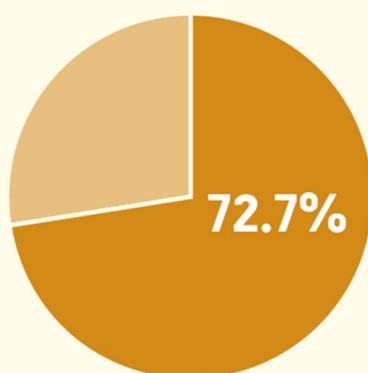
300 mln tons

Total overcapacity

0 100 200 300 400 500 600 700 800 900 1,000 1,100



Utilization rate



Cutting overcapacity



(Source: National Development and Reform Commission; designed by Pamela Tobey)

Since the global financial crisis broke out in 2008, one of the major challenges for the world economy is dealing with inadequate effective demand. The Chinese economy is facing this issue as well, but the essence of the problem is that the quality of the supply does not satisfy the demand. The supply side's poor quality has impeded China's plans for economic transformation, upgrading, and growth.

To address these problems, attention must be paid to the following issues when continuing supply-side structural reforms this year.

Correct understanding

Supply-side structural reform is a term that must be well understood. Some people mistake "cutting excess capacity" as "cutting output." Government orders to cut excess capacity could be meaningless under certain circumstances—when prices rise because of drops in output, industries will naturally put their shut-down production capacity into operation again.

For instance, cutting excess capacity in the steel and coal sectors in 2016 had mixed results mainly because steel and coal prices kept rising since the third quarter of the year. In major steel-producing provinces such as Hebei, Jiangsu and Shandong, output of crude steel increased rapidly amid price surges while in Shaanxi, Xinjiang, Inner Mongolia and Shanxi, China's major coal-producers, coal output also grew.

The government should instead formulate standards concerning energy and resource consumption, pollution, and workplace safety. It should also ensure that everyone adheres to the same standards, order the termination of firms which fail to obey the standards and let the market play its role.

It is hard to demonstrate fairness through compulsory overcapacity reduction. Many people have complained that when ordering firms to cut overcapacity, the government offers aid and subsidies only to state-owned enterprises (SOEs), which have more difficulty in dealing with the ensuing layoff issue, while private firms have to solve these problems by themselves. This ultimately leads to an unfair market environment and competition.

To ensure fairness, the government must formulate rules concerning safety, quality and emission reduction standards, and then ensure that

these standards are obeyed by all.

During the reform process, administrative measures are emphasized because they can produce rapid results and are easy to use. But without market-oriented schemes, these measures will soon lose effectiveness.

We must stop using administrative intervention on microeconomic affairs as a way to advance supply-side structural reform. It is reasonable for the government to guide and nurture market schemes in order to solve problems caused by poor quality of the supply side. However, the ultimate goal should be to make the market play a decisive role in resource allocation.

Shifting leverage

Debt-for-equity swaps will be promoted in 2017 because the corporate debt ratio is too high, which may intensify potential financial risks. Corporate leverage ratios must be lowered. However, as China strives to stabilize growth, the leverage ratio of the entire economy will inevitably rise. Therefore, the transfer of leverage is needed.

On one hand, the public sector, the government and residents need to increase leverage; on the other hand, businesses will be better off through debt-for-equity swaps, as the scheme will help introduce new strategic investors, improve the ownership and corporate governance structure, and establish medium and long-term incentive mechanisms—all of which are key areas for reform in 2017.

In brief, the supply-side structural reform should focus on improving quality, reducing ineffective supply, and making the supply structure more adaptable to demand.

Reducing ineffective supply helps eliminate poor-performing companies, squeeze the market for low-quality products, strengthen oversight of product quality and crack down on counterfeit commodities. Focusing on higher-quality production helps companies establish core competitiveness, realize innovation-driven growth, and nurture more time-honored brands.

(The author is deputy chief economist of the China Center for International Economic Exchanges)



Workers of Northern Heavy Industries Group Co. Ltd., based in Shenyang, northeast China's Liaoning Province, disassemble a tunnel boring machine to transport it to Sao Paulo, Brazil (XINHUA)

Modern transport helps villagers escape virtual prison

By Yu Lintao & Ma Li

Luo Yunlian was a virtual prisoner in her village 15 years ago, perched on a steep cliff in southwest China's Sichuan Province. The only way the 400-odd people living in Gulu, an ethnic Yi village at a height of 2,000 meters above sea level, could reach the outside world was by using long ladders, a precarious journey made even more dangerous by the wild Dadu River below.

In the beginning, villagers used rickety ladders made of sticks and vines. Later, they graduated to steel ones but the descents and ascents still remained risky and enervating.

In 2002, with financial aid from the local government, the villagers built a rugged, narrow track, which was dubbed the "mule path." Though they didn't have to risk their lives on the ladders any longer, reaching the outside world was still a struggle as it took at least three hours to get to the nearest county seat via the mule path.

But things have been changing since this decade. Luo, head of the Party branch of the village, was elected as a deputy to the National People's Congress (NPC), China's top legislature, in 2013. Since then, she has made motions for better infrastructure and transport in her hometown and hopes someday Gulu will have a road, which can transform the village.



Luo Yunlian speaks to media on the sidelines of this year's Two Sessions (XINHUA)



The "mule path" of Gulu Village (XINHUA)

"We need a road, not only for villagers to go out but for visitors to come in," she explained to Beijing Review.

Due to Gulu's complicated and rugged terrain, building a highway through it would be a tough job and immensely expensive. The required budget could be as huge as 40 million yuan (\$5.79 million), according to local transport authority.

Nevertheless, Gulu's dream for a road has not been forgotten by the government. With Luo's efforts and more funds from the government, the village infrastructure has been improved step by step. In 2014, the mule path got safety handrails and a public toilet was also built for the convenience of the growing number of visitors who have been coming to Gulu for sightseeing.

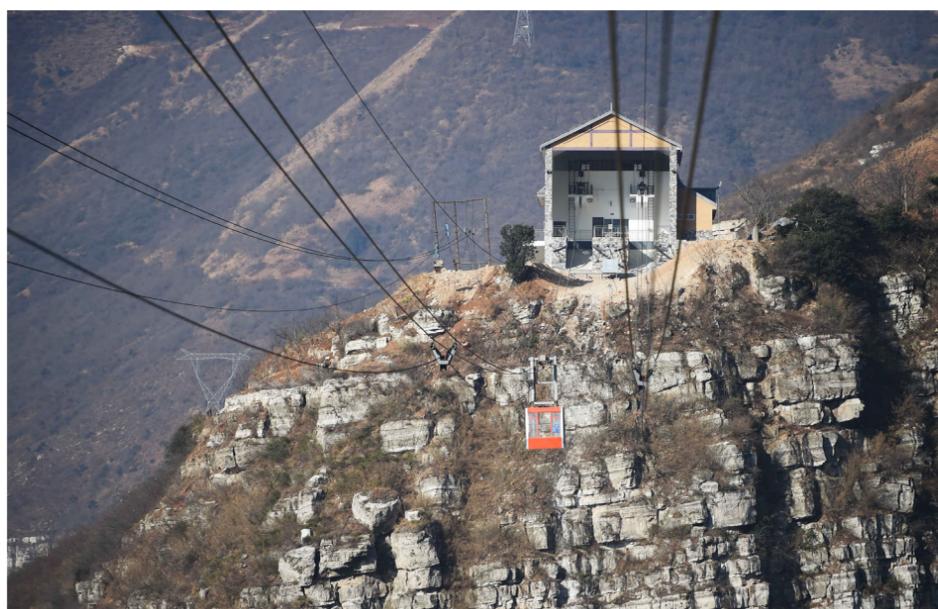
Last October, a 750-meter ropeway was built across the Dadu River at a cost of 24 million yuan (\$3.47 million). Today, it is the villagers' main link to the outside world, taking them to another village that is connected to a highway.

"The ropeway has resolved the commuting problem of our 400-year-old village," Luo said. "Villagers' destinies have changed completely."

There has been some criticism though. Critics have wondered on social media whether a village with a mere 400 people deserved so many resources. Many suggest that the villagers should move to another place instead.

But it would have been hard to persuade the villagers, who have lived in Gulu for generations, to leave their home and relocate to another place, according to Luo. It is therefore important to improve transport infrastructure for the village because it concerns people's livelihood and development.

"Due to its special landscape and green environment, Gulu is attracting more tourists," Luo said. She attributes it to the targeted poverty alleviation policy of the government. "In the future, we will focus on tourism development," she added.



The new ropeway connecting Gulu Village and the outside world (XINHUA)

Getting to Know CHINA through KEYWORDS

The Chinese Dream is the dream of the people

The Chinese Dream is the dream of the country and every Chinese citizen. The Chinese people aspire for better education, more stable jobs, more satisfactory income, greater social security benefits, better medical and health services, more comfortable living conditions and a more beautiful environment. [More>>](#)

The Chinese Dream, a dream of peace, development, cooperation and mutual benefit

The Chinese Dream is a dream of peace, development, cooperation and mutual benefit. It is a dream devoted to the world and connected with the dreams of other peoples around the world. [More>>](#)

Major Events in March

March 3: China's top political advisory body starts annual session

Keywords: CPPCC, annual session, socialist democracy

The National Committee of the Chinese People's Political Consultative Conference (CPPCC), the country's top political advisory body, opens its annual session at 3:00 p.m. on March 3 in Beijing.

March 4: General Secretary Xi calls on intellectuals to better contribute to nation

Keywords: Xi Jinping, intellectuals, contribution

General Secretary Xi Jinping on March 4 calls on intellectuals to make greater contribution to the nation's economic and social development.

March 5: China's top legislature starts annual session

Keywords: NPC, annual session, government work report

The 12th National People's Congress (NPC), China's top legislature, opens its fifth session at the Great Hall of the People in Beijing on March 5.

March 13: Leung Chun-ying elected vice chairman of CPPCC National Committee

Keywords: Leung Chun-ying, CPPCC, Hong Kong, election

Leung Chun-ying, chief executive of the Hong Kong Special Administrative Region, is elected on March 13 vice chairman of the 12th National Committee of the CPPCC.

March 15: Premier Li meets press

Keywords: Li Keqiang, press, annual session, NPC

Premier Li Keqiang meets the press at the Great Hall of the People after the conclusion of the annual national legislative session on March 15.

March 19: Chinese President Xi meets U.S. Secretary of State

Keywords: Xi Jinping, China, Tillerson, U.S.

Chinese President Xi Jinping meets with U.S. Secretary of State Rex Tillerson on March 19 in Beijing, saying that cooperation is the only correct choice for both countries.

March 22: Premier Li arrives in Australia for official visit

Keywords: Li Keqiang, China, Australia

Chinese Premier Li Keqiang arrives in Canberra for an official visit to Australia on March 22. It is the first trip to the Oceanian country by a Chinese premier in 11 years.

March 24: General Secretary Xi congratulates opening of Boao Forum for Asia

Keywords: Xi Jinping, Boao, annual conference

General Secretary Xi Jinping sends a congratulatory letter to the opening ceremony of the 2017 annual conference of the Boao Forum for Asia, held in south China's Hainan Province on March 24.

March 26: Chinese premier arrives in New Zealand for official visit

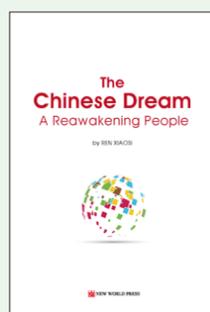
Keywords: Li Keqiang, China, New Zealand

Chinese Premier Li Keqiang arrives in Wellington on March 26 for an official visit to New Zealand, the first to the Oceanian country since he took office as Chinese premier in 2013.

March 30: China, Serbia vow to solidify friendship, cooperation

Keywords: Xi Jinping, the Belt and Road Initiative, Serbia, Tomislav Nikolic

Chinese President Xi Jinping holds talks with visiting Serbian President Tomislav Nikolic on March 30, agreeing to enhance cooperation within the Belt and Road Initiative and the "16+1" cooperation mechanism.



The Chinese Dream: What It Means for China and the Rest of the World

What is the "Chinese Dream"? Where does it come from? What is the difference between the "Chinese Dream" and the "American Dream"? Does the "Chinese Dream" represent past splendors of ancient empire, or modernity developing together with the world? What challenges lie ahead in the attainment of the Chinese dream? How long will it take for the Chinese people to make their dreams come true?

This book, written by a team of top international communication experts, offers readers some lucid responses, divulging vivid, dynamic and amazing Chinese dreams.