

The CPC 18th National Congress and Overall Plan for Promoting Economic, Political, Cultural, Social and Ecological Progress in a New Development Stage

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Abstract: Since the policy of reform and opening-up was introduced in 1978, China has developed at 10% annual rate, become the second largest economy in the world and made great contributions to the growth of world economy. Now, as a large country featuring internal diversity and unbalanced development, China is actively exploring a balanced and sustainable development path. The Eighteenth National Congress of the CPC and establishment of the overall plan for promoting economic, political, cultural, social and ecological progress marked a new stage of pursuing comprehensive, balanced and sustainable development for the socialist modernization of China. At the same time, the 18th National Congress declared that China will enter the transition stage from “building a moderately prosperous society” to “completing the building of a moderately prosperous society in all respects”. In addition, the Congress formulated the great goal of doubling the economy and individual income over 2010. In this new stage, China will experience a series of significant changes in social, economic and other areas and will have a far-reaching influence on China’s future development focus, selection of strategic emerging industries, change of growth model and deepening direction of regional development strategy. We can see that the nature and conditions concerning international environment of the period of important strategic opportunity has changed a lot. The opportunity facing us was no longer a traditional one of simply entering the international division of labor, expanding exports and speeding up investment, but a new one of forcing us to expand domestic needs, enhancing innovation capacity and accelerating the change of the growth model. Seizing development opportunity, the coastal regions, particularly Tianjin, have begun to actively adjust structure, and have made significant breakthroughs in infrastructure building, urban development and industrial structure adjusting. Meanwhile, the overall strategy of China's regional development has also entered a new stage: new plans were adopted by the central government for the development in coastal regions, and many provincial-level plans were elevated to national strategy after approval of the central government; the strategy of large-scale development of the western region has entered the next 10-year stage and key tasks will be changed from the first-decade “Five Passages” relating to construction in five aspects to the “Nine Tasks” put forward by the State Council in the new decade . After the Eighteenth National Congress of the CPC, The country’s intention of upholding and further deepening the overall plan of supporting the eastern region in taking the lead in development, developing the western region, fully revitalizing old industrial bases in northeast China and promoting the rise of the central region was very clear.

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Throughout 60 years of building of the country, 30 years of implementing the policy of reform and 10 years of large-scale development of the western region, socialism with Chinese characteristics and economic and social development are now faced with a major transition and have entered a new development stage. The overall characteristic of economic and social development in this new stage is the transition from “taking economic development as the central task” to “overall plan for promoting economic, political, cultural, social and ecological progress”. In this stage, macroeconomic situation and regional development pattern will experience a series of remarkable changes, which will remarkably influence China’s future development focus, deepening direction of large-scale development of the western region and strategic choice of the change of the growth model.

1. China’s economic and social development in a new stage of “promoting economic, political, cultural, social and ecological progress”

A Three Step Development Strategy for the country’s modernization was put forward by the Party Central Committee in 1987. The first two-step targets have been achieved. Now, the country is working toward the third step. On 18th, January, 2008, General Secretary Hu Jintao pointed out at the Conference Commemorating the 30th Anniversary of the Holding of the Third Plenary Session of the Eleventh CPC Central Committee: throughout 30 years of persistent endeavor, we have achieved the first two strategic goals of the Three Step Development Strategy for country’s modernization and now is taking great strides along the road to the third-step goal. ^①The Fourth Plenary Session of the Seventeenth CPC Central Committee pointed out: we are advancing our economic, political, cultural, social, ecological progress and Party building in all-around way; development of industrialization, IT application, urbanization, marketization and internationalization is deepening; we are in a period of important strategic opportunity for further development and are moving forward from a new historical starting point. ^② In 2012, General Secretary Hu Jintao emphasized at the 18th National Congress that the

^①Speech at the Conference Commemorating the 30th Anniversary of the Holding of the Third Plenary Session of the Eleventh CPC Central Committee, Hu Jintao, www.gov.cn, 18th, December of 2008

^② Communiqué of the Fourth Plenum of the 17th CPC Central Committee, www.xinhuanet.com 18th, September, 2009; People’s Daily, 19th, September, 2009, Front Page; Decision of the CPC Central Committee of Issues on Strengthening and Improving Party Building Under New Situation, from People’s Daily, 28th, September, 2009, Front

whole Party must more purposefully make pursuing comprehensive, balanced and sustainable development the basic requirement for applying the Scientific Outlook on Development and must fully implement the overall plan for promoting economic, political, cultural, social, and ecological progress.^① Thus, “overall plan for promoting economic, political, cultural, social, and ecological progress” was determined for building socialism with Chinese characteristics. At the same time, the 18th National Congress declared that China will enter the transition stage from “building a moderately prosperous society” to “completing the building of a moderately prosperous society in all respects”. In addition, the Congress formulated the great goal of doubling the economy and individual income over 2010. After this, socialism with Chinese characteristics, economic and social development were confronted with major challenges, and a new stage of the transition from “taking economic development as the central task” to “overall plan for promoting economic, political, cultural, social and ecological progress” has begun.

2. World in the post-crisis period and development opportunity for high-tech industries

According to development laws, post-crisis period will be the time for concentrated occurrence of high technology and development of high-tech industries. With the opportunity seized, one can take the lead in development. In 2012, Xi Jinping stressed at the Central Economic Work Conference that the basic judgment that our country was still in the period of important strategic opportunity was not changed. At the same time, the nature and condition of this important strategic opportunity period in international environment have undergone remarkable changes. The opportunity facing us was no longer a traditional one of simply entering the international division of labor, expanding exports and speeding up investment, but a new one of forcing us to expand domestic needs, enhancing innovation capacity and accelerating the change of the growth model.^② Therefore, developing emerging strategic industries was the road we must take to go with this new opportunity.

As early as September, 2009, Prime Minister Wen Jiabao has said at a workshop on Development of Emerging Strategic Industries that global financial crisis had a far-reaching influence on the world economy and posed both a challenge and opportunity to China’s economic development. “Every time a major global economic crisis hits, it brings about new breakthroughs in science and technology, boosts industrial innovation, gives birth to emerging industries and forms new growth points in the economy.”, he added. Nowadays, to cope with this crisis, some major countries took obtaining the

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^① Excerpted from Hu Jintao’s Report at the 18th CPC National Congress: FIRMLY MARCH ON THE PATH OF SOCIALISM WITH CHINESE CHARACTERISTICS AND STRIVE TO COMPLETE THE BUILDING OF A MODERATELY PROSPEROUS SOCIETY IN ALL RESPECTS (8th, Nov. 2012)

^② Central Economic Work Conference Opens, Xi Jinping, Wen Jiabao, Li Keqiang Make Important Speech, 16th, December of 2012 http://news.xinhuanet.com/politics/2012-12/16/c_114044452.htm.

leading strategic position in economy and scientific technology as strategic priority, make investment in scientific and technological innovation the most important and strategic one and developing high-tech industries as strategic breakthrough to drive economic and social development.

This indicated that the global scientific technology would enter an period of unprecedented dense in innovation, major discoveries and inventions would change our way of production and way of life, emerging industries will become the leading force to drive world economic development. Facing the challenge from a new round of scientific revolution, we had capabilities to obtain leading strategic position in economy and scientific technology in several fields concerning long-term development and make national economy and enterprise walk onto the road of innovation-driven development and endogenous growth. Wen emphasized that we must select and develop emerging strategic industries with international perspectives and strategic thinking, focus on improving scientific and overall national strength and carrying out innovation in technology and industries. To achieve these goals, Wen said, we must carry out the work with respect to strategic decision reserve, scientific and technologic innovation reserve, leading talents reserve and industrialization reserve, because they were vital to the future of our country. He said that the development of our emerging strategic industries was currently advancing at the levels of national, regional, industrial, and enterprise strategies.^①

3. New round of major plans for coastal development^②

In recent years, the pattern of development in the costal region has been arranged again by the central government through several plans for regional development. Many provincial-level plans have been elevated to national strategy, including: Suggestion of the State Council on the Related Issues of Promoting the Development and Opening-up of the Tianjin New Coastal District (2006-5-26), Reply of the State Council on Overall Urban Plan for Tianjin (2006-7-27), Guangxi Beibu Gulf Economic Zone Development Scheme (2008-1-16), Guidance of the State Council on Reform, Opening-up and Economic and Social Development in the Yangtze Delta Area (2008-9-7), Opinions of the State Council on Boosting the Development of Modern Service Industry and Advanced Manufacturing Industry and the Construction of International Financial and Shipping Center in Shanghai (2009-4-14), Outline of the Program for Reform and Development of the Pearl River Delta Area (2008-12-18), Opinions of the State Council on Supporting the Construction of Economic Zone on the West Coast of the Straits in Fujian Province (2009-5-6), Plan for the Development of the Coastal Area in Jiangsu Province (2009-6-10), Plan for the Development of the Liaoning Coastal Economic Belt (2009-7-1),

^① Wen Jiabao Chairs Workshop on Development of Emerging Strategic Industries, People's Daily, 23rd, September of 2009, Page 3

^② Please visit central government website www.gov.cn or relevant local government websites for more details about regional plan and strategic orientation for each region

Overall Plan for Hengqin Island (2009-6-24), Outline of the Plan for the Cooperation and Development of Tumen River (2009-8-30), Plan for Ecological and Economic Area of Po Yang Lake (2009-12-12), Plan for the Development of High-Efficient Ecological and Economic Area in the Yellow River Delta (December of 2009), Opinions of the State Council on Promoting the Construction of Hainan International Tourism Island (2009-12-31), Wanjiang Urban Belt Demonstration Area Planning to Undertake the Transfer of Industries (2010-1-12), etc. These documents have been successively formulated or approved for implementation. A new round of major plans for the coastal development strategy were being carried out at the national level: the development plan for Pearl River Delta broke the limit of a province, involved two systems in a country and combined Guangdong, Hong Kong and Macau together; Shanghai aimed at becoming an international economic, financial, trade and shipping center as well as a modern metropolis; Tianjin aimed at becoming the economic center in the northern region; the coastal opening-up strategy of “Five Points and One Line” was established in Liaoning province; Hebei aimed at developing itself as a strong coastal economic province; connect Fujian to Taiwan with respect to opening-up and economic development; develop the economy of coastal zone toward a new level in Guangxi province; establish Hainan as an international tourism island. During the parade on the 60th Anniversary of the Founding of People’s Republic of China, floats of coastal provinces displayed new characteristics and magnificent achievements in the construction of coastal opening-up. Someone has described this plan as “Three Bigs, Four Smalls”. (“Three Bigs” refers to Pearl River Delta Region, Yangtze River Delta Region and Bohai Economic Rim. “Four Smalls” refers to Guangxi Beibu Gulf Economic Zone, Economic Zone on the West Coast of the Straits in Fujian Province, Jiangsu Coastal Development Strategy, and Liaoning Coastal Development Strategy). Someone described it as “Two Deltas, Two Gulfs and Two Coasts”. (“Two Deltas” refers to Pearl River Delta Region, Yangtze River Delta Region. “Two Gulfs” refers to Bohai Economic Rim and Guangxi Beibu Gulf Economic Zone. “Two Coasts” refers to Economic Zones on the Two Coasts of the Taiwan Straits)^①

4. Adjustment of structure and industrial upgrading in coastal regions in a new stage

With a series of strategic plans in coastal regions by the central government, adjustment of structure and industrial upgrading were in full swing. In the first three quarters of 2012, when the world was still deep in European loan and financial crisis, credit scale in our coastal large economic provinces grew steadily. It’s estimated that in the first three quarters RMB loan increased by 539.93 billion yuan in Jiangsu province, up 104.31 billion on the last year same period; RMB and foreign currency loans in

^① Wang Mian, Du Yuanjiang: Guangxi Beibu Gulf Economic Zone Builds Itself as a New Growth Pole in the Development of Coastal Region 27th, November, 2008, http://www.gmw.cn/content/2008-11/27/content_863346.htm

Guangdong province increased by 548.6 billion yuan, accounting for 9.1% of China's total and taking the lead; in Zhejiang province, loan increased by 493.46 billion yuan, RMB and foreign currency loans grew by 12.1% on last year same period; in Shanghai, RMB and foreign currency loans of Chinese financial institutions rose by 311.58 billion yuan, up 13.01 billion yuan on last year same period. Economy has reached the lowest level and risen again. The whole electricity consumption gradually grew. Export industries began to take a turn for the better.

While in crisis, the coastal regions made active efforts to adjust structure and advance economic upgrading. In building infrastructures, they focused on modernization and upgrading and have finished the construction of urban transit system, intercity high-speed railway, and trans-oceanic bridge to prepare for a new round of development. Urban building was toward the development of new urban-rural form and urbanization. Industrial structure was changed toward creating modern industrial system. In the Pearl River Delta Region, five efforts were put forward: efforts to build a modern industrial system, speed up the change of growth model and take the lead in building a resource-conserving and environmentally friendly society; efforts to advance scientific and technology progress, promote the capacity for independent innovation and take the lead in building a innovative area; efforts to resolve issues relating to people's wellbeing, promote balanced regional development and take the lead in establishing a harmonious society; deepen reform, innovate on system and mechanism and build a sound the socialist market economy system; efforts to enhance cooperation with Hong Kong and Macau, deepen opening-up and establish a more open economic system. They stressed these efforts so that new contributions could be made to the construction of a moderately prosperous society in all respects and socialist modernization. After Pearl River Delta Region, Yangtze River Delta Region, the up-and-coming Bohai Economic Rim (BER) has achieved dramatic achievements and attracted more attention. Tianjin, one of BER cities, stood out not only in reform and exploration of building financial center, northern international shipping center and logistics center, but also in construction of major projects concerning manufacturing industry. Focusing on eight advantageous leading industries, namely, aerospace, electronic information and communication, automobile machinery and equipment manufacturing, petrochemicals, marine chemicals, food, biomedicine, new energy sources and materials, modern metallurgy, modern service, Tianjin strove to build major projects. General assembly line of Airbus A320, Samsung Electronics capacity expanding project, new-generation carrier rocket, A-million-ton ethylene project, ten-million oil refining project, etc., were finished or under construction. Despite the financial crisis, Tianjin industries achieved the goal of growing rapidly and were stepping onto the development road of high end, top quality and high

technology.^① Growing from nothing, Tianjin aerospace industry grew by leaps and bounds. Leading projects in building big airplane, rocket, helicopter, unmanned air vehicle, spacecraft, etc., have settled in Tianjin, boosting the rapid development of relevant industries. Now, Tianjin has become a key base for developing aerospace industry in China. The building of Nangang Industrial Zone was a big investment. Caofeidian Port project was praised as a super one that far surpasses the Three Gorges Dam in scale because more than 200 billion yuan was invested in the development and building of this port. It was the first growth point in the Eleventh Five-Year Plan of Hebei province and the new engine driving the economy in the Beijing-Tianjin-Hebei region, Bohai Economic Rim and even in the whole northern area.^② In 2009, 800 billion yuan was invested in building a world-level heavy chemical base in Tianjin Nangang Industrial Zone.^③ During the Twelfth Five-Year Plan, Tianjin government will allocate 20 billion yuan to support development of small and medium-sized science and technology enterprises. With major and good projects, encouragement policies such as “Little Giant Plan”, Tianjin industries kept rapidly growing. In the first half of 2012, the value-added of large industrial enterprises increased by 16.4% and growth speed ranked the leading position in China. The contribution of major industrial projects to economic growth exceeded 59%. In 2011, the economy of large industrial enterprises increased by 16.4% surpassing 2000 billion yuan to reach 2140 billion. The goal of doubling the economy again in 4 years has been achieved.

Throughout 30 years of reform and opening-up, the pattern that China’s modern bases in the industries of large steel, shipbuilding, petrochemicals and aerospace were mainly built in the coastal region have been basically established. The number of aerospace industrial base expanded from four before 1978 to eight now. The new four bases were all built in the eastern coastal region.

5. Strategy of regional balanced development continued to deepen

Balanced development is vital to the overall strategic plan of regional development in our country. The report of the Eighteenth National Congress of CPC emphasized: “We should continue to implement the master strategy for regional development and fully leverage the comparative advantages of different regions. We should give high priority to large-scale development of the western region, fully revitalize old industrial bases in northeast China, work vigorously to promote the rise of the central region, and support the eastern region in taking the lead in development. We should increase support for old revolutionary base areas, ethnic minority areas, border areas and poor areas through

^① Sun Qianlin, Zhen Zhixin: Eight Leading Industrial Chains Seek to Increase Investment and Expand Production in the Tianjin Binhai New Area, house.focus.cn, 22dn, June of 2009

^② Wei Gang: Caofeidian Cherishes High Ambitions, excerpted from China Investment, <http://www.sina.com.cn>, 12th, February, 2007

^③ Zhang Zewei: Tianjin Make Estimated 800 Billion Investment in Building World-Level Heavy Chemicals Base, www.xinhuanet.com, 26th, September, 2009

pairing assistance and other means. We should make scientific plans for the scale and layout of urban agglomerations; and we should make small and medium-sized cities and small towns better able to develop industries, provide public services, create jobs, and attract population. ”^①

In fact, planning in central and western regions was launched, and many provincial-level plans have been approved and elevated to national strategy when our country was carrying out major plans in the coastal region. In January, 2008 and June, 2009, the State Council approved Guangxi Beibu Gulf Economic Zone Development Scheme and Guanzhong-Tianshui Economic Zone Development Scheme respectively. Chengdu and Chongqing Economic Zone Scheme is being formulated and expects to be approved at the end of this year. In particular, a new reform mode called pilot reform of “New Special Zone” to promote comprehensive and sustainable development was planned in the eastern, central and western regions in a balanced way. On 21st, June, 2005, Premier Wen Jiabao chaired executive meeting of the State Council and approved the plan of carrying out pilot reform to promote comprehensive and sustainable development of the socialist market economy in the Shanghai Pudong New Area. On 26st, May, 2006, the State Council issued Suggestion of the State Council of the People’s Republic of China on the Related Issues of Promoting the Development and Opening-up of the Tianjin New Coastal District (the TNCD), suggesting that the TNCD should follow by the planning of the Party Central Committee and the State Council and base itself on the actual condition to take some major trial measures on reform and opening-up. In addition, the TNCE was approved as another national pilot reform area to promote comprehensive and sustainable development after the Shanghai Pudong New Area. On 7st, June, 2007, the National Development and Reform Commission (the NDRC) issued document approving both Chongqing and Chengdu as the national pilot urban-rural reform area to promote comprehensive and sustainable development at the same time. On 14st, December, 2007, documents were issued approving the Wuhan Urban Agglomeration and the Changsha-Zhuzhou-Xiangtan City Cluster as the national pilot reform area with respect to development of a resource-conserving and environmentally friendly society to promote comprehensive and sustainable development at the same time.

Since 2009, our country has successively formulated documents on the strategy of large-scale development of the western region, the rise of the central region and the rejuvenation of the northeast China. On 18th, August, 2009, Premier Wen Jiabao chaired the leadership team meeting of the State Council on the rejuvenation of the northeast China and other old industrial bases, discussing and passing in principle the Opinions on Further Implementing the Rejuvenation of the Northeast China and Other Old Industrial Bases. (Guang Ming Daily, 2009-08-18, Front Page) On 21st, August, 2009,

^① Excerpted from Hu Jintao’s Report at the 18th CPC National Congress: FIRMLY MARCH ON THE PATH OF SOCIALISM WITH CHINESE CHARACTERISTICS AND STRIVE TO COMPLETE THE BUILDING OF A MODERATELY PROSPEROUS SOCIETY IN ALL RESPECTS (8th, Nov. 2012)

Premier Wen Jiabao chaired the leadership team meeting of the State Council on the strategy of large-scale development of the western region, discussing and passing in principle the Opinions on Dealing with Global Financial Crisis and Maintaining Steady and Fairly Rapid Economic Growth in the Western Region. (Guang Ming Daily, 2009-8-21, Front Page) On 24st, September, 2009, Premier Wen Jiabao chaired executive meeting of the State Council and passed in principle the Plan of Promoting the Rise of the Central Region. (People's Daily, 2009-9-24, Front Page) In May of 2010, Kashgar Special Economic Zone was established at the Meeting of the Party Central Commission on Xinjiang Issues. On 8th, October of 2011, the State Council formally issued the Opinions of the State Council on Supporting the Construction of Kashgar and Korgas Economic Development Zones. On 20th, August of 2012, the State Council issued Reply of the State Council on Establishment of Lanzhou New Area and approved in principle Guidance on Establishment of Lanzhou New Area. The country's intention of upholding and further deepening the overall plan of supporting the eastern region in taking the lead in development, developing the western region, fully revitalizing old industrial bases in northeast China and promoting the rise of the central region was very clear.

6. The next decade of implementing the strategy of large-scale development of the western region in a new stage

The task of the large-scale development of the western region in the first stage has been finished smoothly since the implementation 10 years ago. Now, this strategy has entered a new development stage and the key task has been changed from the "Five Passages" relating to construction in five aspects to the "Nine Tasks" put forward by the State Council in the Opinions on Dealing with Global Financial Crisis and Maintaining Steady and Fairly Rapid Economic Growth in the Western Region in 2009. On the basis of the development in the first decade, economic and social development in the western region recently has shown many good signs: in the view of growth speed, the western region surpassed the average level of the whole country and eastern region; in the view of the shift of industry, the momentum toward the shifting of high-tech industries to the western region was more favorable; in the view of opening-up, our country has entered the period in which the eastern region interacts with the western region and the coastal region keeps pace with the inland area, opening-up of the western region showed a tendency of obvious acceleration, "connect the western region to the world" is the strategic task for the large-scale development of the western region in the next decade; in the view of infrastructure, the western region has entered a historic stage of leap-forward development; such fields as industrialization, urbanization, IT application, agricultural modernization and ecological progress, etc., in the western region have entered a new period that surpassed the previous stage. The tendency of accelerating growth in the western region during the period of the Twelfth Five-Year Plan has been established. As early as October of 2009, Premier Wen Jiabao has said in his speech at the 10th Western

China International Economy and Trade Fair in Chengdu that the western region had entered a new stage of all-around development and opening-up and it would become a hot land of investment filled with bright development prospect. He also said that the government would continue to welcome and support domestic and foreign investors to make investment in the western region, plant seeds of hope and reap harvest of bright future!^①

^① Wen Jiabao: Comprehensively Strengthen the Level of Development and Opening-up in the Western Region, People's Daily, 2009-10-16 , <http://www.scol.com.cn>.