Quarterly chronicle and documentation

(October–December 2008)

Sources

The principal sources of information on which this chronicle is based are British Broadcasting Corporation, *Monitoring Global News line – Asia-Pacific Political* and British Broadcasting Corporation, *Monitoring Global News line – Asia-Pacific Economic*. These sources, only available online, do not have reference numbers and are only identifiable by date of publication of material. The inclusion of each of these dates would unnecessarily clutter the text and such dates have therefore been omitted, except, at many points, for the original sources from which the BBC reports themselves are taken.

Abbreviations

XHNA	Xinhua (New China) News Agency
CNA	Central News Agency (Taipei)
RTHK	Radio-Television Hong Kong
ZTS	*Zhongguo tongxun she (China Reporting Agency)*, Hong Kong
ZXS	*Zhongguo xinwen she (China News Agency)*, Beijing
RMRB	*Renmin ribao (People's Daily)*
SCMP	*South China Morning Post*

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Full text of "Decision of the Central Committee of the Chinese Communist Party Regarding a Number of Major Issues in Promoting Rural Reform and Development," approved by the Third Plenum of the 17th Central Committee of the CCP on 12 October 2008 (published by XHNA, 19 October 2008).

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1. Internal Developments

a *The Third Plenum of the 17th CCPCC*

During an inspection tour of Anhui Province at the end of September, Hu Jintao revealed that the CCPCC forthcoming plenary session would announce a proposal to allow the "transfer of land ownership" in rural areas. A Hong Kong source quoted the party General Secretary as saying:

> I would like to clearly tell you villagers [in Anhui] that not only the current land contract system will remain stable and unchanged over a long time, but greater and protected land contract and operation rights will also be given to farmers. At the same time, based on their wishes, *farmers will be allowed to transfer in various ways the land contract and operation rights and to develop operations of scale* [emphasis added] (*Ming Pao* [Ming Bao], 2 Oct.).

The report suggested that Hu's statement marked an unprecedented break with previous practice, whereby no indication of the content of a forthcoming plenary resolution was ever divulged. It added that Hu's remarks reflected his "confidence in leading the direction of the plenum … as well as the determination made by the Hu-Wen Administration … to break with the leftists. … [T]here is no doubt of the administration's determination to thoroughly part with the old era."

The Third Plenum of the 17th CCP Central Committee took place in Beijing on 9–12 October. The principal items for debate were rural reform and rural development.

A Xinhua commentary noted that China's entire reform process began in the countryside. Since 1979, major changes had taken place to the benefit of both the rural economy and rural population. However, senior Party leaders recognized that both the agricultural and the entire rural sector faced new problems and challenges, both of which demanded strategic reform initiatives. This was the background against which a draft CCPCC document on accelerating rural reform and development had been formulated ("Decision of the CCP Central Committee on Several Major Issues of Advancing Rural Reform and Development") (hereafter "Decision"), which was to be discussed at the current Plenum. Xinhua quoted an "authoritative source" to the effect that the "Decision" would serve as "a guiding document in advancing China's rural reform and development at present and for some time to come" (XHNA, 9 Oct.).

The CCPCC's "Decision," published by Xinhua on 24 October, was explicit in arguing that maintaining buoyant economic and stable social conditions in the countryside was an essential condition of success in fulfilling national goals of reform and opening up:

> without agricultural modernization there is no national modernization; without rural prosperity and stability there is no nationwide prosperity and stability; without an all-round well-off society among farmers there is no all-round well-off society in the country as a whole.

If the rural sector's needs were to be met and its developmental contribution to be realized, the following requirements must also be fulfilled:

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- to consolidate and strengthen the "fundamental status of agriculture";
- to safeguard farmers' rights and interests ("always take achieving, protecting, and developing the fundamental interests of the broad masses of farmers as the starting point and ending point of all rural work");
- to "free and develop" rural social productive forces;
- to formulate plans for the integrated economic and social development of the urban and rural sectors ("take the creation of a new type of relationship between industry and agriculture and between cities and the countryside as a major strategy for accelerating modernization");
- to uphold and strengthen the role of the CCP in overseeing and managing rural work.

The "Decision" reaffirmed the existing rural organizational framework. Thus,

> the two-tiered operating system with household-contracted operations as the foundation and combining centralization and decentralization is the countryside's fundamental operating system which suits the socialist market economy system and conforms to the characteristics of agricultural production.

This system would remain in force as "a cornerstone of the party's rural policy."

In addressing the need for well-regulated rural land management, the "Decision" also reaffirmed the importance of strict conservation and protection of arable land (hence the need to "resolutely defend the red line of 1.8 billion mu [120 million hectares] of arable land"). Inherent in meeting this target were other requirements, relating to land "remediation, reclamation, and development," including adherence to the principle of "replenishment before occupation," whereby those responsible for undertaking construction on former arable land were enjoined to rehabilitate other land and return it to farming to substitute for what had been lost.

At the same time, the CCPCC document urged that a market be established to provide for the "transfer of the right to operate on contracted land." Thus,

> [i]n accordance with the principles of by law, by will, and by compensation, [we will] allow farmers to transfer the right to operate on contracted land in the form of subcontracting, leasing out, swap, transfer, shareholder co-operation, etc.

The logic of this passage in the "Decision" appeared explicitly to encourage more diversified forms of farming and an increase in its scale. Hence, the endorsement of the development of "operational main entities on scales such as specialized big family, family farm, and professional farmers' co-operatives." However, the document was also explicit in insisting that

> [c]irculation of the right to operate on contracted land cannot change the collective ownership nature of the land, it cannot change the usage of the land, and it must not harm farmers' rights and interests regarding the contracting of land.

Other sections of the document sought to address ways of improving agricultural support mechanisms, enhancing rural finance, and providing for the integrated

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development of the urban and rural sectors. The "Decision" also called for improvements in "rural democratic management" and the further expansion of "grassroots democracy" in the countryside.

The full text of the "Decision" is reproduced below under "Documentation." See also XHNA, 24 November for the text of "Opinions on Several Issues Concerning Thoroughly Studying and Implementing the Spirit of the Third Plenum of the 17th Party Central Committee and Further Step-Up Efforts to Improve Party Style and Promote Clean Government in Rural Areas."

On 14 October, Xinhua published the Third Plenum's Communiqué. It revealed that 202 members and 166 alternate members had attended the meeting, as members of the Standing Committee of the Central Discipline Inspection Commission (CDIC) and, as observers, "responsible comrades of [relevant] departments." Delegates received the Work report of the CCPCC's Political Bureau and, following discussion, endorsed the CCPCC's "Decision."

In a review of economic conditions, the Plenum acknowledged the negative impact of the global downturn on China and referred to "certain conspicuous contradictions and problems in the country's economic operations." Against this background, it was incumbent on all concerned to heighten concern and formulate appropriate policies and measures in order to meet future challenges:

> We must act with greater awareness and firmness in handling development … act with greater awareness and firmness in promoting scientific development; reaffirm our confidence, observe the situations soberly, employ various ways … to deal with the problems effectively, take flexible and prudent macroeconomic policies to expand domestic demand, especially consumption demand, ensure economic stability, banking stability, stability in the capital market, and overall social stability…

The Communiqué noted that issues of rural reform had been at the heart of the Plenum. Concern with the "three rural issues" (*san nong*: the questions arising out of conditions in agriculture, in rural areas and affecting farmers) reflected an awareness that what happened in the countryside was bound to be a shaping influence on the "development of our party and state cause as a whole." In particular,

> … only when we continue to make the work of addressing the issues of agriculture, rural areas and peasants the party's top priority, uphold the role of agriculture being the foundation of the national economy, firmly adhere to the reform course of adopting the socialist market economic system, firmly adhere to the course of agricultural modernization with Chinese characteristics, and firmly safeguard the peasants' material benefits and democratic rights will we be able to continue to liberate and develop the productivity of the rural society and bring about an overall economic and social development in the rural areas.

Delegates recognized that China had now reached a point at which, if the twin processes of reform and opening up were to be deepened, attention must focus on the rural sector – especially agriculture. Thus,

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> [t]o promote scientific development, we must have a stronger foundation for agricultural development; ensure the country's food security and effective supply of principal agricultural products; make efforts to promote higher agricultural output, higher incomes for peasants and more prosperous rural areas … To promote social harmony, we must ensure the rural areas' stability, … improve the management of the rural society, promote social fairness and justice, make sure that peasants can live in peace and work in contentment, and build a strong foundation for achieving lasting peace and stability in the country.

The ability of China's agricultural sector to meet the major challenges it faced was seriously constrained by the inherent fragility of the agricultural foundation of the national economy and the essentially dualistic nature of the urban–rural structure. If future development were to be assured, the deep-rooted *traditional* features of the farm sector must be transformed through a process of agricultural modernization, while the rural sector's dualistic structure gave way to a new pattern of integrated urban and rural economic and social development. Only in this way would a "socialist new countryside" emerge. Thus,

> [In implementing the scientific development concept] we must … make the construction of a socialist new countryside our strategic mission, regard the course of agricultural modernization with Chinese characteristics the basic course, make the creation of a new pattern that integrates urban and rural economic and social development our basic requirement, uphold the enlivening policy that industry must feed agriculture in return, cities must support the countryside and cities must give the rural areas more and take from them less …

Among the targets for 2020 endorsed at the plenary session were the following:

- to put in place institutions and mechanisms to facilitate the integration of urban and rural development;
- to achieve the "equalization" of basic public services for both urban and rural populations;
- to achieve significant increases in agricultural productivity from the bases of 2008, and to double peasants' per capita net income;
- to eliminate absolute poverty in the countryside;
- to guarantee a "decent" education and basic medical and health care for all those living in the countryside;
- to improve "residential and ecological environments" in the countryside;
- to lay the foundation of a more "resource-efficient and environmentally friendly" mode of agricultural production;
- to strengthen rural grassroots organizations and enhance peasants' democratic rights.

A Xinhua commentary on the 13th Plenum reviewed the previous three decades of rural reform and its positive impact on rural economic and social development. Between 1978 and 2007, total grain production had risen from 305 million tons to more than 500 million tons, thereby fulfilling the goal of feeding China's population of 1.3 billion people. Chinese farmers had also emerged as the world's largest producers not only of grain, but also of oilseeds, vegetables, fruit,

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meat, poultry, eggs and aquatic products. During the same period, rural living standards had risen significantly. Average per capita farm income had, for example, increased from 134 to 4,140 yuan (1978–2007). Qualitative aspects of rural life had also improved: accelerated infrastructural construction had brought basic services – drinking water, electricity, transport – to many more rural residents, while "road access, telephone connections, and television coverage have been basically realized for all villages."

Yet despite such major progress, problems persisted. Thus,

> … the basic situation remains the same, to wit, the status of agriculture as the foundation of the national economy is not secure, farming facilities and equipment are backward, farmers have few job opportunities and experience difficulties increasing their incomes, and educational opportunities and public services for farmers are still lacking.

The moral of all this was that further rural reforms were needed in the interests not only of improving conditions in the countryside, but also of consolidating overall economic and social development. In particular, rural policy initiatives should focus on four key areas, as follows:

- stabilization and the perfection of land contract relations ("[w]e must strengthen the market for trading land contract management rights in accordance with the principle of participation according to law on a voluntary basis in exchange for compensation and guide farmers in trading land contract management rights according to law through subcontracting, transfer, and other means, so as to increase farmers' proceeds from land and incomes from property");
- reform of the land requisition system, including the strengthening of measures to compensate and resettle those who lose their land through requisition;
- shifting the focus of infrastructural construction to rural areas in order to enhance the "quality of the [rural] population" and put in a place a more effective rural policy;
- accelerating rural reform in order to maintain the momentum of recent improvements in rural living standards (a particular requirement being to "do a proper job in clearing and resolving village debts, focusing on resolving past debts incurred in connection with compulsory education in rural areas") (XHNA, 11 Oct.; see also *RMRB* Editorial, 13 Oct.).

Following their discussion of a report submitted by the Central Commission for Discipline Inspection (CCDI), delegates attending the 13th Plenum agreed to remove Yu Youjun from membership of the Party's Central Committee and to make his Party membership subject to a two-year probationary review period (XHNA, 12 Oct.).

b *The Fifth and Sixth Sessions of the 11th NPCSC*

The Fifth Session of the NPC Standing Committee opened in Beijing on 24 October. Delegates deliberated new laws in draft form, as well as amendments

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to existing legislation; they also discussed three international conventions and a bilateral treaty.

The draft Law on Food Safety that was presented to NPCSC delegates sought to establish more stringent food quality standards and to provide for a more active government role in overseeing safety issues. The draft document had undergone revisions, following recent problems caused by the contamination of dairy products by melamine. Under the new legislation, all chemicals and materials apart from authorized additives would be banned in food production. Health authorities would meanwhile be made responsible for assessment and approval of additives, and for setting the levels at which they could be used. The decisions of health authorities in these regards would be legally binding. A further important initiative under the proposed new law would be to cease the practice, widely followed since 2000 in respect to companies producing globally-competitive food products, of granting inspection exemptions to food producers (XHNA, 23 Oct.).

Following a third reading, the draft Law on State-Owned Assets was adopted. Its purpose was to prevent the illegal seizure of assets of China's 120,000 state-owned enterprises (SOEs) (including joint-venture companies in which the state was the biggest shareholder) (XHNA, 28 Oct.).

On 26 October, Zhou Xiaochuan (Governor of the People's Bank of China [PBOC]) delivered a State Council report on strengthening "macroscopic" financial regulation and control (full text in *ZXS*, 26 Oct.).

Following a review of monetary policy during the first half of 2008, Zhou noted that the PBOC had implemented a variety of measures in the face of more recent increasing domestic and international economic pressures. These included the use of open market operations, adjustments to interest rates and the deposit reserve ratio, and other financial regulatory and control measures. Small enterprises and the rural sector, as well as disaster-hit areas (especially those in the zone of the recent earthquake), were the specific objects of a number of these policy initiatives.

Zhou spoke of "steady" monetary and credit growth. As of the end of September, M2 money supply was 15.3 per cent higher than at the same point in 2007. Inflationary pressures had also eased, with the rate of increase of the consumer price index (CPI) having fallen from a peak of 8.7 per cent (February) to 4.6 per cent. In short, said Zhou, the economy was "operating in the expected direction that conforms with macroscopic regulation and control."

Nevertheless, Zhou conceded that recent instability in international financial markets had put China's economy under pressure, as a result of which it had become more difficult to predict future trends. He acknowledged that as a result of China's dependence on external markets, weakening foreign demand was likely to have an adverse effect on exports. He also conceded that efforts to stabilize commodity prices were proving to be a major challenge.

Other draft legislation considered by delegates included the Law on Fire Control, and amendments to the Law on State Compensation, the Law on Earthquake Relief and Disaster Reduction, and the Law on Post.

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At the Sixth Session of the 11th NPC Standing Committee, delegates considered various draft laws and legislative amendments, as well as four "cabinet reports" and two international agreements.

Introducing the first reading of the "Arbitration Law on Land Contract Management Disputes," Sun Zhengcai (Minister of Agriculture) described the new legislation as a means of preserving rural stability and, through its attempt to standardize arbitration over land contract disputes, of providing "an effective guarantee to ensure farmers' land contract management rights" (XHNA, 22 Dec., which also has a report on the draft Tort Liability Law).

NPCSC delegates also approved the revised Patent Law (effective as of 1 October 2009). The new law would facilitate innovation and improvements in China's global competitiveness by enabling inventors, after appropriate security checks, to apply for foreign patents without having first – as existing legislation requires – applied for domestic patents (XHNA, 27 Dec.). Delegates also considered a draft Law on Social Insurance – the first of its kind – and approved amendments to the Earthquake Prevention Law.

On behalf of the State Council, Zhang Ping (Minister in charge of the National Development and Reform Commission [NDRC]) delivered a "sombre" report on the increasingly severe impact of the global financial crisis on China's economy (XHNA, 24 Dec.). He acknowledged that slowing GDP growth, contracting trade and weakening investment had presented China with major challenges, captured in declining industrial growth and falling revenue and profits. Zhang also revealed that since the third quarter of 2008, the effects of the crisis were spreading "from coastal areas to inland regions, from export-oriented industries to other sectors, and from small companies to big ones."

c *Party and Political Affairs*

Addressing a celebratory meeting to mark the 30th anniversary of the watershed Third Plenum of the 11th CCP Central Committee (December 1978), Hu Jintao reiterated the importance of adhering to basic Marxist tenets, whilst also promoting the "Sinicization" of Marxism:

> Marxism is the fundamental guiding ideology for us in establishing the party and state. Upholding and consolidating the guiding status of Marxism is the fundamental ideological guarantee for the party and people to unite as one and advance along the correct direction. At the same time, only if Marxism is integrated with China's national condition and the characteristics of the era and is continually enriched and developed in practice can it better play its role in guiding practice.

Hu noted that China was still in the "initial stage of socialism" – and would remain so for a long time to come. This being so, the principal task facing the party was to place economic construction and growth at the centre of the national agenda in order to fulfil the strategic goal of making China a "modern socialist state that is rich, powerful, democratic, civilized, and harmonious." In pursuit of this aim, it was essential to uphold the "four cardinal principles." Thus,

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> [i]f we depart from economic construction, the central task, all development and progress of socialism will lose its material basis; if we depart from the four cardinal principles and reform and opening up, economic construction will lose its way and its drive.

Hu also pointed out that the leading role of the Chinese Communist Party in driving China's development conferred upon it a heavy responsibility. If this responsibility were to be fulfilled, it was incumbent on the Party to ensure the legitimacy of its leadership status:

> In order for the party to undertake the major missions assigned by the people and history, … [w]e must ceaselessly strengthen the party's own building, unify the thinking of the whole party in the course of emancipating the mind, press forward the building of a high-quality cadre contingent in the course of strengthening the building of the party's ability to govern and of its advanced nature, expand the party's mass base while strengthening the party's class base, and carry forward the spirit of the era while inheriting the party's fine traditions, so that the party will always uphold the nature of the vanguard force of the working class and of the Chinese people and nation, uphold the guiding status of Marxism, adhere to the purpose of serving the people wholeheartedly, carry forward the fine traditions and work style, and continually boost creativity, cohesion, and combat strength (XHNA, 18 Dec.).

d *Social Affairs*

On 5 October, Xinhua reported that a further six persons had been detained in Hohhot (capital of Inner Mongolia Autonomous Region) by the police for their suspected involvement in the contamination of milk powder with an industrial chemical (melamine), which had previously caused the deaths of six babies and kidney stone illness in many others (XHNA, 5 Oct.).

A little later, the Deputy-Director of the Ministry of Health announced that new dairy safety standards were to be introduced, following the scandal of contaminated milk powder. The new regulations would impose a maximum content of one milligram of melamine per kilogram of infant formula, although the level would be raised to 2.5 milligram per kg in the case of liquid milk, milk powder and food products that had at least 15 per cent milk content (XHNA, 8 Oct.).

A Xinhua report cited a report by more than 200 "experts" to the effect that China would become a "welfare state," offering universal medical care and pension coverage, by the middle of the century. The report saw this process unfolding in three stages. First, between 2008 and 2012, a social security net would be put in place, providing minimum living allowances, medical insurance and old-age pensions for the entire urban and rural population. Phase two would last from 2013 until 2020, during which further improvements would be introduced in an effort to place the social security system on a "stable and sustainable" foundation. Finally, during 2012–49, efforts would be made to build a truly "socialist welfare society with Chinese characteristics" (XHNA, 2 Nov.).

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The report acknowledged that previous social security initiatives had focused on the urban sector, leaving more than 730 million rural residents without adequate pension and medical insurance. It was against this background that in 2007 the government had formally established a rural minimum living allowance in all 31 provinces, autonomous regions and municipalities. As of August 2008, there were 38.23 million rural beneficiaries of the system. Meanwhile, 91 per cent of all farmers were now enrolled in a co-operative medical care programme, originally established in 2003 (see also XHNA, 7 Nov. on the need for more investment to enhance China's social security system).

Ministry of Public Security figures revealed a significant reduction in road accidents and associated deaths during the first nine months of 2008. Between January and September, there were 195,319 road accidents – 20.1 per cent fewer than during the corresponding period of the previous year – resulting in 50,682 deaths (down 12.7 per cent). The number of injured persons as a result of the accidents fell by 21.2 per cent to 229,484. Just over 40 per cent of all road accidents were caused by commercial vehicles (XHNA, 8 Oct.).

According to the Ministry of Health, during January–September 2008, 44,839 people were reported to have contracted HIV/AIDS, while 6,897 others had died of the disease. As of end-September, the total number of people infected with HIV was put at 264,302 (including 77,753 AIDS patients). Wang Weizhen (Deputy Director of the HIV/AIDS Prevention and Treatment Department in the Ministry) commented:

> The spread of AIDS has generally slowed down in China, but factors for its diffusion still remain in some areas. … The epidemic is lowly prevalent in general but it is highly prevalent among specific groups such as migrant workers, and in some regions, particularly remote areas and the countryside.

Estimates made jointly by the Ministry of Health, UNAIDS and the World Health Organization suggested that at the end of 2007 there were some 700,000 people "living with HIV/AIDS." This number included 85,000 AIDS patients. In October 2006, the corresponding numbers were 650,000 and 75,000 (XHNA, 30 Nov., which also highlighted the general ignorance of China's migrant population of ways of protecting themselves against HIV/AIDS infection).

According to the All-China Federation of Trade Unions (ACFTU), since 2003 the total number of trade union members in China had risen from 123 million to 209 million – the highest such figure in the world. The same source revealed that 66.74 million out of a total migrant work force of 210 million had also joined unions (XHNA, 14 Oct.).

e *Economic Affairs*

Xinhua reported that GDP growth during January–September 2008 was 9.9 per cent, or 2.3 per cent lower than in the corresponding period of the previous year.

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It was the first time that growth had fallen to below 10 per cent in any comparable period for more than five years. A significant contributory factor was the sharp decline in foreign trade growth, which fell from 12.5 to 8.9 per cent. The same report warned that conditions in the final quarter were likely to become even more difficult, presenting China with "unprecedented" financial and economic challenges (XHNA, 24 Oct.).

During a visit to Guangxi Zhuang Autonomous Region in October, Wen Jiabao insisted that Chinese financial institutions were not only strong, but had increased their profitability and resistance to risk. The financial system was, he said, "sound and safe in face of the international financial crisis." In the face of both the domestic and international consequences of financial difficulties in the United States, China had implemented measures designed to "improve the predictability, pertinence and flexibility of macro-economic control policies, and timely [sic] solved outstanding problems in economic development." Wen expressed "full confidence" in China's financial stability (XHNA, 5 Oct.).

Such confidence notwithstanding, an article in *People's Daily* conceded that recent events posed a threat to China's foreign trade. It described 2008 as the "most arduous" year since China's entry into WTO: between January and the end of August, for example, export growth had fallen from 27.7 to 22.4 per cent, presaging a "dim prospect" for future trade expansion. Reduced US demand for imports, the stagnation of the Japanese economy, worsening global inflationary pressures (especially higher energy and resource prices, and increased international freight costs) were all contributory factors. So was the increasing complexity of "global geopolitics," including the threat of renewed trade protectionism (*RMRB*, 6 Oct.).

Addressing the 18th meeting of the International Monetary and Financial Committee (IMFC) (Washington, DC: 11 October), the Deputy Governor of the People's Bank of China, Yi Gang, called for international co-operation in order to restore global financial stability. He noted that the worsening financial crisis in the United States was at the heart of a global economic slowdown and had given rise to increasing uncertainty among governments throughout the world.

Yi argued that the crisis highlighted weaknesses in financial markets, but hoped that stabilization measures being put in place in developed countries would help calm markets and restore confidence. He insisted that the major reserve currency issuing countries should assume responsibility in efforts to prevent a further deterioration in conditions, as well as minimizing the impact of the crisis on other countries (especially emerging markets). He also stressed the role of the International Monetary Fund (IMF) in safeguarding global financial and economic security (XHNA, 11 Oct.).

On 1 November, the Chairman of the China Association of Small and Medium Enterprises (SMEs) highlighted the particular plight of SMEs in the wake of the global financial crisis. He predicted that conditions for SMEs

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would be especially difficult during the final quarter of 2008 and first quarter of 2009 (XHNA, 1 Nov.). Meanwhile, the Director of the Hong Kong Economic and Trade Office in Guangdong also spoke of the urgency of the situation facing manufacturers in South China (as he put it, "[w]e have no time … Hong Kong factories on the verge of closure are waiting for help") (*SCMP*, 1 Nov.). The following month, it was announced that Guangdong provincial authorities had approved a plan to inject over 10 billion yuan (US$1.45 billion) during 2009 in support of SMEs in Guangdong (XHNA, 5 Dec.; see also XHNA, 13 Dec. on a proposed 5 billion yuan loan to small enterprises by the China Merchants Bank).

Later the same month, a Xinhua report confirmed that many migrant workers in Guangdong were returning to their home villages, although there were suggestions that the CCPCC's decision to facilitate transfers of farmers' land-use rights had also contributed to the return flow. Thus, one farmer from Sichuan was quoted as saying that "We [he and his wife] need to finish some sub-lease documents and come back to work as soon as possible" (XHNA, 21 Nov.).

On 9 November, it was announced that the State Council had decided to launch a fiscal stimulus package, worth an estimated 4 trillion yuan (c. US $570 billion), in an attempt to address deteriorating economic conditions through an expansion of domestic demand. The policy package would embrace tax reductions, a loosening of credit restrictions and infrastructural spending on a massive scale.

The spending would take place over the next two years. Its foci would be ten major areas, including housing construction for low-income households, rural infrastructure, water, electricity, transport, environmental projects, technological innovation, and reconstruction in the face of recent disasters (above all, the earthquake of 12 May 2008).

Other fiscal stimulatory measures would include "comprehensive" reform of value-added taxes, expected to reduce industrial costs by 120 billion yuan. Commercial banks' credit ceilings were also to be abolished in an effort to direct more loan funds to "priority projects, rural areas, smaller enterprises, technical innovation and industrial rationalization through mergers and acquisitions" (XHNA, 9 Nov.; see also Wen Jiabao, quoted in XHNA, 11 Nov., also *RMRB*, 13 Nov. and XHNA, 14 Nov.; for Hu Jintao's speech to the Group of Twenty (G20) meeting on the global financial crisis (Washington: 15 November), see XHNA, 16 Nov.).

In its "Quarterly Update" on China, in November the World Bank cut its predicted GDP growth rate for China in 2009 from 9.2 to 7.5 per cent. The reduction was attributed to the impact of the financial crisis and slowdown in China's export growth. Meanwhile, it was reported by Xinhua that in November China's exports had fallen, year on year, by 2.2 per cent. It was the first time that China had recorded negative export growth since June 2001. (In the same month, China's industrial growth also fell sharply – to 5.3 per cent, compared

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with 8.2 per cent in October, and 11.4 per cent in September: see XHNA, 15 Dec.).

In December, China's annual Central Economic Work Conference expressed determination to maintain stable growth during 2009 on the basis of an expansion of domestic demand and further economic restructuring, facilitated by the implementation of an "active" fiscal policy and "moderately easy" monetary policy measures. The meeting insisted that national economic and social development would not be reversed by the international financial crisis (XHNA, 10 Dec.).

In November the National Development and Reform Commission (NDRC) made public what was described as China's "first mid- and long-term grain security plan" (XHNA, 13 Nov.). The plan included grain output targets of 500 million tons (2010) and over 540 million tons (2020). It also called for the grain-sown area to be held at no less than 105.3 million hectares during the next 12 years. During the same period, the targeted grain self-sufficiency was "above 95 per cent." In 2007 the grain-sown area was 105.7 million ha, while the grain self-sufficiency rate was 98 per cent.

In October, the State Council's Information Office issued a White Paper on climate change, entitled "China's Policies and Actions for Addressing Climate Change" (full text in XHNA, 29 Oct.). The contents of the document are as follows:

- Foreword
- Climate Change and China's Situation
- Impact of Climate Change on China
- Strategies and Objectives for Addressing Climate Change
- Policies and Actions to Decelerate Climate Change
- Policies and Actions to Adapt to Climate Change
- Enhancing Public Awareness in Addressing Climate Change
- Enhancing International Co-operation on Climate Change
- Institution and Mechanism Building for Coping with Climate Change
- Conclusion

f *Hong Kong Special Administrative Region (HKSAR)*

The HKSAR Financial Secretary, John Tsang, insisted that Hong Kong's financial sector remained strong, but also conceded that the region was likely to fall into recession in 2009. Tsang said that the HKSAR Government was ready to use US$100 billion of its foreign exchange reserves to support the financial sector, should it prove necessary, although he denied that current conditions required such action.

The Financial Secretary also announced that in the interests of maintaining the banking stability of Hong Kong, the Government would provide a 100 per cent guarantee for all bank deposits. In addition, it would make available extra reserve capital for local banks (Radio-Television Hong Kong, 13–14 Oct.).

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At a Legislative Council meeting on 15 October, Donald Tsang delivered his second annual Policy Address since winning a second term as HKSAR Chief Executive, entitled "Embracing New Challenges" (see XHNA, 15 Oct.). His remarks focused on three main areas: the implications of the international financial crisis; food safety issues; and environmental pollution.

Tsang noted that new challenges had emerged since his previous Policy Address a year earlier. He recognized that Hong Kong's outward economic orientation increased its vulnerability to external economic changes. Hence, its need to co-operate with other governments and relevant international organizations in order to find ways of stabilizing the economy and restoring public confidence in the future.

Tsang revealed that a task force would "soon" be established in order to monitor and assess the impact of the "financial tsunami." Its members would comprise senior government officials, financial experts, economists and business representatives, and their remit would extend to identifying appropriate policy measures to deal with the crisis. Tsang suggested that the potentially destructive effect of the current crisis was likely to be even more severe than that of the 1997 Asian financial crisis. Nevertheless, Hong Kong's financial infrastructure was stronger than it had been in the mid-1990s and the ultimate goal should be to overcome current difficulties and "turn [them] … into new business opportunities and enhance our competitiveness."

An important institutional priority affirmed in the Policy Address was the need for the creation of an independent insurance regulatory body in Hong Kong. The Chief Executive predicted that following the completion of a government-commissioned consultancy, such a body would be established and replace the existing Office of the Commissioner for Insurance. The purpose of the initiative was to "give the regulatory body more flexibility in operations and staff recruitment, and prepare Hong Kong for the 'risk-based capital regulatory regime' to be adopted by the international community."

Tsang revealed that in its pursuit of closer co-operation with Taiwan, two new measures would be introduced in order to facilitate business and tourist travel from Taiwan to Hong Kong. From January 2009 the HKSAR Immigration Department would remove the restriction whereby a citizen of Taiwan was limited to two iPermit applications within any 30-day period. In addition, the maximum period of stay in Hong Kong was to be raised from 14 to 30 days for holders of both iPermits and multiple-entry permits. Meanwhile, Tsang also noted that preparatory work for the establishment of a Hong Kong Trade Development Council office in Taipei had entered its final stage.

The Policy Address also contained a commitment to proceed with the necessary legislation in anticipation of establishing a statutory minimum wage in Hong Kong. It was intended that a bill to this effect would be placed before the Legislative Council during the 2008–09 legislative session. An advisory "Minimum Wage Commission (MWC)), comprising labour, business, academic and government representatives, was also to be set up. Its remit would be to

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"study the level of minimum wage as well as the review mechanism, to ensure a sensible balance between safeguarding the interests of grassroots workers and forestalling the loss of low-paid jobs, while sustaining our economic growth and competitiveness."

On 18 November Donald Tsang began a three-day visit to the UK. During his stay in London, he met Prime Minister Gordon Brown and other officials, with whom he discussed the global financial crisis and other issues of common interest (XHNA, 19 Nov.).

2. Foreign Relations

a *Diplomatic Tours*

Hu Jintao's visits to Costa Rica, Cuba, Peru and Greece

Following a visit to Washington DC, where he attended the G20 meeting on the global financial crisis, on 16 November Hu Jintao arrived in San José at the beginning of a state visit to Costa Rica. In a written speech issued on his arrival, the Chinese President described Costa Rica – whose diplomatic relations with China date from June 2007 – as "an important co-operation partner of China [in Central America]." During his visit, Hu's discussions with President Oscar Arias Sánchez and other Costa Rican leaders focused on the future development of bilateral relations (XHNA, 16 Nov.).

It was revealed that the Chinese Ministry of Commerce had signed a Memorandum of Understanding with Costa Rica. By the terms of the document, representatives of the two countries would begin discussions on the establishment of a free trade zone in January 2009. Xinhua noted that China was Costa Rica's second largest trading partner, as was Costa Rica among China's Central American trading partners (XHNA, 18 Nov.).

The Chinese President travelled from San José to Havana, where, on 17 November, he began his second state visit to Cuba (the first was in 2004). In his talks with Raúl Castro, Hu spoke with satisfaction of the continued development of China's relations with Cuba ("recent years have witnessed new progress of … relations, which have entered a phase of all-around development"). He noted too that trade and economic co-operation between the two countries (especially in agriculture, bio-technology and energy) had expanded rapidly. He hoped that the accelerated momentum of such developments would be maintained (XHNA, 19 Nov.). During his visit, the Chinese President also met Fidel Castro (First Secretary of Central Committee of the Communist Party of Cuba).

Following his visit to Cuba, on 19 November Hu Jintao travelled to Lima, where he held talks with his Peruvian counterpart (Alan Garcia). The two men discussed ways of strengthening their two countries' "comprehensive co-operative partnership." Subsequently, they attended a signing ceremony of 11 co-operation documents, embracing (*inter alia*) trade, customs, quality control and poverty reduction.

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During the visit, the two sides completed negotiations on a free trade agreement, which Hu urged should be signed and implemented as soon as possible. Xinhua noted that in 2007 the value of two-way trade was US$6 billion – 53 per cent more than in 2006 (XHNA, 19 Nov.).

The final leg of his tour took Hu to Athens, where his talks with the Greek President, Karolos Papoulias, focused on bilateral relations and, in particular, ways of strengthening the "comprehensive strategic partnership" between China and Greece. Hu said that in the wake of rapid growth of trade and co-operation in recent years, bilateral relations had reached "a new historical starting point." He added that China was willing to increase its imports from Greece, as well as to encourage more investment by Chinese enterprises there. He also referred to favourable prospects for the two countries to engage in joint harbour and port construction projects in order to enhance their co-operation in sea transport (XHNA, 24 Nov.).

b *Countries, Territories and Regions*

Africa (Angola)

In December the Angolan President, José Eduardo dos Santos, undertook a four-day state visit to China, where he held talks on bilateral relations, as well as regional and international issues of shared concern, with Hu Jintao, Wen Jiabao and other senior Chinese officials.

Commonwealth of Independent States (Russia, Kazakhstan; Shanghai Co-operation Organization [SCO])

On 27 October Wen Jiabao arrived in Moscow for talks with the Russian President (Dmitry Medvedev), the Russian Prime Minister (Vladimir Putin) and other senior officials. The two sides' discussions focussed on bilateral issues (including prospects for strengthening trade and economic co-operation), but also embraced regional and international issues.

Xinhua noted that in their meeting, Wen and Medvedev exchanged views on bilateral strategic co-operation and co-ordination, and agreed that the "complicated international situation" made it important to strengthen both. They expressed their satisfaction that the two countries' "strategic partnership" had developed rapidly in recent years, as had co-operation and "mutual trust and support." They expressed both sides' determination to implement all agreements already reached by the two sides.

The same sentiments were broadly echoed in Wen's talks with Putin. In particular, the two men looked forwards to the further expansion of trade and economic co-operation. Particular attention was drawn to the need to increase two-way trade in high-tech goods, as well as to promote increased investment flows between the two countries. Co-operation in energy – above all, oil and gas – should assume a high priority.

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During Wen's visit to Russia, the two sides signed a number of agreements, designed to facilitate economic, trade, scientific and technological, and cultural co-operation (XHNA, 28 Oct., which has the full text of the joint communiqué on co-operation; for the text of Wen's speech at the Third China–Russia Economic and Trade Summit, see also XHNA, 28 Oct.).

On 29 October, Wen Jiabao flew from Moscow to Astana, where he began a three-day official visit to Kazakhstan at the invitation of the Kazakh Prime Minister, Karim Masimov. During their talks, Wen noted the steady development of relations between China and Kazakhstan since the establishment of formal diplomatic ties in 1992 and spoke of the agreement of many of the two countries' views on regional, international and other issues of shared concern. He put forward a three-point proposal, embracing energy co-operation, rationalization of trade and enhanced cross-border co-operation – all this designed further to expand trade and economic ties. Masimov expressed his government's willingness to join China in monitoring and protecting cross-border water resources. Following their talks, the two men attended a signing ceremony of a number of co-operation documents. In the joint communiqué they signed, both sides pledged themselves to strengthen their bilateral strategic partnership (XHNA, 31 Oct.).

During his stay in Astana, the Chinese Premier also took part in the Seventh Prime Ministerial Meeting of the Shanghai Co-operation Organization (SCO), in which the member countries – China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan – discussed how to expand political, economic and other forms of co-operation within the SCO, not least in the face of the global financial crisis (XHNA, 30 Oct.).

In his speech to the SCO meeting (see XHNA, 30 Oct.), Wen made a four-point proposal, designed to strengthen co-operation among member states. The proposals were:

- to facilitate increased flows of investment and higher levels of co-operation (especially "more investments and major economic and technological co-operation apart from trade in goods and … co-operation on establishing special economic zones among adjacent regions of SCO members");
- to establish an "interconnected infrastructure network" within the SCO region, with particular emphasis on energy transport and communications;
- to promote inter-enterprise financial co-operation;
- to strengthen agricultural co-operation and seek new areas of co-operation.

The full text of the SCO Joint Communiqué was published by XHNA on 30 October.

Japan

On 24 October Hu Jintao held talks with the Japanese Prime Minister, Taro Aso, who was in Beijing to attend the Seventh Asia–Europe Meeting (ASEM).

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He claimed that bilateral relations had reached a turning point and reaffirmed the Chinese government's willingness to work with Japan in efforts to promote the further development of "strategic and mutually beneficial" ties between China and Japan. He suggested that progress in four areas would help fulfil this goal:

- commitment by both sides to observe the principles set out in the 1972 joint statement, the 1978 Peace and Friendship Treaty, the 1998 joint declaration and the May 2008 joint statement;
- strengthening of high-level economic dialogue and other co-operation mechanisms in order further to enhance "information communication and policy co-ordination";
- increase in "human and cultural exchanges";
- intensification of both sides' efforts to resolve regional "hot issues" and strengthen regional co-operation in East Asia.

The two men also exchanged views on the international financial crisis (XHNA, 24 Oct.).

During his talks with Hu Jintao, Aso was reported to have put forward a proposal to establish a "hotline" to facilitate bilateral communications between the "top leaders" of China and Japan. Such a facility would not only serve the interests of both sides in any emergency, but would also contribute towards enhancing trust between them. The link would reopen the dedicated communication link that had been set up when the then Chinese Prime Minister, Zhu Rongji, visited Japan in October 2000, but which had subsequently fallen into disuse, following a deterioration in bilateral relations (Tokyo: Kyodo, 24 Oct.).

On 13 December the Chinese and Japanese Prime Ministers (Wen Jiabao and Taro Aso) met in Fukuoka. Wen noted that relations between China and Japan had witnessed a "continuous improvement" during 2008. He reaffirmed the Chinese government's willingness to work with Japan to advance the bilateral relationship to a new level to the benefit of the two countries and the entire East Asian region. He hoped too that the two sides could work together to address the serious problems arising out of the current global financial crisis. Aso's remarks echoed those of his Chinese counterpart (XHNA, 13 Dec.). The two men also discussed the Diaoyu [Senkaku] Islands issue.

Latin America and the Caribbean

On 5 November, the Chinese government published its first ever "policy paper" on Latin America and the Caribbean region. Xinhua described the document as a "blueprint for future co-operation between the two sides" (XHNA, 5 Nov., which also carries the full text of the paper).

Middle East (Egypt)

In November, the Egyptian Minister of Foreign Affairs (Ahmed Ali Aboul Gheit) travelled to Beijing, where he held talks with Foreign Minister Yang Jiechi,

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Vice-President Xi Jinping and other senior Chinese officials. In his meeting with the Chinese Foreign Minister, Gheit hoped that both sides would co-operate more closely in both regional and international affairs. Yang endorsed Gheit's sentiments and gave an undertaking that the Chinese government would increase its co-ordination with Egypt. The two men also discussed the development of the co-operation forum between China and Arab countries (XHNA, 6 Nov.).

Northeast Asia (South Korea [Republic of Korea])

On 13 December Wen Jiabao held talks with the South Korean President, Lee Myung-bak, in Fukuoka (Japan), where both men were taking part in a tripartite meeting between senior officials from China, Japan and South Korea. Wen spoke positively of the favourable momentum of development of Sino-Korean relations and stressed the special importance of the bilateral relationship in the context of the current global financial crisis. He noted that the two sides had recently reached agreement on a 180 billion yuan credit currency swap and hoped that the agreement would be swiftly implemented. He also expressed the hope that bilateral trade and economic co-operation would continue to expand, and that the two countries would work together to establish a Sino-ROK Free Trade Zone (XHNA, 13 Dec.).

South Asia and Indian Ocean (Pakistan, Nepal)

Following his arrival in Beijing at the beginning of a state visit, on 15 October the President of Pakistan, Asif Ali Zardari, met Hu Jintao. The main focus of the two men's talks was bilateral relations, although they also discussed other regional and international issues of mutual concern.

Hu described Zardari's family as "old friends of the Chinese people," and spoke warmly of the contributions made by Zardari's late wife, Benazir Bhutto, as well as that of Zulfikar Ali Bhutto, to strengthening relations between China and Pakistan. He noted the favourable development of trade and economic co-operation between the two countries, and urged both sides to continue to adhere to the terms of their free-trade agreement and implement their five-year trade programme and other joint agreements. He suggested that they should also investigate new sources of co-operation (XHNA, 15 Oct.; and see XHNA, 17 Oct. for full text of Joint Statement).

On 2 December, Yang Jiechi arrived in Kathmandu at the beginning of a three-day official visit to Nepal, where he was expected to hold discussions on bilateral relations, as well as to put in place preparations for the Nepalese Prime Minister's (Pushpa Kamal Dahal) forthcoming visit to China.

South-east Asia (Vietnam, Singapore)

On 20 October, the Vietnamese Prime Minister (Nguyen Tan Dung) arrived in Haikou (Hainan) at the start of a six-day goodwill visit to China, during

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which he also attended the seventh Summit of the Asia-Europe Meeting (ASEM). Two days later, Dung met his Chinese counterpart, Wen Jiabao, in Beijing and discussed prospects for extending co-operation between China and Vietnam.

A joint statement issued in Beijing on 25 October noted that China and Vietnam had agreed to seek a "basic and lasting" solution to the South China Sea issue. The same statement also included reaffirmation of the two sides' determination to complete the demarcation of their land border "within this year" (for more details, see XHNA, 25 Oct.).

Following two years of negotiations, on 23 October China and Singapore signed a bilateral Free Trade Agreement (FTA). The document was signed in Beijing and was witnessed by Wen Jiabao and the Singaporean Prime Minister, Lee Hsien Loong (who was in China to attend the Seventh Asia–Europe Meeting). During their talks, both Wen and Lee spoke with satisfaction of the favourable development of bilateral relations in recent years and acclaimed the FTA agreement as major achievement. Xinhua noted that Singapore was China's eighth-largest trading partner and the seventh largest source of FDI. In 2007 the value of bilateral trade was US$47.14 billion (XHNA, 23 Oct.).

Taiwan [Republic of China]

On 3 November, Chen Yunlin (Chairman of the Association for Relations Across the Taiwan Straits [ARATS]) travelled with a delegation to Taipei, where he was to meet Chiang Pin-kung (Chairman of Taiwan's Straits Exchange Foundation (SEF)). The ARATS–SEF meeting was the second since the return to power of the Kuomintang government and the election of President Ma Ying-jeou, relations between the two organizations having previously been suspended for a decade (CNA, 3 Nov.). It was also the first visit to Taiwan ever made by an ARATS Director.

On the day of Chen's departure, Wang Yi (Director of the CCPCC's Taiwan Work Office, as well as of the State Council's Taiwan Affairs Office) described the visit as "… of historical significance and … a key step marking the development of cross-Strait relations." He suggested that the talks between the two sides should be allowed to proceed "step-by-step," with the initial focus on issues that were more readily susceptible to a resolution. It was revealed that in accordance with agreement already reached, the forthcoming talks would focus on cross-Strait direct shipping, air transport, postal services and food safety (XHNA, 3 Nov.).

Wang insisted that China would take an open attitude in the talks:

> The mainland … respects opinions of people of all circles and is ready to work with friends from Taiwan to keep up and improve the negotiations.

He endorsed the need for the two sides to engage in "equal consultation and co-operation," and urged ARATS and SEF representatives not to be "hindered by concerns as to which side makes concessions or suffers losses."

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His apparent optimism was reflected in his statement that despite the scale and complexity of the challenges the two sides faced, "the ice freezing cross-Strait relations has been broken and the blocked road is now open."

Following his arrival in Taipei, Chen Yunlin made clear that his talks with SEF officials would not touch on political issues ("No cross-Strait political issues will be involved, nor will the island's internal political affairs") (XHNA, 3 Nov.).

According to Lai Shin-yuan (Chairperson of Taiwan's Mainland Affairs Council), who also met Chen, the talks between Chen Yunlin and Chiang Pin-kung (Taipei: 4 November) had been "smooth and fruitful." She revealed that the two sides had signed four agreements on food safety, direct shipping and flights, and mail services (XHNA, 4 Nov., which also reported Lien Chan's positive response to the ARATS-SEF talks).

A CNA report noted that ARATS and SEF representatives had agreed to open direct shipping services and to establish direct air routes between Taiwan and China (see also XHNA, 15 Dec. and CNA, 15 Dec. for statements on the inauguration of cross-Strait direct links.) Direct mail services (including letter and parcel deliveries, express mail and postal remittances) would also be initiated across the Taiwan Strait. The two sides agreed too to enhance flows of information on food safety, and to set up a mechanism to address serious food safety incidents (CNA, 4 Nov.).

The same source revealed that during their meeting, Chen and Chiang discussed the possibility of increasing the number of mainland tourists to Taiwan, as well as joint efforts to address the current international financial crisis.

Before leaving Taipei to return to Beijing on 7 November, Chen Yunlin spoke of the success of his visit. He described the visit as having "… completed a long-awaited and honoured mission entrusted by compatriots across the Strait," adding that "[t]he road ahead is very long and there will be various difficulties, but we will definitely take our responsibility." He cited surveys undertaken by Taiwanese media sources, which showed that more than half of those polled had approved of the ARATS-SEF talks (XHNA, 7 Nov.).

Xinhua also noted that President Ma Ying-jeou had received Chen and his delegation.

A CNA report noted that protests against the ARATS–SEF meeting had occurred throughout Chen Yunlin's visit. On 7 November Chen was said to have been trapped in the hotel where he was meeting the Chairman of the Kuomintang (Wu Poh-hsiung). The following evening, "tens of thousands" of protestors were said to have taken to the streets close to the Presidential Office, where Chen met Ma Ying-jeou. Some 149 police officers were reportedly injured in the protests during the visit (CNA, 7 Nov.). A Chinese State Council spokesperson later stated that China would not respond to the protests by suspending official visits to Taiwan, and insisted that cross-Strait exchanges would not be undermined by the actions of "a small number of people" (XHNA, 12 Nov.).

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In Lima (Peru), where both men were taking part in the APEC Summit, Lien Chan held a 40-minute meeting with Hu Jintao. Lien described the meeting as "very interesting," and revealed that they had discussed "things about which we are concerned and how to direct our efforts towards peaceful development, co-operation and a win-win situation between the two sides of the Taiwan Strait" (CNA, 22 Nov.).

United States of America

A spokesman of the People's Bank of China (PBOC) – China's central bank – said that China looked forward to the swift implementation of the US$700 billion financial rescue package, passed by the US House of Representatives and US Senate. The PBOC's view was that the announced measures would stabilize US and global financial markets and help restore investors' confidence.

The spokesman spoke of the Chinese government's willingness to strengthen co-ordination and co-operation with the US and other economies in an attempt to address current difficulties and stabilize international financial markets. He added that the fundamentals of China's own economy had not changed and that "its financial market was safe and stable with generally adequate liquidity" (XHNA, 8 Sept.; see also Wen Jiabao's remarks, quoted by Xinhua on 5 Oct.; and XHNA, 3 Oct. on the global implications of the US financial crisis).

During their stay in Lima, where they participated in the APEC Summit (see under **c** below), Presidents Hu Jintao and George W. Bush met and discussed bilateral relations and ways of combating the global financial crisis.

Hu spoke positively of the development of China–US ties in recent years, and highlighted the role of Bush in facilitating such progress. He insisted that the correct path in moving towards even closer ties was to proceed "from a strategic perspective and a long-term angle," with particular attention being given to sensitive issues, such as that of Taiwan. As he put it,

> The one-China principle must never change. At present, China–US relations are in an important period of inheriting the past and looking forward to the future. We are willing to work with the US side to maintain the good development impetus of China–US relations and promote the two countries' relations towards healthy and stable development.

Hu also expressed the hope that the forthcoming China–US strategic economic dialogue, scheduled to take place in Beijing in December, would achieve "win-win results and promote … [bilateral] economic and trade relations towards sustained, healthy and stable development" (XHNA, 22 Nov.).

The two men also discussed the global financial crisis, and exchanged views on Iran and North Korea.

Vice Premier Wang Qishan and US Treasury Secretary Henry Paulson attended the fifth meeting of the Sino-US Strategic Economic Dialogue (SED), which took place in Beijing on 4-5 December. In advance of the meeting,

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Wang acknowledged that the most pressing issues for discussion were the on-going global financial crisis and its implications.

At the opening session of the SED, Wang called on both sides to work towards the signing of a bilateral investment protection accord in order to put in place a "more transparent and predictable" investment environment in which the two countries might operate. He also said that the Chinese government stood ready to work with the US to combat trade protectionism and facilitate the resumption of the Doha Round. He also looked forward to strengthening co-operation with the US on energy, the environment, and enhanced safety of products, food and drugs (XHNA, 4–5 Dec.). During his stay in Beijing, Paulson also met Hu Jintao and Wen Jiabao.

Xinhua reported that both the Chinese President and Premier had sent congratulatory messages to Barack Obama, following his election as President of the United States. Vice-President Xi Jinping sent a similar message to Vice-President Elect Joe Biden (see XHNA, 5 Nov., for the texts of the messages). On 8 November, Hu Jintao and President-elect Obama had a telephone conversation, in which they discussed bilateral relations, as well as major international issues of shared concern (including the international financial crisis) (on the potential impact of Obama's election, see *RMRB*, 10 Nov.).

Western Europe (Germany, Denmark; European Union [EU])

On 10 October the DDP News Agency in Berlin quoted a German Foreign Ministry spokesman to the effect that the "strategic dialogue" between Germany and China – suspended as a result of differences over Tibet – had been resumed at under-secretary level. The same source confirmed that the dialogue of human rights would also be resumed in Beijing at the beginning of November.

In October the Danish Prime Minister, Anders Fogh Rasmussen, made an official visit to China, where he held talks with Hu Jintao, Wen Jiabao and other senior Chinese officials (and also attended the Seventh ASEM Summit). A joint statement issued at the conclusion of his visit noted that in recognition of the development of increasingly close bilateral relations, China and Denmark had agreed to establish a "comprehensive strategic partnership." In pursuit of even closer ties in the future, the two sides undertook to strengthen both political and economic co-operation (the full text of the statement can be found in XHNA, 24 Oct.).

On 27 November a Chinese Foreign Ministry spokesman announced that China had decided to postpone the 11th China–EU Leaders' Meeting, originally scheduled to take place in Paris on 1 December. He made it clear that the decision had been taken as a result of the announcement that following the Summit, the French President, Nicolas Sarkozy, would meet the Dalai Lama in Poland (for further reports on Sarkozy's plan to meet the Dalai Lama, see XHNA, 6 Dec. and *RMRB*, 8 Dec.).

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c *International Organizations and International Meetings: (Asia–Europe Meeting [ASEM], Asia–Pacific Economic Co-operation [APEC])*

The Seventh Asia–Europe Meeting (ASEM), attended by leaders from 17 Asian (including the ASEAN Secretariat) and 28 European countries (all member states of the European Union plus the European Commission), opened in Beijing on 24 October. It was the largest ASEM meeting ever to be held since its inauguration in 1996. Xinhua noted that ASEM members produced more than half of global GDP. The Chinese President and Prime Minister held separate meetings with many of the visiting overseas state and government leaders

At the opening ceremony, Hu Jintao delivered a key-note speech, entitled "Asia and Europe: Co-operation for Win-Win Progress." The Chinese President reaffirmed the Chinese government's support for the measures recently taken in the US and other countries in an attempt to address the international financial crisis. He noted too that China had put in place its own measures, designed to stabilize the domestic financial system and increase financial market liquidity. He gave an undertaking that China would continue to co-operate with the international community in seeking a solution to the crisis. Hu also spoke of the major progress made by ASEM and of its emergence as a facilitating mechanism for dialogue and co-operation between Asia and Europe (XHNA, 25 October).

In his speech to the Seventh ASEM Summit, Wen Jiabao suggested that the theme of the meeting – "Dialogue and Co-operation: Towards a Win-Win Solution" – had special and practical relevance to a world that was being buffeted by so much financial turmoil to the detriment of global economic growth and stability.

Wen spoke of the important role of Asian and European countries in helping preserve international financial stability. With this in mind, it was incumbent on such countries to demonstrate to the world "confidence, unity, and co-operation." To this end, each government and body represented at the ASEM meeting should seek to formulate and implement policies appropriate to their individual circumstances. At the same time, they should seek to co-ordinate their policies more effectively and strengthen mutual support. It was important too to promote regional dialogue and co-operation on financial and monetary issues. Finally, their joint efforts towards reforming international financial and monetary systems should be intensified.

Wen insisted that although the on-going financial crisis had taken its toll on China's economy and financial system, the impact was "limited and controllable." He expressed confidence in his government's ability to put in place policies that would preserve China's economic and financial stability, whilst continuing to promote rapid and sustained growth (XHNA, 25 Oct.; for further comment on the ASEM Meeting, see *RMRB*, 27 Oct.).

Prior to the summit meeting, the leaders of the ten members of the Association of Southeast Asian Nations (ASEAN) and of China, Japan and South Korea met over breakfast for informal discussions of issues of common concern, including,

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in particular, the on-going international financial crisis and its implications for Asia. According to Kyodo (24 Oct.), the meeting generated agreement that the ASEAN "Ten-plus-Three' currency swap scheme should be strengthened in order to help address problems arising out of the current financial turmoil (see also Seoul: Yonhap, 24 Oct.).

In November Hu Jintao attended the APEC Chief Executive Officers (CEO) Summit in the capital of Peru (Lima). In his speech to the Summit (21 November), he called on APEC members to work together in order to promote the continued and sustained economic development of the Asia-Pacific region.

Commenting on the global financial crisis, which he described as the most severe since the 1930s, the Chinese President acknowledged that conditions in both developed and developing countries were "very grim." The severity of the situation demanded concerted action, and he called on the international community to

> … enhance their confidence and co-ordination, co-operate closely and take prompt and effective measures, including all necessary fiscal and monetary means, to stop the spread and development of the financial crisis, bring early stability to the international financial markets, minimize the damage on the real economy, bolster world economic growth and safeguard the common interests of people of all countries.

He also pledged the Chinese government's willingness to join in such efforts. Indeed, he argued that it had already done so through the adoption of measures, designed to preserve the stability of its banking system and give support to financial markets (XHNA, 22 Nov.; full text of Hu's speech in XHNA, 23 Nov.).

3. Documentation

"Decision of the Central Committee of the Chinese Communist Party Regarding a Number of Major Issues in Promoting Rural Reform and Development" (approved by the third plenary session of the 17th Central Committee of the Chinese Communist Party on 12 October 2008, and published by Xinhua News Agency, 19 October).

The third plenary session of the 17th Party Central Committee has comprehensively analysed the situation and the missions, and it understands that on the occasion of the 30th anniversary of reform and opening up, to systematically review and summarize our country's glorious progress and valuable experience with rural reform and development, to go further in unifying the understanding of the entire party and all of society, to accelerate the construction of the socialist new countryside, and to exert great effort on promoting urban and rural overall planning and development, would be of profound and far-reaching significance to the comprehensive implementation of the spirit of the 17th Party Congress, the thorough implementation of the scientific development concept, attaining new victories in the building of a well-off society in an all-round way, and the creation of a new situation in the cause of socialism with Chinese characteristics. The Plenum researched a number of major issues in promoting rural reform and development under the new circumstances, and made the following decision.

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1. The great importance of promoting rural reform and development in the new circumstances

The issues of agriculture, rural areas, and farmers affect the overall situation of the cause of the party and the nation. During each historical course, namely revolution, construction, and reform, our party has upheld the combining of basic Marxist principles with the specific realities of our country. Our Party has always looked with great importance upon the issues of agriculture, rural areas, and farmers. Our Party has dealt with those issues conscientiously, and made a great effort to resolve the problems therein. Our Party has opened up a new path of victory in a new democratic revolution and a new path of development for the cause of socialism.

In 1978, the third plenary session of the 11th Party Committee issued the historic policy decision to shift the focus of the work of the party and the state to economic construction, and to implement reform and opening up. Our Party had a comprehensive grasp of the larger situation of domestic and foreign development, it respected the pioneering spirit of farmers, and it launched reform first of all in rural China. And our party extended reform to the whole country with tremendous momentum, leading the people to write a magnificent epic of reform and development. In the magnificent course of reform and development, our party has upheld Marxism-Leninism, Mao Zedong thought, Deng Xiaoping theory, and the important thinking of the "Three representations" as the guides, our party has thoroughly implemented the scientific development concept, it has emancipated the mind, sought truth from facts, and advanced with the times, it has continually promoted rural reform and development, and all that has brought huge, earth-shaking change to rural China. The people's communes were abolished, and a two-tiered operating system was established with household contracted operations as the foundation and combining centralization and decentralization. There was comprehensive opening up of markets for agricultural products, abolition of agricultural tax, subsidies paid direct to farmers, and the initial formation of a rural economic system which suits national conditions in China and the demands of developing society's productive forces.

The production of food continually leapt to new levels. The supply of agricultural products grew more abundant with each passing day. Farmers' income increased greatly. Poverty relief through development achieved obvious results. Relying on our own strength steadily resolved the problem of 1.3 billion people having enough to eat.

Town and township enterprises suddenly emerged as a new force. Towns and small cities experienced vigorous development. Rural markets prospered. Rural labour shifted to employment on a large scale, and millions of rural migrant workers became an important component of the industrial workforce. Industrialization, urbanization, and agricultural modernization with Chinese characteristics accelerated and advanced, and a new era of the alliance of the workers and the peasants was consolidated.

The building of rural socialist democratic politics and the building of spiritual civilization were continually strengthened, social undertakings developed faster, and there was a marked improvement in farmers' ideological and moral qualities, scientific and cultural qualities, and health.

The building of the rural party has been continually strengthened. The building of a complete set of village-level organizations with village party organizations as the core advanced comprehensively. This has been effective in firming up the foundation of the party's governance in rural areas.

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The grand practice of rural reform and development has greatly mobilized the initiative of hundreds of millions of farmers. It has greatly liberated and developed rural social productive forces. It has greatly improved the material civilization and lives of the broad masses of farmers. Even more important is that the grand practice of rural reform and development has been creative exploration for establishing and improving a basic economic system for the primary stage of socialism in China and a socialist market economy system; it has made a huge contribution to achieving a historic leap from a society in which the people do not have enough to eat and wear to a society which is overall well-off, and to promoting socialist modernization; it has laid a solid foundation for vanquishing all sorts of difficulties and risks, and for maintaining overall social stability; and it has amassed precious experience for successfully opening a path of socialism with Chinese characteristics and the formation of a theory system of socialism with Chinese characteristics.

Actual practice demonstrated in full that the only way to continually liberate and develop rural social productive forces and promote comprehensive economic and social development in rural China, is to uphold the resolution of agricultural, rural, and farmers' issues as the most important element of the entire party's work; uphold the fundamental status of agriculture; maintain the orientation of socialist market economy reform; keep to the path of agricultural modernization with Chinese characteristics; and uphold the protection of farmers' material interests and farmers' democratic rights.

At present, the international situation continues to undergo profound change, and China's reform and development effort has entered a critical phase. If we are to grasp tightly and use well this important period of strategic opportunity, if we are to be victorious in achieving the grand goal of building a well-off society in an all-round way, if we are to accelerate socialist modernization, then we must more consciously put continuing to emancipate our minds into upholding reform and opening up, advancing scientific development, and boosting social harmony, and we must unswervingly advance rural reform and development.

Continuing to emancipate our minds requires tying in with the grand practice of rural reform and development, probing boldly and daring to blaze new trails, applying new theory and lines of thought to solve difficult problems of rural development, and providing an inexhaustible source for the party's innovations in theory and practice.

Upholding reform and opening up requires a grasp of the key point which is rural reform, it requires major breakthroughs in the overall planning of urban and rural reform, and it requires injecting new motive power into rural development, thus adding new vitality to overall economic and social development.

Advancing scientific development requires strengthening the foundation which is agricultural development, ensuring the nation's food security, ensuring the effective supply of principal agricultural products, promoting added agricultural production, added farmer income, and added rural prosperity, and thus providing effective support for all-round, co-ordinated, sustainable economic and social development.

Boosting social harmony requires keeping a grasp on the greater situation which is rural stability, improving rural social management, advancing social fairness and justice, ensuring that farmers can live and work in peace, and laying a solid foundation on which to achieve long term peace and stability in our country.

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China's countryside is currently undergoing new changes. Our country's agriculture faces a new situation as it participates in international co-operation and competition. There are many favourable factors for the promotion of rural reform and development, but there are also quite a few difficulties and challenges. In particular, the dualistic, urban–rural structure has created deep-rooted and prominent contradictions. The rural economic system is not yet perfect. The degree to which agricultural production operations are conducted by organizations is low. The system of markets for agricultural products, the system of socialized services to agriculture, and the system of national support and protection of agriculture are not entirely sound. The construction of integrated systems and mechanisms for urban and rural economic and social development is urgently required. The agricultural development pattern remains extensive. Agricultural infrastructure, technology, and equipment lag behind. The quantity of arable land has been greatly reduced. Population, resource, and environmental constraints have grown stronger. The effects of climate change have intensified. Natural disasters occur frequently. Contradictions in the food supply internationally are quite significant. Ensuring the nation's food security and balancing supply and demand for principal agricultural products is under increased pressure. The level of social undertakings and public services in rural areas is rather low. The disparity in development between different regions and in the incomes of urban and rural residents is widening. The mission of changing the backward face of the countryside is arduous. Profound changes have occurred in the structure of social interests in rural areas. In certain places, grassroots rural organizations are weak and lax, and strengthening the construction of a rural democratic legal system, the construction of grassroots organizations, and social management are heavy missions. In summary, the agricultural foundation remains weak, and it needs strengthening the most; rural development still lags behind, and that needs help the most; farmers still find it difficult to increase their incomes, and that needs speeding up the most. We must be prepared for danger in times of peace and redouble our efforts. We must continually consolidate and develop a good situation in the countryside.

The entire party must have a thorough understanding that agriculture is a strategic sector essential to peace everywhere and stable public sentiment; without agricultural modernization there is no national modernization; without rural prosperity and stability there is no nationwide prosperity and stability; without an all-round well-off society among farmers there is no all-round well-off society in the country as a whole. Overall, China has entered a phase of development in which industry promotes agriculture and cities lead the countryside. China has entered a critical time of accelerating the reshaping of traditional agriculture and following a path of agricultural modernization with Chinese characteristics. China has entered an important time in which we will exert effort on eliminating the dualistic urban–rural structure and form up a new arrangement with integrated urban and rural economic and social development. We must keep a firm grasp on our country's basic national conditions in this primary stage of socialism and the characteristics of a phased nature in current development. We must adapt to new circumstances in rural reform and development. We must go along with the new aspiration of hundreds of millions of farmers to live good lives. We must grasp opportunities, strike while the iron is hot, work hard to open up a broad path for agricultural modernization with Chinese characteristics, and do all we can to create an entirely new situation in the building of the socialist new countryside.

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2. **The guiding ideology, goals and missions, and important principles for promoting rural reform and development**

Promoting rural reform and development under the new circumstances must comprehensively implement the spirit of the 17th Party Congress, hold high the great banner of socialism with Chinese characteristics, take Deng Xiaoping theory and the important thinking of the "Three representations" as the guides, thoroughly implement the scientific development concept, take the building of the socialist new countryside as a strategic mission, take following the path of agricultural modernization with Chinese characteristics as the basic orientation, take as a fundamental requirement the formation of a new arrangement for integrated urban–rural economic and social development, uphold industry giving back to agriculture, cities supporting the countryside, and the policy of giving more, taking less, and loosening control, innovate systems and mechanisms, strengthen the foundation of agriculture, boost the income of farmers, ensure farmers' rights and interests, promote a harmonious countryside, mobilize in full the enthusiasm, initiative, and creativity of the broad masses of farmers, and promote rural economic and social development both fast and well.

In accordance with the new requirements of the struggle objective to achieve the building of a well-off society in an all-round way as put forth by the 17th Party Congress, and the requirement to build a socialist new countryside of advanced production, improved livelihood, a civilized social atmosphere, clean and tidy villages, and efficient management, the basic goals and missions of rural reform and development to the year 2020 are: a sounder rural economic system, and the basic establishment of integrated systems and mechanisms for urban and rural economic and social development; marked progress in the building of modern agriculture, and obvious improvement in the overall production capability of agriculture; effective assurance of the nation's food security and the supply of principal agricultural products; farmers' net income doubled compared with 2008, farmers' level of consumption increased greatly, and absolute poverty basically eradicated; grassroots rural organizations strengthened further, villagers' self-government system improved, and real assurance of farmers' democratic rights; clear advance in the equalization of basic public services in urban and rural areas, rural culture more flourishing, rural people's basic cultural rights and interests better established, everyone in rural areas to enjoy the opportunity for a good education, more sound systems for basic living support and basic medical treatment and health care in rural areas, and further improvement in the social management system in rural areas; resource conserving, environmentally friendly systems of agricultural production basically in place, marked improvement in the rural human habitat and environment, and continual strengthening of the sustainable development capability.

Achieving the above goals and missions requires abiding by the following major principles.

- Consolidate and strengthen the fundamental status of agriculture, and always take resolving well the problem of over a billion people having enough to eat as a matter of the utmost importance in administering state affairs well and ensuring national security. Uphold the policy of basically domestic self-supply of food, increase the national effort to support and protect agriculture, thoroughly implement the strategy of invigorating agriculture through science and education, accelerate the building of modern agriculture, achieve comprehensive and steady development of agriculture, and lay a solid foundation on which to promote economic development, advance social harmony, and protect national security.

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- Earnestly safeguard the rights and interests of farmers, and always take achieving, protecting, and developing the fundamental interests of the broad masses of farmers as the starting point and ending point of all rural work. Uphold being people-centred, respect the wishes of farmers, exert effort on resolving the problems of most immediate and most direct concern to the interests of farmers, protect the political, economic, cultural, and social rights and interests of farmers, improve the overall qualities of farmers, promote the comprehensive development of farmers, bring into full play the role of farmers as the main body and the pioneering spirit of farmers, and rely closely on the hundreds of millions of farmers in building the socialist new countryside.

- Continue to free and develop the productive forces of rural society, and always take reform and innovation as the basic motive power of rural development. Unflaggingly advance rural reform and the innovation of systems, boost the scientific nature of decisions on reform, strengthen the co-ordinated nature of measures of reform, bring into full play the fundamental role of the market in resource allocation, strengthen and improve state regulation, control, and guidance of agricultural and rural development, establish a sound rural economic system which meets the requirements of the socialist market economy, adjust production relationships and the superstructure when they do not meet the requirements of developing rural social productive forces, and infuse rural economic and social development with vitality.

- Make overall plans for urban and rural economic and social development, and always take the creation of a new type of relationship between industry and agriculture and between cities and the countryside as a major strategy for accelerating modernization. Make overall plans for industrialization, urbanization, and agricultural modernization. Accelerate the establishment of long-lasting mechanisms by which industry promotes agriculture and cities lead the countryside. Adjust the arrangement of the allocation of national income. Consolidate and perfect policies which strengthen and give preference to agriculture. Put the emphasis on the countryside in the building of national infrastructure and the development of social undertakings. Promote the equalization of basic public services in urban and rural areas, achieve co-ordinated development between city and countryside and among regions. Enable the broad masses of farmers to participate as equals in modernization and have an equal share in the achievements of reform and development.

- Uphold Party management of rural work, and always take strengthening and improving the party's leadership of rural work as a political guarantor in promoting rural reform and development. Uphold starting out from reality in all things. Uphold the party's basic policy on rural affairs. Step up the building of rural grassroots organizations and grassroots political power. Improve the systems, mechanisms, and methods by which the party manages rural work. Maintain the party's flesh-and-blood relationship with the masses of farmers. Consolidate the foundation of the party's governance in rural areas, and form up a strong, pooled effort to promote rural reform and development.

3. **Make a great effort to promote innovation in reform, step up the building of rural systems**

Accomplishing the strategic goals of rural development and promoting the modernization of agriculture with Chinese characteristics requires acting in accordance with the demand for overall planning of urban and rural development, it requires breakthroughs at key links

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in the reform of rural systems, it requires further loosening of control and invigorating of the rural economy, it requires optimization of the external environment of rural development, and it requires strengthening support to the rural development system.

a. Stabilize and improve the countryside's fundamental operating system. A two-tiered operating system with household-contracted operations as the foundation and combining centralization and decentralization is the countryside's fundamental operating system which suits the socialist market economy system and conforms to the characteristics of agricultural production. This two-tiered operating system is a cornerstone of the party's rural policy, and it must be upheld unwaveringly. Bestowing on farmers fuller and assured rights to operate on contracted land means that the current contracted land relationships must be kept stable and unchanging for the long term. Promote innovation in agricultural operating systems and mechanisms. Accelerate the transformation in forms of agricultural operations. Household operations must transform in the direction of adopting advanced science and technology and production measures, increasing the input of technology, capital, and other key factors of production, and exerting effort on enhancing the level of intensification. Unified operations must transform in the direction of developing farming household alliances and co-operation, form up a diversified, multi-level, multi-form system of services to operations, develop the collective economy and strengthen services to collective organizations, foster new types of farmers' co-operative organizations, develop various kinds of agricultural socialized services organizations, encourage pioneering enterprises to establish mechanisms with farmers that tie their interests together closely, and exert effort on boosting the degree of organization. In accordance with the requirements of service to farmers, freedom to advance and retreat, equal rights, and democratic management, assist the accelerated development of farmers' professional co-operatives and enable them to become modern agricultural operations organizations which lead farmers to compete in domestic and international markets. Comprehensively promote reform of the collective forestry rights system, and expand forestry rights system reform test points at state-owned tree farms and key state-owned forest areas. Promote reform of the state-owned farm system. Stabilize and improve the system for contracted operations on grasslands.

b. Establish a sound and strictly regulated system of rural land management. The land system is a fundamental system in rural areas. Further improve the system of rural land management in accordance with the principles of clear production rights, control of land use, thrift and intensiveness, and strict management. Uphold the strictest system for protecting arable land, implement responsibility level by level, and resolutely defend the red line of 1.8 billion mu of arable land. Demarcate permanent basic farmland, establish mechanisms for preservation and compensation, ensure there is no reduction in the total amount of basic farmland, no change in the use of that land, and that the quality of the land is improved. Continue to promote land remediation, reclamation, and development. With arable land, implement "replenishment before occupation" (*xian bu hou zhan* – when arable land is to be used for a construction project, the builder rehabilitates some other parcel of land so it can be used for farming), and there must be no balancing of occupation and replenishment across province, autonomous region, or city boundaries. Do well on rural land rights guarantee, registration, and certificate issuance work. Improve the powers and functions of the right to operate on contracted land, and ensure in accordance with the law farmers' rights to occupy, use, and profit from contracted land. Strengthen the management of and services

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to the circulation of the right to operate on contracted land. Establish a sound market for the transfer of the right to operate on contracted land. In accordance with the principles of by law, by will, and by compensation, allow farmers to transfer the right to operate on contracted land in the form of subcontracting, leasing out, swap, transfer, shareholder co-operation, etc. Develop operations on a suitable scale and in various forms. Locations where conditions exist may develop operational main entities on scales such as specialized big family, family farm, and professional farmers' co-operatives. Circulation of the right to operate on contracted land cannot change the collective ownership nature of the land, it cannot change the usage of the land, and it must not harm farmers' rights and interests regarding the contracting of land. Implement the strictest system of economical use of land, and strictly control the total scale of land used for construction, both urban and rural. Improve the rural housing site system, tighten housing site management, and ensure in accordance with the law farming households' housing site usufruct (right of use and profit). Land saved in rural housing sites and village reorganization must first and foremost be rehabilitated for use as arable land, and the readjustment of land for construction use must conform to land use plans and be incorporated into the annual construction land use programme. Also, priority must be given to satisfying land use for collective construction. Reform the system for requisitioning land, strictly demarcate the use of land for public benefit construction and business construction, gradually reduce the scope of land requisitioning, and improve the mechanism of compensation for requisitioned land. When rural collective land is requisitioned in accordance with the law, give the rural collective organization and farmers reasonable compensation promptly and in the full amount, in accordance with the principle of same land, same price, and resolve well the issues of jobs, housing, and social security for the farmers on the requisitioned land. In the case of the approved occupation of rural collective land for a project other than for public benefit and which is beyond the scope of urban land used for construction as stipulated by a land use plan, allow the farmers to participate in various ways in that development and operation, and ensure that the farmers' legal rights and interests are protected. Gradually establish a unified, urban and rural market for construction land. In the case of legally acquired rural collective land to be used for business construction, the land use right must be transferred by way of a unified and tangible land market, in an open and regulated way, and with the condition that it conforms to plans, it must enjoy equal rights and interests with state-owned land. Improve the related laws, regulations, and policies, and standardize the promotion of the reform of the rural land management system.

c. Improve the system of support and protection of agriculture. Establish a sound system of agricultural input support. Adjust the structure of public finance support, fixed asset investment, and issuance of credit. Ensure that the amount of public finance input to agriculture at every level is higher than the increase in current revenue. Increase by a great extent the state's input to the building of rural infrastructure and the development of rural social undertakings. Increase by a great extent the proportion of new revenue from profit from government land sales and arable land occupation tax which is used for agriculture. Increase by a great extent the investment in rural public benefit-type construction projects in central and western China. The state will gradually eliminate county level and below counterpart funding for public benefit-type construction projects in central and western China, such as the strengthening of dilapidated reservoirs to eliminate danger, and environmental construction. Broaden the channels of agricultural investment sources, integrate investment projects,

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strengthen the supervision of investments, and increase the effectiveness with which funds are used. Establish a sound system of agricultural subsidies, expand its scope, raise standards, and improve methods. In particular, support the increased grain, increased income [campaign], and increase by a large extent year on year the subsidy to farmers for growing grain. Improve the dynamic adjustment mechanism in which the general subsidy for agricultural materials is linked to increases in the price of materials for agricultural production. Establish a sound system for protecting the price of agricultural products, improve the regulation and control system of the agricultural products markets, steadily increase the minimum purchase price for grain, improve the methods by which to protect the prices of other major agricultural products, replenish the reserves of major agricultural products, optimize the mechanisms for regulating agricultural product import, export, and throughput, and maintain agricultural product prices at a reasonable level. Improve the mechanisms by which the prices of grain and other main agricultural products take shape, straighten out comparative price relationships, and bring into full play the role of market prices in increasing production and income. Establish a sound system of environmental subsidies to agriculture, form up mechanisms to encourage protection of arable land, bodies of water, forests, grasslands, wetlands, and other natural resources, and protect agricultural species resources.

d. Establish a modern rural finance system. Rural finance is the core of a modern rural economy. Make innovations in the rural finance system. Relax the policy on permission to join in rural financing. Accelerate the establishment of a rural finance system which combines commercial financing, co-operative financing, and policy-type financing, a system which has ample capital, a full set of functions, perfected services, and safe operation. Step up the effort in policy support to rural finance. Broaden the channels of financing. Make comprehensive use of the tools of fiscal leverage and monetary policy. Orient on the implementation of tax reduction and exemption and cost subsidies (*fei yong bu tie*). Guide more credit funding and social funding as investments in rural areas. Financial organizations of various types must all actively support rural reform and development. Uphold the Agricultural Bank's orientation on service to farmers, strengthen functions and impose responsibility, stabilize and develop the network of rural services. Expand the areas of support by the Agricultural Development Bank, and increase policy-type financing as long-term credit support to the development of agriculture and the building of rural infrastructure. Expand the scope of the Postal Savings Bank's involvement in agricultural affairs. New deposits received by the banking industry financial organizations within a county are to be used primarily for loans issued locally. Improve the structure for governance of rural credit unions as legal entities, ensure that the legal status of county/city credit unions remains steady, and bring into play their role as the main element of service to farmers. Regulate the development of new types of rural financial organizations of various forms, and regional, small and medium sized banks which primarily serve the countryside. Strengthen supervision, put great effort into developing small loan service, and encourage the development of various kinds of micro-financing services which are needed and which suit the characteristics of rural areas. Allow small rural financial organizations to merge in funds from the financial structure. Allow farmers' professional co-operatives where conditions permit to develop co-operation on credit. Regulate and guide the healthy development of private borrowing. Accelerate the building of rural credit systems. Establish rural credit guarantee mechanisms having government support, the participation of all sides, and market operation. Expand the

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effective scope of collateral in rural areas. Develop the rural insurance sector, establish a sound system of policy-type agricultural insurance, and accelerate the establishment of mechanisms for agricultural reinsurance and dispersing the risk of catastrophes. Step up the construction of an agricultural commodities futures market.

e. Establish an integrated system for promoting urban and rural economic and social development. Achieve breakthroughs as soon as possible in aspects of urban–rural planning, the layout of industry, the building of infrastructure, and the integration of public services. Promote the balanced allocation of public resources between urban and rural areas. Promote the free flow of key elements of production between urban and rural areas. Promote merged, urban–rural economic and social development. Have an overall plan for land use. Make urban–rural plans. Make a rational spatial arrangement of city and town construction, the protection of farmland, the concentration of industry, the distribution of villages, and environmental conservation in the area of a city or county. Have an overall plan for the urban–rural development of industry, optimize the rural industrial structure, develop the rural service industry and town and township enterprises, and guide urban finance, technology, talent, management, and other key elements of production to flow to the countryside. Have an overall plan for the building of urban and rural infrastructure and public services. Improve the overall level of public finance support to rural public undertakings. Gradually establish a unified urban–rural system of public services. Have an overall plan for urban and rural employment, accelerate the establishment of a unified urban–rural human resources market, guide farmers to go elsewhere to work in an orderly manner, encourage farmers to find employment nearby, and support rural migrant workers returning home to start their own businesses. Strengthen protection of the rights and interests of rural migrant workers. Gradually achieve equal treatment of rural migrant workers the same as urban residents in terms of compensation for their work, schooling for their children, public health, and rental and purchase of housing. Improve the working conditions of rural migrant workers. Ensure safe production. Expand the coverage of work injury insurance, medical care, and old age insurance for rural migrant workers. As soon as possible, formulate and implement a method by which rural migrant workers' old age insurance relationship can be transferred and continued. Have an overall plan for urban and rural social management. Promote reform of the household registration system. Relax the conditions for resettlement in small and medium sized cities, to enable farmers who have steady employment and residences in cities and towns to convert to urban residency in an orderly manner. Promote innovation in the systems for serving and managing the floating population. Expand the developmental autonomy of counties, increase general transfer payments and boost the finances of counties to make them commensurate with the counties' authority, and enhance the economic vitality and power of counties. Promote reform of the system by which provinces directly manage the public finances of counties/cities, and give priority to the incorporation of major agricultural counties into the scope of reform. Locations where conditions permit may in accordance with the law explore systems for a province to directly manage counties/cities. Continue to follow the path of urbanization with Chinese characteristics. Bring into play well the role of large and medium sized cities in radiating into and spurring on the countryside. In accordance with the law, grant corresponding administrative management powers to small cities and towns having fast economic development and a strong ability to absorb new residents. Promote the co-ordinated development of large and medium sized cities on the one

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hand and small cities and towns on the other. Form up mechanisms by which urbanization and the building of the new countryside can advance each other. Actively experiment with complete sets of integrated reforms to promote overall urban–rural planning.

f. Establish a sound system of rural democratic management. Uphold the organic integration of the party's leadership, the people as masters of their own fate, and governing the country by law. Develop rural grassroots democracy. With a focus on expanding orderly participation, promoting open information, providing for sound consultation and discussion of official business, and strengthening the supervision of power, strengthen the build-up of grassroots political power, expand the scope of farmers' self-rule, and ensure that farmers enjoy additional and more practical democratic power. Gradually achieve election of delegates to the People's Congresses with proportional representation the same in urban and rural areas. Increase the proportion of farmers' representatives at county and township People's Congresses. Ensure close ties between People's Congress delegates and farmers. Continue to promote comprehensive rural reform. By 2012, basically complete the mission of reforming village and township structures. Exert effort on strengthening town and township government social control and public services. Improve town and township governance mechanisms which go along with farmers' participation in political affairs and a continual increase in their initiative to do so. Implement openness in government affairs. In accordance with the law, ensure farmers' rights to know what is going on, their right to participate, their right of representation, and their right of supervision. Establish sound mechanisms of villagers' self-rule, led by the village party organization and full of vitality. Thoroughly develop the practice of democratic elections, with the fundamental requirements being direct election, fairness, and orderliness. Thoroughly develop the practice of democratic decision making, with the main formats being villagers' meetings, meetings of villagers' representatives, and villagers discussing official business. Thoroughly develop the practice of democratic management, with the main goals being self-education, self-management, and self-service. Thoroughly develop the practice of democratic supervision, with openness in village affairs, supervision of financial affairs, and mass discussion as the main elements. In these ways, make self-rule by villagers be systematic, standardized, and orderly. Strengthen the build-up of the rural legal system. Improve laws and regulations which relate to farmers and agriculture. Strengthen the ability to administer in accordance with the law. Strengthen law enforcement supervision and judicial protection as they relate to farmers and agriculture. Strengthen propaganda and education about the rural legal system, do well on legal services, improve farmers' understanding of the law, and promote rural governance in accordance with the law. Foster rural social organizations of a service nature, of a public benefit nature, and of a mutual assistance nature. Improve social self-rule functions. Adopt various measures to strengthen grassroots financial capabilities, gradually resolve certain difficult problems in the running of administrative villages, and actively and soundly alleviate rural village debt. Continue to do well with farmers taking on supervisory and management work. Improve the method of one project, one discussion to raise capital and organize labour. Establish sound mechanisms for building rural public benefit projects.

4. **Actively develop modern agriculture, improve the overall production capabilities of agriculture**

Developing modern agriculture requires acting in accordance with the requirements for high output, outstanding quality, high effectiveness, respect for the environment, and

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safety, and accelerating the transformation of agricultural development patterns, promoting advances and innovations in agricultural science and technology, strengthening agricultural materials, technology, and equipment, establishing a sound system of agricultural production, improving the land productivity rate, the resources utilization rate, and the labour production rate, and strengthening agriculture's ability to withstand risk, its ability to compete internationally, and its ability for sustainable development. Specify goals, formulate plans, and increase input. Concentrate forces to deal with major matters affecting the overall and long-term situations.

a. Ensure the nation's food security. Food security is an issue on which there can never be any laxity. It must always be addressed unflaggingly. Accelerate the creation of a food security assurance system with steady supply, ample reserves, regulation and control ability, and highly effective operation. Put developing food production in first place in the modernization of agriculture, stabilize the area planted, optimize the structure of varieties, increase the yield per unit area, and continually strengthen comprehensive production capabilities. All regions must specify and implement food development goals, strengthen supportive policies, carry out the reserve stockpiling mission, and share out responsibility for the nation's food security. Implement strategic projects regarding food, and promote the establishment of core food production areas and backup production areas. Accelerate the implementation of the national plan to create the capability to produce an additional hundred billion catties (*jin* – i.e. 0.5 kg) of grain. Concentrate input with the county as the unit and integrated development, with organization and implementation starting this year. Uphold policy measure preference for the main food producing areas, establish a main production area interest compensation system, strengthen public finance incentives for major grain producing counties and increase the level of support to grain production industry construction projects, accelerate the realization of co-ordinated increases in food production, farmers' incomes, and financial strength, and fully mobilize farmers' enthusiasm for growing grain and local emphasis on grain production. Improve the grain risk fund policy, and gradually eliminate counterpart funding by the main production areas. Balanced production and marketing areas and main demand areas are to strengthen the build-up of major grain producing counties, ensure that the amount of farmland devoted to grain in their area does not decrease and that the level of food self-sufficiency in their area does not fall. Uphold open markets, actively reinvigorate circulation, and improve the production-consumption linkage. Improve all of society's awareness of the need to conserve grain, and strengthen grain-saving measures through the entire process from production to consumption. Strengthen international exchanges and co-operation regarding food, and make contributions to improvements in the global food supply.

b. Promote strategic adjustments in the structure of agriculture. Construct a modern agricultural sector with market demands as the guide, scientific and technological innovation as the measures, and quality and effectiveness as the goals. Do well on planning the layout of the sector. Scientifically designate key areas of regional agricultural development. Form up production belts with outstanding advantages and distinct characteristics. Steer the construction of processing, flow, storage and transport facilities to concentrate in areas with a production advantage. Take effective measures to support the development of oilseed production, and increase the level of self-sufficiency in edible vegetable oil. Encourage and support areas with production advantages to concentrate on the development of bulk

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commodity products such as cotton, sugar, and potatoes. Promote intensive, facility-based production of horticultural crops such as vegetables, fruit, tea, and flowers. Adapt to local conditions in developing distinctive sectors and the town and village tourism sector. Accelerate the development of the animal husbandry sector, support breeding at scale, and support breed improvement and disease prevention and control. Promote the healthy production of aquatic products, and support and enlarge the open-ocean fishing industry. Develop the forestry sector, and bring prosperity to the economies of mountainous regions. Develop industrialized operations in agriculture, promote upgrades in the structure of the agricultural products processing sector, support the growth of pioneering enterprises, and foster name brands. Strengthen policy incentive support to major agricultural production counties, and improve tax policies to support the development of the agricultural products processing sector. Strengthen agricultural standards and agricultural product quality and safety efforts. Tighten supervision and control of the entire process: production environment, use of input, production process, and product quality control. Earnestly carry out agricultural product quality and safety supervision responsibilities at every link: production, procurement, storage and transport, processing, and sale. Prevent substandard products from reaching the market. Support the development of "green" and organic foods. Step up the effort on the protection of agricultural product registrated [sic] trademarks and geographical trademarks. Step up cross-Strait co-operation in agriculture.

c. Accelerate scientific and technological [S&T] innovation in agriculture. The fundamental way to proceed in the development of agriculture is scientific and technological progress. Go with the flow of scientific and technological development worldwide, and focus on building modern agriculture. Exert great effort on promoting autonomous innovation in agricultural science and technology, strengthen original innovation, integrative innovation, and import-digest-absorb re-innovation. Continually promote the integration of agricultural technology, mechanization of the work process, and informatization of production operations. Increase the S&T input to agriculture. Establish an agricultural S&T innovation fund. Support fundamental and leading edge scientific research for agriculture. Strive for major breakthroughs in key areas and in core technologies. Strengthen research, development, and integration of agricultural technology. Focus support on S&T innovations in the areas of biotechnology, cultivation of better strains, high-yield cultivation, water conservation in agriculture, disease prevention and control, and disaster prevention and mitigation. Carry out major scientific and technological projects for the cultivation of new varieties of genetically modified organisms, and as quickly as possible come up with a number of outstanding varieties with major applied value. Meet the requirements for greater scale, precision, and facilities basing in agriculture, accelerate the development of multifunctional, intelligent, and economical agricultural equipment and facilities, and focus on making new progress at the links of field operations, protected cultivation (*she shi zai pei*), healthy cultivation, intensive processing, and preservation of freshness in storage and transport. Promote the development of agricultural information services technology. Focus on the development of technologies including information gathering, precise operations and management information, rural long-distance digitization and visualization, weather forecasting, and disaster advance warning. Deepen reform of the scientific and technological system, accelerate the building of an agricultural science and technology innovation system and a modern agricultural production technology system, and step up

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support to public benefit-type agricultural scientific research organizations and agricultural academies and schools. Rely on major agricultural scientific research projects, key branches of learning, and scientific research bases, and strengthen the build-up of the corps of agricultural S&T innovators. Cultivate high-level agricultural S&T talent, especially leaders. Stabilize and grow the corps of agricultural S&T talent. Step up the widespread application of agricultural technology, and conduct technical training of farmers. Accelerate the transformation of agricultural S&T achievements [to practical use]. Support the combination of production, study, and research, and the combination of farming, science, and teaching. Support technical co-operation of various sorts between institutes of higher learning and scientific research institutes on the one hand and farmers' professional co-operatives, pioneering enterprises, and farming households on the other. Continue to run well the national agricultural high-tech production model areas. Bring into play the role of state-owned farms as models of the application of advanced technology and the building of modern agriculture.

d. Step up the building of agricultural infrastructure. Agricultural infrastructure with farmland and water resources as the key elements is an important material condition for modern agriculture. Carry out land reclamation on a large scale. Make good plans and overall arrangements, and advance in tandem. Accelerate the rehabilitation of low and medium producing fields. Encourage farmers to improve soil. Popularize cultivation with soil testing and the preparation and application of customized fertilizers. Thereby improve the quality of arable land, and greatly increase the proportion of farmland which is high yield and steady yield land. Construct water resources infrastructure. Step up the effort to remediate large rivers, streams, and lakes. Concentrate on the construction of a number of large and medium sized backbone water resources projects. Accelerate the rebuilding of large and medium sized irrigation districts and irrigation and drainage pumping stations and related items, and the building of water source projects. Strive to basically complete the ongoing improvements to large irrigation districts and rebuilding for water conservation by the year 2020. Accelerate the strengthening of dilapidated and dangerous reservoirs to eliminate hazards. Ensure that the mission of strengthening and eliminating hazards at large, medium sized, and key small reservoirs is completed by the end of 2010. Update investment mechanisms, adopt ways such as using incentives instead of subsidies to encourage and support large numbers of farmers to carry out projects such as the construction of small-scale farmland water resources facilities and the comprehensive rehabilitation of small watersheds. Spread the use of water conserving irrigation, and conduct demonstration projects in dry farming. Support the development of agriculture-oriented industry, and accelerate the mechanization of agriculture. In accordance with the requirements for a high level of modernization and extensive coverage, strengthen the build-up of the fine varieties breeding system and the agricultural products batch production market network, and accelerate the building of a modern food logistics system and a fresh and live agricultural products cold-chain logistics system.

e. Establish a new type of system for socialized services to agriculture. Establishing a socialized services system which covers the entire process, is comprehensive and complete, and which is agile and highly effective, is essential to developing modern agriculture. Accelerate the creation of a new type of system for socialized services to agriculture which relies on a common service structure, has co-operative economic organizations as the foundation, has pioneering enterprises as the backbone, is beefed up with other social forces, combines public benefit-type

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services and services of a business nature, and which co-ordinates special item service and comprehensive service. Strengthen the build-up of agricultural public service capabilities, innovate a management system, improve the quality of personnel, strive to set up a sound structure of public services everywhere in the country within three years, either a town and township or area-type structure for spreading agricultural technology, preventing and controlling animal and plant diseases, and supervising agricultural product quality. Gradually set up village-level service points. Support production and operation services provided in various forms: supply and marketing co-operatives, farmers' professional co-operatives, professional services companies, specialized technical associations, farmers' brokers, and pioneering enterprises. Develop rural markets, and promote the modernization of rural circulation. Establish a sound system of agricultural product markets, improve the system for agricultural information gathering and distribution, develop modern circulation methods for agricultural products, reduce or abolish the collection of fees at links in marketing, institute a long-term "green channel" policy, accelerate the formation of a highly efficient marketing network with low-cost movement of agricultural products. Ensure that production information is supplied for farmers' use, rectify and regulate order in rural markets, and severely punish actions which work against and harm farmers.

f. Promote sustainable development of agriculture. In accordance with the requirement to build an ecological civilization, develop economical agriculture, cyclical agriculture, and ecological agriculture, and strengthen environmental protection. Continue to promote the construction of key forestry projects, lengthen the lifespan of natural forest protection projects, improve policies and consolidate what has been achieved in returning cultivated land to forest, plant trees to create forests, and increase forest cover. Carry out projects to construct and protect grassland, promote the return of pasture to grassland, develop irrigated meadows, and restore the ecological vegetation of grassland. Strengthen the protection of water resources. Strengthen the maintenance of aquatic life resources, and step up the effort on raising and releasing aquatic life. Promote the comprehensive prevention and control of soil runoff in key watersheds and areas, accelerate the control of desertification and petrifaction, and step up the creation of protected natural areas. Protect rare species and genetic resources, and prevent the encroachment of external animal and plant diseases and harmful species. Use many channels to raise funds to pay compensation for the conservation of forests, grassland, soil, and other things of ecological benefit, and gradually increase the standard of compensation. Actively foster the biomass production sector, with non-grain, non-oilseed crops as the raw material, promote the exploitation of agricultural and forestry by-products and waste matter as energy and resources. Promote energy saving and emission reducing technology, strengthen the prevention and control of pollution from rural industry and everyday life and pollution from agricultural areas.

g. Increase the openness of agriculture to the outside. Uphold the combining of "bringing in" and "going global," improve the ability to make overall plans to exploit both the international and domestic markets and the two types of resources, and expand the breadth and depth of agriculture's openness to the outside. In accordance with the principle of encouraging exporting labour intensive and technology intensive products and to the appropriate extent importing structurally lacking products, improve mechanisms for strategic planning and regulation and control of the import and export of agricultural products, and step up research of international markets and information services. Strengthen agricultural product import and

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export inspection, quarantine, and supervision, and increase high-quality product added value and the level of quality and safety. Induce foreign business to invest in the development of modern agriculture. Establish a sound system to permit the entry of foreign agricultural ventures and agricultural production materials, a system which complies with World Trade Organization rules. Establish a security review mechanism for foreign investor mergers with domestic enterprises involved with agriculture, and gradually establish a system for international production, marketing, processing, storage, and transport of agricultural products. Participate actively in the formulation of international trade rules and standards regarding agricultural products, and promote the formation of a fair and rational trading order.

5. **Accelerate the development of rural public undertakings, promote all-round progress by rural society**

Building the socialist new countryside and forming up a new arrangement of integrated urban–rural economic and social development requires expanding the scope of public finance coverage in rural areas, it requires the development of public undertakings in rural areas, and it requires that among the broad masses of farmers, students get an education, workers get earnings, the sick are treated, the old are cared for, and people have somewhere to live.

a. Enrich and develop rural culture. The building of socialist culture is an important part of building the socialist new countryside, and an important guarantor of that effort. Uphold the use of socialist advanced culture to man the ramparts in rural areas. Satisfy farmers' ever-increasing demands regarding spiritual culture. Improve farmers' ideological and moral character. Solidly construct a system of socialist core values. Continue to arm rural party members with the theory system of socialism with Chinese characteristics. Educate the masses of farmers in that theory system. Guide farmers to firmly establish the ideology of patriotism, collectivism, and socialism. Promote key cultural projects which favour farmers, such as radio and television reaching every village, the sharing of cultural and information resources, the building of town and township comprehensive cultural centres and village cultural offices, showing movies in villages, and reading rooms for village families. Establish mechanisms for steady cultural input and support to rural areas. As soon as possible, form up a complete system of rural public cultural services. Assist in the creation and production of rural-themed cultural products. Conduct cultural activities in which farmers enjoy participating, and can do so easily. Establish long-lasting mechanisms for "three things to go to the countryside," namely, culture, S&T, and health care. Support farmers in starting up performance troupes and other cultural groups. Induce cultural organizations in cities to extend their service to the countryside. Put emphasis on enriching the cultural lives of rural migrant workers, and help them to improve their qualities. Conduct extensive mass-type spiritual civilization building activities, such as civilized village and town, civilized marketplace, and civilized household activities, and voluntary service. Spur farmers to uphold science, show integrity and abide by the law, resist superstition, and change backward habits and customs. Spur farmers to abide by citizens' basic moral standards, cultivate healthful and civilized ways of living, and form up social conduct with equality of the sexes, respect for the old and love for the young, good neighbourliness, hard work leading to prosperity, and help for the poor and those in extreme difficulties. Strengthen the protection of rural cultural relics, the intangible

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cultural heritage, and well-known historical and cultural towns and villages. Develop rural sports, and conduct physical fitness activities among farmers.

b. Make a great effort in the cause of rural education. Develop rural education, promote educational fairness, improve the scientific and educational qualities of farmers, and foster a new type of farmer who is educated, who understands technology, and who can engage in business operations. Consolidate what has been achieved in the spread of rural compulsory education. Improve the quality of compulsory education. Improve the policy of free compulsory education and the mechanism for funding support. Ensure that the children of impoverished families, children left behind [by parents who have gone to a city to work], and girls in particular, attend school equally and complete their studies. Improve the nutrition of rural students. Promote the balanced development of urban and rural compulsory education. Accelerate the spread of high school education in rural areas. Focus on accelerating the development of rural mid-level vocational education, and gradually make it free. Establish a sound network of county-level vocational education and training, strengthen skills training for farmers, and extensively foster practical talent for the countryside. Make a great effort to support rural education in impoverished and ethnic minority areas. Step up the sending of talented people and services to the countryside by colleges and university. Do well with academic expertise relating to agriculture. Encourage talented people to go and work on the front line in rural areas. Discount the tuition and give subsidized student loans to graduates who go to the countryside for a period of service. Give these students priority in selection for graduate school and employment as teachers. Ensure and improve the wages, benefits, and working conditions of rural teachers. Establish a sound system for rural teacher training and development, and improve the quality of teachers. Establish sound mechanisms for interaction between urban and rural teachers. Continue to select urban teachers to go to the countryside to support the teaching effort. Develop rural preschool education, special education, and continuing education. Step up distance learning. Promptly send high-quality educational resources to rural areas.

c. Promote the development of rural medical treatment and health care. Basic medical treatment and health care services affect the health and happiness of the broad masses of farmers, and they must be made available to all farmers as soon as possible. Consolidate and develop new types of rural co-operative medical care systems, raise the standard of funding and the level of public finance assistance, uphold the formula of hospital care for major illnesses as the main element, but with consideration also to care by outpatient clinics. Improve the rural medical care assistance system. Uphold the government as the leader, integrate urban and rural health resources, establish a sound network of three levels of rural medical treatment and health care services, focus on operating a county-level hospital and a health clinic in every town and township, support the building of village health clinics, and provide farmers safe, low-cost basic medical services. Step up the building of a corps of rural health care personnel. Orient on developing and training rural health care personnel free of charge. Resolve in an appropriate way the issue of subsidies for rural doctors. Improve the system by which urban doctors assist rural areas. Uphold prevention as primary, expand the scope of free public health services and free vaccinations in rural areas, and step up the effort on preventing and controlling endemic diseases, contagious diseases, and diseases affecting both animals and people. Strengthen

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the prescribing and supervision of medicines in rural areas. Actively develop Chinese medicine and ethnic medicine services. Extensively conduct the patriotic health movement, and stress health education. Strengthen rural health care for women and children, and gradually introduce the policy of subsidized hospitalization for childbirth. Uphold the basic national policy on family planning, promote prenatal and postnatal care, keep the rural low birth rate steady, improve and implement a system of family planning incentives and aid, and effectively address the problem of the rather high sex ratio imbalance among newborns.

d. Establish a sound rural social support system. Implement the principles of broad coverage, basics ensured, multi-level, and sustainable, and accelerate the establishment of a sound rural social support system. In accordance with the requirement for a combination of individual contributions, collective subsidy (*bu zhu*), and government subsidy (*bu tie*), establish a new type of rural old age insurance. Create the conditions to explore ways of effectively linking urban and rural old age insurance systems. Handle social security for farmers whose land has been requisitioned, see to assurance before requisitioning, enable farmers whose land has been requisitioned to have long-term assurance of basic living support. Improve the rural minimum living support system, increase central and provincial public finance subsidies, make it the case that support that ought to be provided is provided in full, and continually raise the standard of support and level of subsidy. Comprehensively implement the rural five-guarantee policy [food, clothing, medical care, housing, and burial expenses for childless and infirm elderly people]. Ensure that the level provided reaches the average standard of living of farmers in that locality. Improve the system for assistance to rural masses hit by disasters. Implement the preferential policies for families of revolutionary martyrs and servicemen and disabled and ill retired servicemen. Develop social welfare and charitable undertakings focused on supporting the old, assisting the disabled, helping orphans, aiding the poor, and disaster relief. Develop rural services for the aged. Strengthen rural work on disability prevention and rehabilitation of the disabled. Promote the development of causes for the rural disabled.

e. Step up the building of rural infrastructure and the rural environment. Building up the countryside into a beautiful garden for the broad masses of farmers requires earnestly improving farmers' living and working conditions. Formulate town, township, and village construction plans scientifically. Accelerate the construction of projects for safe drinking water in rural areas, and resolve the rural drinking water safety problem within five years. Step up the construction of rural roads, ensure the basic completion of asphalting or concreting of town and township roads by the end of the 11th Five-Year Programme (2006–2010), and gradually form up a passenger travel network in which urban and rural public transportation resources are interlinked, convenient, and quick. Promote rural energy construction, expand the percentage of the population which can access the electricity grid, spread the application of renewable energy technology such as biogas, crop straw, small hydroelectric plants, wind power, and solar power, and form up a rural energy system which is clean and economical. Carry out rural cleanup projects, accelerate the modification of water supplies, kitchens, toilets, and pigsties, develop centralized handling of rubbish, and continually improve rural health conditions and the environment in which people live. Promote the "merging of three networks," namely, the radio and television network, the telecommunications network, and the Internet, and actively bring in to play the role of informatization in

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the service of rural areas. Develop rural postal service. Establish sound mechanisms for the maintenance of rural public facilities, and boost the effectiveness of the comprehensive utilization of them.

f. Promote rural poverty relief through development. Doing well on rural poverty relief through development in the new phase is of great importance in ensuring that everyone enjoys a share of what has been achieved in reform and development. Rural poverty relief through development must be grasped tightly and persistently as a long-term historic mission. Improve the national poverty relief strategy and its policy system. Uphold the development-type poverty relief programme. Achieve an effective linkage between the rural minimum living support system and the poverty relief through development policy. Implement new poverty relief standards, implement the poverty relief policy comprehensively among the low-income rural population, and take alleviating as quickly as possible the problem of having enough to eat and wear for the targets of poverty relief and enabling them to escape poverty as the mission of prime importance in poverty relief through development in the new phase. Focus on improving the self-development ability of the rural impoverished population, and provide social aid to the poor who are not able-bodied or have lost the ability to work. Step up the developmental support effort in the old revolutionary base areas, ethnic minority areas, border areas, and impoverished areas. Continue to develop poverty relief at party and Government-staff designated sites, and continue to conduct east-west [China] poverty relief co-ordination. Bring into full play the positive role of enterprises, schools, scientific research institutes, the armed forces, and people from all segments of society in poverty relief through development. Strengthen international exchange and co-operation in anti-poverty efforts.

g. Step up the building of rural areas' ability to prevent and mitigate disasters. China's countryside experiences a lot of natural disasters, extensive areas are affected, and the ability to prevent and fight disasters is weak, so disaster prevention and mitigation efforts in rural areas must be earnestly strengthened. Strengthen forecasting of disaster-related weather, geological disasters, and earthquakes. Improve the level of monitoring and measurement, improve advance plans to deal with disasters, strengthen the build-up of specialized forces, improve emergency rescue and assistance abilities, spread through propaganda knowledge about disaster prevention and mitigation, improve the ability to deal with disasters and the ability of farmers to avoid disasters and save themselves. Step up the construction of facilities to prevent floods, drain flooded fields, and relieve drought. Build up the ability to monitor conditions and give advance warning. Accelerate the reconstruction of dangerous houses in rural areas. Improve the disaster resistance of rural roads, electricity supplies, water supplies, and telecommunication facilities. Improve the quality of construction of rural public facilities such as schools and hospitals, and impose safety standards and responsibility. Go all out with rural restoration and reconstruction work in the Wenchuan earthquake disaster area, increase input, provide counterpart support, mobilize the masses, accelerate the reconstruction of disaster damaged farmers' homes, rebuild agricultural production facilities, and restore agricultural production and the rural economy as soon as possible. Take comprehensive measures to promote the restoration of the environment in the disaster area as quickly as possible, and continually improve it.

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h. Strengthen social management in rural areas. Uphold serving farmers and relying on farmers, improve systems and mechanisms of social management in rural areas, step up the building of rural communities, and maintain social harmony and stability in rural areas. Establish sound mechanisms, guided by the party and the Government, for protecting farmers' rights and interests. Widen the channels by which to express rural public sentiment. Do well on rural letters and in-person appeals work. Strengthen mediation among the people, and promptly investigate and alleviate contradictions and disputes. The broad masses of cadres in rural areas must go down to villages and households and talk to people. They must earnestly resolve contradictions and problems at the grassroots level, and nip them in the bud. Thoroughly conduct peace-constructing campaign activities (*ping an chuang jian huo dong* – a public security campaign). Strengthen rural political science and law work. Promote rural police construction. Implement mass prevention and mass treatment (*qun fang qun zhi* – the public helping to maintain public order). Do well on comprehensive control of public order. Establish a sound system for emergency response and control in rural areas, and improve the ability to handle crises. Consolidate and develop equal, unified, mutually assisting, and harmonious socialist ethnic relations. Implement in full the party's basic policy on religious work, and manage religious affairs in accordance with the law. Oppose and stop the exploitation of religion or religious groups to interfere in rural public affairs. Resolutely crack down on cults, and strike hard at evil powers.

6. **Strengthen and improve the party's leadership, provide a strong political guarantor for the promotion of rural reform and development**

The key to promoting rural reform and development is the Party. Take building up the party's ability to govern and the party's advanced nature as the main line, use the spirit of reform and innovation to comprehensively promote rural party construction, conscientiously conduct activities for the thorough study and practice of the scientific development concept, strengthen the creativity, cohesiveness, and fighting power of party organizations at all levels, and continually improve the level of the party's leadership of rural work.

a. Improve systems and mechanisms for the party's leadership of rural work. Strengthen the rural work leadership system and work mechanisms for the party's unified leadership, the joint effort and unified management by party and Government, the general departments' (*zong he bu men*) organization and co-ordination of rural work, and concerned departments each shouldering its respective responsibility. Party committees and the Government at all levels must continue to give rural work an important place on their daily agenda. They must earnestly embody the strategic ideology that this is work of central importance to the entire party as they formulate policy, lay out work arrangements, release funds, and allocate cadres. They must step up their investigation and research of problems in the theory and practice of rural reform and development. They must tailor measures to local conditions, guide by category, and carry out this work in an innovative manner. Principal leaders of party committees and Government must see to rural work personally. Province, municipality, and county party committees must appoint a responsible comrade to take charge of rural work. County/city party committees must make rural work the centre of their efforts and the place where their main effort goes.

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Strengthen the build-up of a Party committee general department for rural work. Establish an administrative management system for agriculture having clear functions, authority in line with responsibility, and co-ordinated operation. Emphasize the selection and assignment of strong party and Government leadership teams at the county and township level, and especially the officials mainly responsible. Continue to uphold the system by which province governors are responsible for the "rice sack" [the grain supply], and city mayors are responsible for "the vegetable basket."

Improve the system of cadre examination and appraisal which embodies the scientific development concept and a correct view of one's official achievements. Make food production, the increase in farmers' income, protection of arable land, environmental remediation, and harmony and stability be important elements of performance evaluations of local, and especially county/city, leadership teams. People's Congresses and Political Consultative Conferences are to continue to carry out their functions, bring into play the positive role of the democratic parties, people's organizations, and social organizations, and work together to promote rural reform and development.

b. Step up the building of rural grassroots organizations. The Party's rural grassroots organization is the party's foundation for rural work. Take the build-up of the leadership team and the focal point, the creation of a sound party organization as a guarantor, and three-level joint creation activities as the medium, and build the party organization into a strong leadership core promoting scientific development leading farmers to prosperity, tying in closely with the masses, and protecting rural stability. Reform and improve the method for selecting the leadership teams of rural grassroots organizations. Keep a good grasp on building a complete set of village-level organizations with the village party organization as the core. Lead and support the village committee, collective economic organizations, Communist Youth League branch, Conference of Women's Representatives, the militia, and other organizations, and town and township enterprise workers' unions, to carry out this work in accordance with laws, regulations, and organizational statutes.

Innovate the form of the setup of rural party's grassroots organization, and popularize ways to establish party organizations in rural communities, farmers' professional co-operatives, professional associations, and links in the sector's chain. Step up party work among rural migrant workers. Establish sound mechanisms for mutual assistance between urban and rural grassroots party organizations. Construct a new arrangement of urban and rural grassroots party organizations with an overall plan. See to the construction of venues for activities by village-level organizations, and cover all administrative villages in this regard within two years.

c. Strengthen the building of the corps of rural grassroots cadres. Building a corps of rural grassroots cadres who abide by their convictions, stress dedication, have skills, and emphasize conduct is critically important in rural work. Put effort into expanding the sources of rural grassroots cadres, improve their qualities, alleviate their troubles back home, and mobilize their enthusiasm for their work. Emphasize the selection of village cadres from among rural people who are good at making money, retired military personnel, and farmers returned home after working elsewhere. Induce graduating

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college students to take duty positions in villages, and implement a plan for a college student to every village. Encourage outstanding young cadres from party and Government staffs and enterprises and institutions to go to villages to help with the work. Step up the effort on selecting town and township officials from among outstanding village cadres taking exams, and appoint them town or township leading cadres. Explore having village party organization secretaries perform duties in more than one village. By ways such as public finance transfer payments and party membership dues subsidies, form up a support mechanism established by the rural grassroots organization, with village cadre pay and old age insurance, and with party cadre training funds. Integrate training resources, extensively train rural grassroots cadres, and strengthen their skill in leading farmers in the building of the socialist new countryside. Solidly promote modern distance education for rural party cadres, and basically cover the nationwide township and village network in this regard within two years.

d. Strengthen the building of the corps of rural party cadres. Consolidate and develop what has been achieved in advanced educational activities, do well in developing party member work, improve the management of party member education, strengthen party members' understanding, and establish a corps of high-quality rural party cadres. Expand grassroots democracy within the party, respect the status of party members as the main body, and ensure that party members carry out their obligations and exercise their power in accordance with the stipulations of the Party Constitution. Organize rural party members to study theory, line, and policies, as well as laws and regulations, and applicable techniques. Conduct extensive activities on party member duty positions, making pledges about their duty positions, and striving to be the best. Show concern and care for party members, establish sound, internal party mechanisms for incentives, concern, help and support, and strengthen the party organization's affinity (*qin he li*). Strengthen and improve the management of floating party members, and establish sound mechanisms for the dynamic management of integrated urban–rural party members. Increase the effort to develop party members from among outstanding young farmers. Explore new mechanisms for the development of party members, and continually improve the quality of party members.

e. Strengthen the build-up of party conduct and honest government in rural areas. Putting great effort into carrying forward the party's fine traditions and working style, and maintaining close relations between the party and the masses and between cadres and the masses, is an important guarantor that rural reform and development will be carried out well. Uphold the combining of education, systems, supervision, reform, rectification, and punishment, and promote the building of a system for both punishment and prevention of corruption in rural areas. Take the establishment of ideals and convictions and the strengthening of ideology and morals as the foundation, thoroughly conduct education advocating honesty and opposing corruption, display the working style of seeking truth and being pragmatic, impartiality and honesty, and struggling hard, and firmly establish the ideological foundation of party members and cadres serving the masses and demonstrating honesty and self-discipline. Take regulation and restraint on the exercise of power as the core, comprehensively promote openness in government affairs, openness in village affairs, and openness in party affairs, establish a sound system for managing rural collective funds, property, and resources, and make it

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the case that authority, matters, and personnel are all handled according to the system. Take protecting farmers' rights and interests as the focal point, revolve around the party's rural policy in strengthening supervision and inspection of the status of implementation, earnestly rectify significant problems harming the interest of farmers, and seriously investigate and deal with cases of violations of discipline or law which affect farmers. The broad masses of party members and cadres must uphold the idea that power is to be used for the people, sentiment is felt for the people, and interests are pursued for the people. The broad masses of party members and cadres must be concerned about the suffering of the masses, they must listen to the voices of the masses, they must pool the wisdom of the masses, they must speak the truth, handle practical matters, and pursue real results, they must oppose formalism and bureaucratism, and they must work hard towards genuinely outstanding achievements.

The most arduous, most strenuous missions in the building of a well-off society in an all-round way are in the countryside. Yet the deepest and most extensive foundation is also in the countryside. All comrades in the party must unite closely around the Party Central Committee with Comrade Hu Jintao as its General Secretary, reform with keen determination, accelerate development, and in advancing progress in the great cause of socialism with Chinese characteristics, work hard to create a new situation in rural work.

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