

**CHINA'S NATIONAL PEOPLE'S CONGRESS
ENDORSES THE 12TH FIVE-YEAR PLAN:
LAYING A STRONGER FOUNDATION
FOR SOCIO-ECONOMIC PROGRESS**

John WONG & LYE Liang Fook

EAI Background Brief No. 608

Date of Publication: 15 March 2011

Executive Summary

1. China's National People's Congress (NPC) met from 5 to 14 March 2011 and approved the 12th Five-Year Plan (FYP), a blueprint to guide the country's socio-economic development from 2010 to 2015.
2. Despite repeated coverage in the Western media of the government's apparent nervousness about a similar Jasmine-type revolution in China, the NPC session opened with the Chinese leadership clearly displaying a strong sense of confidence over the country's progress.
3. A target of 7 percent annual GDP growth has been set for the next five years. This figure, as opposed to the oft-repeated figure of 8 percent, underlines the importance of a shift in focus from speed of growth to quality of growth.
4. In line with this message, the 12th FYP gives more prominence to the topic of improving people's livelihood. After decades of economic growth, problems such as uneven wealth distribution, lack of affordable housing for low income families, and insufficient medical and social security coverage are more pronounced.
5. Resource conservation and environmental protection have been given more emphasis. China's rising population, growing affluence and increasing industrialization and urbanization will demand more resources and cause further pollution.
6. The 12th FYP also stresses the importance of economic restructuring and rebalancing. This requires a shift in China's existing growth pattern from a heavy reliance on exports to a greater emphasis on boosting domestic demand. This process, however, will take some time.

7. In the short run, the government will have to keep inflation in check. Keeping prices within a reasonable band, especially food prices, is part and parcel of improving people's livelihood.
8. Another immediate preoccupation is to ensure that agricultural production remains on course so that there is sufficient food and that farmers' income will remain stable. The government is also committed to providing more affordable housing for low income families.
9. Not surprisingly, there is no mention in the 12th FYP about political reforms. Instead, the emphasis is on improving governance, observing the rule of law and curbing excesses in the exercise of power.
10. The plans and targets set in the 12th FYP are actually intended for Xi Jinping and Li Keqiang, widely tipped to be the successors to Hu Jintao and Wen Jiabao respectively, to bring to fruition. They will be accountable for the outcomes of the 12th FYP and possibly, the subsequent FYPs.
11. The task of carving a more sustainable way forward is a challenging one. On Beijing's part, there is certainly no lack of political will or financial resources. The key lies in the implementation which will entail coming to grips with issues of governance, vested interests and endemic corruption.
12. Although China has publicly rejected the path of Western liberal democracy, it still has to find a way to make adjustments to the existing political system that may involve incorporating democratic elements to promote greater accountability and transparency.