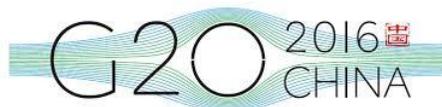


2016
GROWTH STRATEGY
CHINA



A. Economic Context and Objective

1. Economic objective

According to the *13th Five-Year Plan for Economic and Social Development*, China will promote innovative, coordinated, green, open, and shared development. The main targets for economic and social development over the next five years are as follows: we will maintain a medium-high growth and promote the development of industries toward the medium-high end. Achieve the goal of building a moderately prosperous society in all respects and double the 2010 GDP and per capita personal income by 2020. Average annual growth rate will be at least 6.5% during this five-year period. Improve and upgrade the industries toward medium-to-high levels, achieve significant progress in agriculture modernization, further promote the coordinated development of industrialization and information-based economy, accelerate the development of modern manufacturing industry and strategic emerging industries, keep cultivating new industries, raise the ratio of the tertiary industry to a higher level, and increase the per capita labour productivity from 87,000 yuan to over 120,000 yuan.

The main development targets for 2016 are as follows: GDP growth between 6.5% to 7%; CPI increase kept at around 3%; creation of at least ten million new urban jobs; registered urban unemployment rate kept within 4.5%; a steady rise in import and export volumes; a basic balance in international payments; increases in personal income basically in step with economic growth; a reduction in energy consumption per unit of GDP of at least 3.4%; further reductions in the release of major pollutants.

2. Macroeconomic development and outlook

Economic growth was within a reasonable range. In 2015, the GDP growth was 6.9% over the previous year, a growth rate faster than that of most other major economies. Food crop production increased for the 12th consecutive year. Consumer prices grew slowly. The employment situation overall remained stable, with 13.12 million new urban jobs created over the course of the year, surpassing the year's target and becoming a highlight in this year's economic development.

Progress was made in structural adjustment. The service sector as a share of GDP rose to 50.5%, accounting for more than half of the total GDP for the first time. The contribution of consumption to economic growth exceeded 60%. High-tech industries and equipment manufacturing grew faster than other industries. Energy consumption per unit of GDP fell by 5.6%.

In 2016, China will tap the potential of domestic demand to increase the space for development. We will moderately expand aggregate demand, adjust and reform the composition of demand, strive for better alignment between supply and demand and between investment and consumption, and achieve greater balance in the development of urban and rural areas and of different regions. This will create steady and long-term domestic demand to sustain economic development.

3. Barriers and challenges to growth



China is facing both favourable and unfavourable factors. China is still in a crucial strategic period of development, during which great progress can be achieved. Steady progress is being made in the development of new types of industrialization, applications of information technologies, urbanization, and agricultural modernization. The foundation underpinning development is increasingly stronger, and the benefits of reform are gradually unfolding, which provide solid foundation and favourable conditions for maintaining a medium and high growth rate for a period to come. However, downward pressure on China's economy is still mounting, and the inherent driving forces need to be strengthened. There are potential risks in public finance and financial sector. Macro-management is facing increasing difficulties, and some industries are heavily burdened by excess capacity. Rising cost of production and operation of enterprises coexists with the lack of innovation capability. Economic development is still to be reconciled with resource and environment, as conserving energy and reducing emissions remain an arduous task. Employment remains a great challenge overall, as structural mismatches remain.

At the same time, the world economy is undergoing profound adjustment, its recovery lacks momentum, the influence of geopolitical issues is increasing, and there are a greater number of uncertainties at play. Adjustment of macroeconomic policies by some countries introduced new uncertainties, and emerging economies are facing new difficulties and challenges. The global economy is undergoing profound adjustment and international competition is intensified.

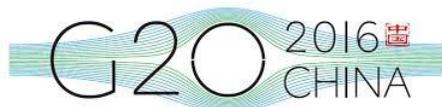
B. Macroeconomic Policy Actions to Support Growth

1. Fiscal Policies

We will pursue a more proactive fiscal policy. The government deficit for 2016 is projected to be 2.18 trillion yuan, an increase of 560 billion yuan over last year, meaning the deficit-to-GDP ratio will rise to 3%. Of the deficit, 1.4 trillion yuan will be carried by the central government, and the remaining 780 billion yuan will be carried by local governments. Special bonds for local governments will total 400 billion yuan, and local government debt-converting bonds will continue to be issued.

New fiscal policy measures to support growth since the Antalya Summit

(1) Improving Social Security. In 2016, the central government will subsidize local governments in raising the level of subsistence allowances by 5% in urban areas and 8% in rural areas. As of January 1, 2016, pension benefits for retirees of enterprises, Party and government offices, and public institutions will be increased by around 6.5%, with appropriate preference given to those who have retired some time ago and are on relatively low pension benefits as well as those who have retired from enterprises in hardship and remote areas. The central government will spend 16 billion yuan in subsidies for urban and rural medical assistance, up by 9.6%. We will raise the annual government subsidies for basic health insurance for rural and non-working urban residents from 380 yuan to 420 yuan per person, and increase annual personal contributions from 120 yuan to 150 yuan per person. We will increase government subsidies for basic public health services from 40 yuan to 45 yuan per person per year.



(2) Fighting Poverty. General transfer payments, special transfer payments related to the well being of the people and relevant central government investment will be weighted toward poor regions and poor residents. The central government will increase the amount of funding available for poverty alleviation efforts by 43.4% compared with last year.

(3) Government-subsidized housing projects. We plan to start renovating 6 million housing units in run-down urban areas and 3.14 million dilapidated houses in rural areas.

(4) Government-managed funds set up without authorization will be abolished; the collection of contributions to certain government-managed funds will be suspended, and some of these funds will be consolidated; and more enterprises will be exempted from contributing to water conservancy construction funds and other government-managed funds. Exemptions from 18 administrative charges which currently apply only to small and micro businesses will be expanded to include all enterprises and individuals.

2. Monetary Policies

We will continue to implement a sound monetary policy that is neither too tight nor too loose and adopt fine-tunings and pre-emptive adjustments as necessary to create an enabling monetary and financial environment for supply-side structural reform. Quantity, price and other monetary policy tools will be used comprehensively and policy mix will be improved. We will also strengthen and improve macro-prudential management and monetary policy transmission channels. There will be an increased focus on reform and innovation, and more measures to integrate reform and macro-economic management, to combine monetary-policy conduct with continued reform, and to enable the market to play a decisive role in resource allocations. We will also further improve the monetary-policy framework, guide market expectation, strengthen price tools and the transmission mechanism, and enhance the efficiency of the financial system and its capacity to serve the real economy.

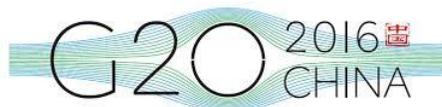
New monetary policy measures to support growth since the Antalya Summit

(1) Cut the required reserve ratio as an incentive. On March 1, the required reserve ratio was cut by 0.5 percentage point.

(2) Use multiple instruments including Open Market Operations, Short-term Liquidity Operations (SLO), Standing Lending Facility (SLF) and Medium-term Lending Facility (MLF) in a combined way to ensure banking liquidity is kept at an appropriate and adequate level.

(3) Further improve open market operations. On February 18, a daily open market operation mechanism was established.

(4) Include the underground pipeline projects into the coverage of Pledged Supplementary Lending (PSL); include private banks into the coverage of refinancing facilities aimed at supporting small commercial



banks; and set up refinancing facilities specifically targeted at reducing poverty and support development.

(5) Continue to improve the market-based RMB exchange rate regime in an orderly way, further strengthening an exchange rate regime based on market supply and demand and with reference to currency baskets.

(6) Improve the macro-prudential policy framework, upgrading the management mechanisms of differentiated reserve requirement ratios and desirability loans to Macro-Prudential Assessment (MPA) framework.

(7) Expand the pilot program of macro-prudential management for cross-border financing in both RMB and foreign currencies to 27 financial institutions and enterprises registered in four free trade zones in Shanghai, Tianjin, Guangdong and Fujian from January 25, 2016. The pilot program was expanded to the whole country on May 3, 2016.

3. Exchange rate policies

We will further improve the market-based RMB exchange rate regime, let the market play a more decisive role, expand the floating band of the RMB exchange rate in both directions and ensure the RMB exchange rate remains stable at an appropriate and equilibrium level. Following the principle that financial industry should serve the real economy, we will further develop the foreign exchange market to create conditions for export and import companies to management their exchange rate risks based on their actual demand. The direct trading of yuan against other currencies will also be promoted so that more cross-border trade and investment can be settled in local currencies.

New exchange rate policy measures to support growth since the Antalya Summit

(1) Since August 11, 2015, the formation of the central parity against the U.S. dollar was improved, and the central parity was more market-based and became a better benchmark.

(2) On December 11, 2015, the China Foreign Exchange Trade System released the CFETS RMB exchange rate index, encouraging the market to change its point of view on RMB exchange rate.

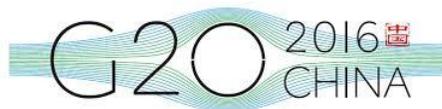
C. Structural Reform Priorities

1. Implementation of Past Growth Strategy Commitments

Details on implementation are provided in annex 1.

2. New Structural Reform Measures

Details of these new high-impact policy commitments are included in the tables in Annex 2.



D. Investment

1. Implementation of the 2015 Investment Strategy

In terms of investment, in 2016, the Chinese government will focus on investment in key areas and address weak links, innovatively use government-managed funds, and use relevant central government investment to attract more investment from non-governmental sources. Efforts will be intensified to shore up weak spots and increase effective investment. Total fixed-asset investment growth rate is projected to be at the same level with the previous year.

2. New Investment Strategy Measures

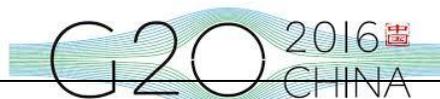
Details of these new high-impact policy commitments are included in the tables in Annex 2.



Annex 1. Past commitment – Brisbane and Antalya commitments

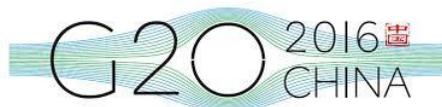
I. Antalya Key Commitments for Monitoring Purposes

The policy action:	1. Expand effective investment in key areas, and let it play the multi-roles in stabilizing growth, adjusting structure and benefiting the people.		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>In 2015, the central government is committed to further strengthen effective investment to shore up weak spots and adjust economic structure.</p> <p>On June 17th 2015, the 95th executive meeting of the State Council decided to expand effective investment in key areas through the increase of central government investment by 50.5 billion yuan.</p>	2015 Completed	<p>According to the investment plans of the NDRC, the Ministry of Finance has already arranged 43.5 billion yuan for relevant central government investment. The Ministry of Finance has already arranged the special funds of 7.0 billion yuan.</p> <p>Fostering an effective, standardized, and transparent Public-Private Partnerships (PPP) market:</p> <p>i. Policy framework has been established to ensure sustainable and healthy development of PPP. Ministry of Finance released <i>Management Rules on Infrastructure and Public Utilities Franchising, PPP Operation Guidelines, PPP Contract Guidelines, PPP Value for Money Assessment Guidelines, Guidelines on the Assessment of Fiscal Affordability of PPP, and Government Procurement Regulations on PPP Projects</i>.</p> <p>ii. New and enhanced supporting policies were in place. We established the China PPP Financing Supporting Fund with a total amount of 180 billion yuan. We formulated policies to reward instead of subsidize qualified demonstration projects.</p> <p>iii. We promoted development of demonstration projects, working toward a batch of replicable projects. We launched infrastructure projects built with PPP modality, and made efforts to establish a comprehensive platform for project management, data analysis, and information sharing.</p>



Impact of Measure	Investment continues to play an important role in economic growth, the eleven kinds of key investment projects have been pushed forward successfully, and the total fixed asset investment increased by 9.8 percent year on year.
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The policy action:	2. Further streamline administrative procedures and delegate power to lower levels, and lift non-administrative permission and approval requirements so as to deepen reforms.		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1 –Cancel more administrative approval items and delegate more administrative approval power to lower levels.</p> <p>2 – Cancel a number of professional qualification permission and identification items.</p> <p>3 – Cancel non-administrative permission and approval requirements.</p> <p>4- Abolishment of more administrative fees: (1) Announcing the cancellation, stop and reduction of a number of national and ministry-level administrative fees; (2) Stopping and integrating a number of governmental funds and expanding the scope for exemption for some governmental funds; (3) Publishing the lists of national and ministry-level fees and governmental funds.</p>	2016 Completed	<p>1- Cancel and delegate 311 administrative approval items.</p> <p>2- Cancel 108 professional qualification permission and identification items.</p> <p>3- The State Council issued <i>Decision of The State Council on the Cancellation of Non-Administrative Permission and Approval Requirements (2015[27])</i> on May 2015, cancelling the non-administrative permission and approval requirements.</p> <p>4-(1) Cancellation of seven administrative fees related to water transportation enterprises since October 1st 2015; (2)Reducing the level of 12 administrative fees across six ministries since October 15th 2015; (3) Cancellation of 38 administrative fees across fifteen ministries since November 1st 2015; (4) Stopping and integrating ten governmental funds and expanding the exemption scopes for three governmental funds since February 1st 2016; (5) Publishing directory lists for national and ministry-level administrative fees and governmental funds. Provinces also published directory lists of provincial administrative fees. (6) Publishing the directory list for operational service fees for enterprises and imports & exports that are centrally priced. All provinces have published three directory lists for operational service fees for enterprises, imports & exports, and ex-ante</p>

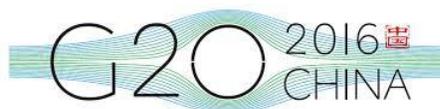


			administrative approvals.
Impact of Measure	<p>Corresponding to Status, 4: (1)-(4)</p> <p>(1) Removing burdens for water transportation enterprises by about 6.0 billion yuan;</p> <p>(2) Removing burdens for enterprises and individuals by about 4.0 billion yuan;</p> <p>(3) Removing burdens for enterprises and individuals by about 3.6 billion yuan;</p> <p>(4) Removing burdens for enterprises and individuals by about 26.0 billion yuan.</p>		

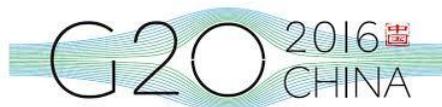
The policy action:	3. Pass the Amendment to the Commercial Bank Law of the People's Republic of China (draft), including deleting the requirement that the deposit-to-debt ratio should not exceed 75%.		
Inclusion of the commitment in growth strategies	This measure was included in the Antalya growth strategies.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1 –Approval of the Amendment by the State Council.</p> <p>2 – Approval of the Amendment by the National People’s Congress.</p> <p>3 – The Amendment enters into force.</p>	2015 Completed	<p>1- On June 25th 2015, the executive meeting of the State Council passed the <i>Amendment to the Commercial Bank Law of the People's Republic of China (draft)</i>.</p> <p>2- On August 29th 2015, the 16th session of the Standing Committee of the 12th National People’s Congress approved the <i>Amendment to Commercial Bank Law of the People's Republic of China (draft)</i>.</p> <p>3- The Amendment enters into force on October 1st 2015.</p>
Impact of Measure	The new measure further adapts China’s financial regulation to the diversification of commercial banks’ balance sheets and their need to business innovation, and will facilitate China’s banking sector to better support the real economy.		

II. Brisbane Key Commitments for Monitoring Purposes

The Policy	I. Transform economic growth pattern to further boost consumption
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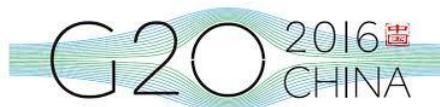


action:	*The order number does not imply the sequence of the measures by the government.		
Detailed implementation path and status	Interim steps	Deadline	Status
	<p>1. Advance the collective negotiation of wages in enterprises and adjust the minimum wage standards, promoting the reasonable increase of employees' wages.</p> <p>(1) Collective negotiation of wages in enterprises</p> <p>a. Expand the coverage of collective negotiation and collective contracts ;</p> <p>b. Focus on improving the quality of collective negotiation, enhancing the effectiveness of collective contracts, and gradually establishing standardized and effective mechanism of collective negotiation.</p> <p>(2) Minimum wage standards</p> <p>a. Guide local governments to analyze local economic development, and adjust minimum wage standards based on such analysis ;</p> <p>b. Issue the <i>Opinion on Improving the Adjustment Mechanism of Minimum Wage Standards</i>.</p>	<p>(1)</p> <p>a. completed</p> <p>b. in progress</p> <p>(2)</p> <p>a. in progress</p> <p>b. completed</p>	<p>(1) a. In 2015, the <i>Notice on Advancing the Implementation of the Scheme on the Collective Contract System</i> was issued. By the end of 2014, the ratio of collective contracts signed rose to 75%.</p> <p>b. By end-2015, the number of collective contracts that were deemed effective by the Ministry of Human Resources and Social Security and its branches reached 1.76 million, covering 170 million employees.</p> <p>(2) a. In 2014, 19 provinces raised the minimum wage standards with an average increase of 14.1 %. 27 provinces have raised the minimum wage standards with an average increase of 14.9 % in 2015.</p> <p>b. Drafted and distributed policy documents regarding further advancing the work on the adjustment of minimum wages at the end of 2015.</p>
	<p>2. Increase farmers' income by increasing spending on "agriculture, rural areas and farmers", improving the subsidy policy for agriculture and creating enabling environment for farmers to work in urban areas as migrant workers.</p>	in progress	Based on experience in pilot program, in 2016 we will carry out nationwide reforms to integrate three types of subsidies (direct subsidies to grain growers, subsidies for purchasing superior crop varieties, and general subsidies for purchasing agricultural supplies) into subsidies for agricultural support and protection with the aim of protecting the soil fertility of cultivated land and supporting large agricultural family operations, family farms, farming cooperatives, commercial agricultural service agencies and other emerging forms of agribusiness to support the development of appropriately scaled-up agricultural operations.



	<p>3. Accelerate the construction of urban and rural social security system, and expand the coverage and increase the benefits of social insurance.</p> <p>(1) Continue to expand the coverage of social insurances for urban employees and for urban and rural residents.</p> <p>(2) Continue to increase urban employees' pension benefits, urban and rural residents' medical and pension benefits and urban and rural residents' minimum living standards.</p>	in progress	<p>(1) As of the end of 2015, there were millions of people enrolled in the social insurance system, including basic pension system, basic medical insurance system, unemployment insurance system, work-related injury insurance system, maternity insurance system, etc. Among 858.33 million people enrolled in basic pension system, 353.61 million were enrolled in the employee pension system, 504.72 million were enrolled in the household pension system. Among 665.82 million people enrolled in the basic medical insurance system, 288.93 million were enrolled in the employee medical insurance system, and 376.89 million were enrolled in the urban and rural household medical insurance system. 173.26 million people were enrolled in the unemployment insurance system, 214.32 million people were enrolled in the work-related injury insurance system, and 177.71 million people were enrolled in the maternity insurance system.</p> <p>(2) The basic pension benefits standard for enterprise retirees continued to increase by 10%. The per capita minimum basic pension benefits for rural and urban residents increased from 55 yuan to 70 yuan per month. The per capita urban subsistence allowances reached 419.5 yuan per month and the per capita rural subsistence allowances reached 237.9 yuan per month.</p>
<p>Impact of Measure</p>	<p>Promote higher household income and increase the level of social security, which could help boost the consumption.</p>		

<p>The Policy action:</p>	<p>II. Further streamline administration, to reduce approval and improve business climate</p>		
<p>Detailed implementation path and status</p>	<p>Interim steps</p> <p>1. Further streamline administration and delegate power to lower level.</p> <p>(1) Streamline and decentralize the approval process. Eliminating approval requirements or delegating to lower level government more than 200 administrative issues in 2014 and furthering the efforts in 2015.</p>	<p>Deadline</p> <p>(1) completed (2) completed (3) completed (4) completed (5) in progress</p>	<p>Status</p> <p>(1) In 2014, the approval requirements of 246 administrative issues has been removed or delegated to lower level, achieving the government target of reducing 1/3 of the approval requirements earlier than previously scheduled.</p> <p>(2) Completed in 2015.</p> <p>(3) The Office of State Council released the</p>

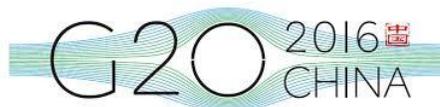


<p>(2) Eliminate all kinds of non-administrative approval requirements.</p> <p>(3) Simplify substantially the ex ante approval, improve and regulate the intermediary services.</p> <p>(4) Deepen the reform of the administration of industry and commerce, further simplifying the process for capital registration. Strengthen the interim and ex post oversight.</p> <p>(5) Formulate the negative lists of market access. Provincial governments are required to publish the list of power and obligation. Any item out of the list does not require approval.</p> <p>(6) Complete basically the reform of governments at provincial, municipal and county level, and advance reforms of non profitable public institutions.</p> <p>(7) Promote the construction of a social credit system.</p>		<p><i>Notice on Simplifying the Approval Requirement, Regulating the Intermediary Services, and Implementing the Online Integrated Approval of Enterprise Investment Projects (State Council Document [2014] 59).</i></p> <p>(4) Capital registration process further simplified: the reforms of Record System of Corporate Registered Capital Subscription and Annual Enterprise Evaluation System transitioned to Annual Publication System had been completed on March 1, 2014. The State Council issued <i>Opinion on Enhancing the Interim and Ex-post Oversight after the "Apply First for Business License Then Relevant Permits" Reform</i> in 2015, putting forward the guiding principles and objectives of enhancing interim and ex-post oversight after reform, which builds up a new model of interim and ex-post regulation with clear responsibilities, collaborative supervision and social co-governance.</p> <p>(5) Pilot programs for negative lists of market access were launched in 4 provinces (cities), including Tianjin, Shanghai, Fujian and Guangdong. The pilot programs launched on Jan 1st, 2016, will last 2 years. By 2018, negative lists for market access will be implemented nationwide.</p>
<p>2. Standardize and improve the approval system for corporate investment projects, and amend and publish administrative rules of corporate investment projects, foreign investment projects, and outbound investment projects.</p> <p>(1) Amend the <i>Catalog of Government Approved Investment Projects (2014 edition)</i>, further narrow the scope requiring approval and delegate approval authority to lower level.</p> <p>(2) Adopt administration system of outbound investment, focused on record-based and supplemented by approval-based. All kinds of outbound investment will only be required to record in the system, with exception of investment in sensitive areas.</p> <p>a. Amend the <i>Administrative Rules on</i></p>	<p>(1) completed</p> <p>(2) completed</p> <p>(3)</p> <p>a. completed</p> <p>b. completed</p> <p>c. in progress</p> <p>(4) completed</p>	<p>(1) Completed in 2014.</p> <p>(2)</p> <p>a. Completed in September 2014.</p> <p>b. Released in April 2014. In addition, the <i>Decision on the Amendment of Guidance on the Approval and Record of Outbound Investment Projects and Guidance on the Approval and Record of Foreign Investment Projects</i> has been released in December 2014.</p> <p>(3)</p> <p>a. Released in May 2015.</p> <p>b. The <i>Guidance Catalog of Industries for Foreign Investment (2015 version)</i> has entered into force on 10th of April, 2015.</p> <p>c. Negative lists for foreign investment have been released and adopted in the pilot free trade zones of Shanghai, Guangdong, Tianjin,</p>

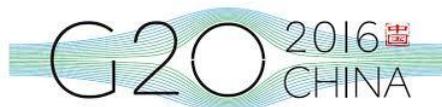


	<p><i>Outbound Investment.</i> ;</p> <p>b. Release the <i>Guidance on Approval and Record of Outbound Investment Projects.</i></p> <p>(3) Explore the management model of pre-establishment national treatment and negative list of foreign investment.</p> <p>a. Release the <i>Guidance on the Approval and Record of Foreign Investment Projects</i> ;</p> <p>b. Release and implement the amended <i>Guiding Catalog of Industries for Foreign Investment.</i></p> <p>c. Promote market liberalization in service sectors, including finance, education, culture, health care in an orderly manner. Ease restrictions on market access to service sectors, including nursery of the new born and the elders, architectural design, accounting and auditing, commerce and logistics, e-commerce, further liberalizing the general manufacturing sector.</p> <p>(4) Standardize the government approval activities for enterprise investment projects.</p>		<p>and Fujian in April 2015.</p> <p>(4) The <i>Administrative Rule on Government Approval of Investment Projects</i> has been released.</p>
<p>Impact of Measure</p>	<p>Release the growth potential by streamlining administration.</p>		

<p>The Policy action:</p>	<p>III. Allow more private sector participation and ensure fair competition to activate the strength of the market</p>		
<p>Detailed implementation path and status</p>	<p>Interim steps</p>	<p>Deadline</p>	<p>status</p>

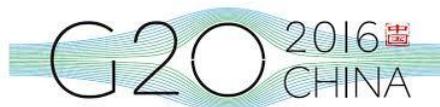


<p>1. Broaden the access of private capital to the financial sector.</p> <p>(1) Explore the set up of private banks by private capital. In the context of strengthened regulation, accelerate the set up of private banks by qualified private capital in accordance with the Law. Permits will be granted to these banks provided certain criteria are met. And no quota restrictions will apply.</p> <p>(2) Support private capital when participating in the set up of village and town banks (VTB).</p> <p>(3) Encourage and guide qualified private investors to launch consumer finance companies in accordance with commercial and market-based principles.</p> <p>(4) Facilitate the access of newly launched financial leasing companies.</p>	completed	<p>(1) In 2014, the launch of 5 pilot private banks was approved. Once the relevant policies are clarified, the experiences will be drawn in time.</p> <p>(2) The <i>Guidance on Promoting the Healthy Development of Village and Town Banks</i> was released in 2014, lowering down the requirement of the minimum shareholding by the principle sponsors of the village and town banks, encouraging the adjustment of holding structure, and steadily increasing shares of the private capital.</p> <p>(3) As of the end of 2014, the China Banking Regulatory Commission (CBRC) has granted approval to 6 consumer financing companies, all of which have participation of private capital at different levels. From 2014 to the end of September 2015, the CBRC has granted the approval of establishment to eight consumer financing companies (two are controlled by private capital), and six of them are already in operation.</p> <p>(4) From 2014 to the end of September 2015, the CBRC has approved the establishment of four private controlled consumer financing companies, and two of them are already in operation.</p>
<p>2. Apply anti-monopoly measures in accordance with the <i>Anti-Monopoly Law</i> and the principle of “strengthening market regulation, containing monopoly and inappropriate competition”.</p> <p>(1) Inspect and crack down market irregularities, including monopoly agreements, abuse of market control and other actions in accordance with the Law, and maintain the market competition mechanism effectively.</p> <p>(2) Allow market entities to concentrate their businesses according to the laws and regulations on the basis of fair competition, increase business scale and enhance competitiveness.</p>	completed	<p>(1) Over the “Twelfth Five Year Plan” period, national price management authorities had inspected 97 cases of price monopoly activities, including monopoly agreements, abuses of market dominance and abuses of administrative power to eliminate or limit competition. The total amount of penalties reached 10.397 billion yuan. As of the end of 2015, the industry and commerce authorities have investigated 58 monopoly cases, of which 31 were monopoly agreement cases, and 27 cases were related to the abuse of dominant market positions. Besides, 20 cases related to behaviors of misusing administrative powers and excluding competition were stopped according to law. Six supporting rules and regulations were issued to specify the anti-monopoly law. In May 2016, the State Administration for</p>



			<p>Industry and Commerce together with the China Development and Reform Commission and the Ministry of Commerce signed with BRIC countries the MOU on BRIC countries' competitive authorities in the field of competition law and policy cooperation. After the Anti-Monopoly Law became effective, industry and commerce administrations have investigated into 60 anti-monopoly cases and drafted 6 documents to facilitate the implementation of the Anti-Monopoly Law.</p> <p>(2) The inspection system of anti-trust and anti-operation concentration has been further improved. As of the end of 2015, 1324 cases of business concentration were closed, of which, 1276 cases were allowed to concentrate their businesses, 26 cases were allowed to concentrate their businesses with conditions and 2 cases were banned to concentration. In 2015, 352 cases of business concentration were received, 338 cases were accepted, and 332 cases were closed, representing increases of 34%, 37% and 36%, respectively, over the number of cases in 2014. Furthermore, continuous efforts were made in rationalizing enforcement process and improving transparency. International cooperation arrangements were established with Canada, South Africa and Japan, and cooperation with European Union and US jurisdictions on specific cases are progressing well.</p>
	<p>3. Continue to conduct the third party assessment on the complete set of 36 articles in the detailed rules of the private investment. Launch additional projects to encourage private investment in the fields of infrastructure, financial service etc.</p>	completed	<p>On May 18th, 2014, China launched the first set of 80 projects to encourage social capital participating in the construction operation demonstration project.</p>
Impact of Measure	Stimulate market vitality through private sector participation and fair competition.		

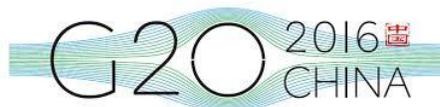
The Policy action:	IV. Promote the orderly growth and opening up of the financial sector
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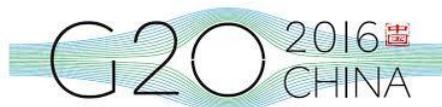
Detailed implementation path and status	Interim steps	Deadline	Status
	<p>1. Interest rate liberalization reform. Adhere to the general direction toward an interest rate mechanism decided by market supply and demand, focusing on completing the market rate series and interest rate transmission mechanism, enhancing the macro-management of the central bank and advancing the interest rate liberalization reform.</p> <p>(1) Fully liberalize the lending rate, by removing the floor on lending rates for financial institutions, liberalizing the discount rates, and removing the ceiling on lending rates for rural credit cooperative.</p> <p>(2) Expand the floating band of the RMB deposit interest rates from 1.1 times to 1.5 times of the benchmark deposit rate.</p> <p>(3) Adhere to the general direction toward an interest rate mechanism decided by market supply and demand, focusing on completing the market rate series and interest rate transmission mechanism, enhancing the macro-management of the central bank and advancing the interest rate liberalization reform.</p>	<p>(1) completed</p> <p>(2) completed</p> <p>(3) completed</p>	<p>(1) Completed on 20th July 2013.</p> <p>(2) Completed on 11th May 2015.</p> <p>(3) Completed on 24th Oct 2015. The ceiling on deposit rates have been removed, which marks basically an end to interest rate restrictions and a significant step in the interest rate liberalization reform.</p>
	<p>2. Continue to promote the market-based reform of RMB exchange rate. Adopt the managed floating exchange rate system based on market supply and demand.</p> <p>(1) Further improve the RMB exchange-rate regime to allow market demand and supply to play a greater role, to enhance two-way flexibility of the RMB exchange rate, improve the market mechanism for exchange rate to adjust international balance of payment.</p> <p>(2) Further develop the foreign currency market, with introduction of more foreign currency products, broader and deeper market, to better meet the demand of enterprises and individuals.</p>	<p>in progress</p>	<p>(1) On August 11th, 2015, the PBC improved the quotation mechanism of the central parity of the RMB against the US dollar, which became more market-based and representative. Each day before the market opens, market makers should, in reference to the previous day's closing rate and due consideration to market supply and demand as well as overnight movements of major exchange rates, report to the CFETS their quotes on the central rate. On December 11th, 2015, the China Foreign Exchange Trade System released the CFETS RMB exchange rate index to guide market references and perspectives for the RMB exchange rate.</p>



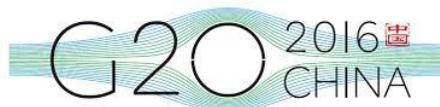
			<p>(2) Continue to promote the development and opening-up of the foreign exchange market. On November 10th, 2015, RMB's direct trading with the Swiss Franc was launched in the interbank exchange market. On November 25th, 2015, a number of foreign central bank-type institutions, including the Hong Kong Monetary Authority and the Government of Singapore Investment Corporation, have entered China's interbank foreign exchange market for the first time.</p>
	<p>3. Further transform the foreign exchange management, facilitate overseas investment, and shift the focus from administrative approval to monitoring and analysis, from micro-control to macro-prudential management, from “positive list” to “negative list”.</p>	in progress	<p>In February 2015, pilot programs of macro-prudential management of external debts have been launched in Zhongguancun National Innovation Demonstration Zone (core area), Zhangjiagang Bonded Port Area, and Shenzhen-Hong Kong Cooperation on Modern Service Industries in Qianhai Area. Non-financial corporations in pilot areas are allowed to implement proportional self-discipline management based on certain times of net assets when raising external debts.</p> <p>In January 2016, pilot programs of macro-prudential management of all forms of cross-border financing in both RMB and foreign currencies have been launched, covering 27 financial institutions and firms registered in the four free trade zones. They are allowed to carry out RMB and foreign currency cross-border financing within their respective capital- or net asset-dependent limits for cross-border financing.</p> <p>In May 2016, the coverage of pilot programs of macro-prudential management of all forms of cross-border financing in both RMB and foreign currencies have been expanded to countrywide.</p>
	<p>4. Gradually facilitate domestic enterprises' extension of credit and financing guarantee in foreign currencies to external counterparts.</p>	in progress	<p>In 2014, the State Administration of Foreign Exchange (SAFE) has streamlined administration on cross-border credit, simplifying management of on-lending, external claims of financing and leasing companies, and foreign investors'</p>



			obtaining domestic non-performing assets, basically removing the ex-ante approval requirement. In May 2014, SAFE launched <i>Administrative Rules on Extension of External Guarantee in Foreign Currencies</i> , canceled all ex-ante approval requirement related to external guarantee, and instead used self-discipline by proportion and registration management.
	<p>5. Further promote the two-way opening up of capital market, and increase in an orderly way the convertibility of cross-border capital and financial transactions.</p> <p>(1) Further simplified the approval requirement for qualification and quota reallocation for QDII and QFII, expand the scope of the QDII participants, merge QFII and RQFII, establish a clear and uniform system for foreign investors, reduce the barriers to entry, expand the scope of foreign investment and facilitate the investment.</p> <p>(2) Remove the approval requirement for qualification and quota reallocation for QDII and QFII when conditions mature.</p>	<p>(1) in progress</p> <p>(2) in progress</p>	<p>(1) The operational procedure for RQFII was streamlined, simplifying or cancelling the approval for delayed funds inflow, quota adjustment, etc., to facilitate the institutions with flexible use of quota in accordance with market demands.</p> <p>(2) The rules related to QDII were revised to enlarge the scope of participants. Rules on QFII and RQFII were integrated, with access conditions eased, scope of investment enlarged and convenience of investment increased.</p>
	<p>6. Study on building the interconnection between domestic and international stock markets, and relieve gradually the restraints on foreign institutions to issue or place RMB bonds in domestic market.</p> <p>(1) Interconnection mechanism between domestic and overseas stock market.</p> <p>a. Launch the Shanghai-Hong Kong Stock Connect on a trial basis.</p> <p>b. Research on the Shenzhen-Hong Kong Stock Connect, and improve the Shanghai-Hong Kong Stock Connect.</p> <p>(2) Gradually relax the restrictions on foreign institutions' issuance of RMB bonds domestically.</p> <p>a. Implement pilot programs on foreign enterprises' issuance of RMB bonds onshore.</p> <p>b. Normalize the practices of foreign enterprises' issuance of RMB bonds onshore based on the pilot experiences.</p>	<p>(1)</p> <p>a. completed</p> <p>b. 2016</p> <p>(2)</p> <p>a. completed</p> <p>b. in progress</p>	<p>(1) a. The Shanghai-Hong Kong Stock Connect pilot program was launched on November 17, 2014. Since then, the system runs smoothly and orderly, and the transaction, settlement, quota management, foreign exchange purchases are all in good performance. As of the end of April 2015, volume of transactions under the mechanism of Shanghai-Hong Kong Stock Connect totalled 926.8 billion yuan.</p> <p>b. Currently, the China Securities Regulatory Commission (CSRC) is working jointly with other departments to improve the Shanghai-Hong Kong Stock Connect, and has officially launched the preparation work for the launch of Shenzhen-Hong Kong Stock Connect.</p> <p>In November 2015, the PBC and SAFE released Operational Guidance for Financial Management of Cross-Border Issuances by Mainland and Hong Kong Securities Investment Funds, so as to</p>



			<p>guide the management and exchange of cross-border financial flows related to the interconnection between securities investment funds in the mainland and Hong Kong.</p> <p>(2) a. In 2015, overseas bond issuers have extended to financial institutions and foreign governments. In September 2015, HSBC (Hong Kong) and Bank of China (Hong Kong) became the first two multinational commercial banks that obtained permissions to issue 20 billion RMB-denominated bonds in the China inter-bank bond market. In October 2015, the Province of British Columbia of Canada had RMB-denominated bonds registration of 6 billion. In December 2015, the Republic of Korea had RMB-denominated bonds registration of 3 billion.</p> <p>The CSRC is researching on the launch of pilot program on the issuance of RMB bonds (Panda Corporate Bonds) in the Exchange by overseas corporations. According to the principles of "start with private placement, promote pilot program on individual cases, proceed with simple cases first, and step by step", we are promoting RMB bond issuance by high-quality overseas corporations within the framework of China's corporate bond issuance. As of the end of March 2016, one overseas corporation has publicly issued Panda Corporate Bond in the Exchange with a total value of 1 billion yuan, and 14.5 billion yuan of Panda Bonds were issued privately by 4 overseas corporations.</p> <p>b. In accordance with the circumstances in pilots, China has been improving relevant regulations based on pilot experiences.</p>
	<p>7. Improve the multi-layer capital market system.</p> <p>(1) Steadily promote record-based stock issuance reform.</p> <p>(2) Encourage the market-based Merge & Acquisition.</p>	<p>(1) in progress</p> <p>(2) in progress</p> <p>(3)</p> <p>a.2015-2016</p> <p>b.2015-2017</p>	<p>(1) On December 2015, the Executive Committee of the People's Congress passed the <i>Decision on Authorizing the State Council to Adjust and Adopt Related Rules in the Record-Based Stock Issuance Reform (Draft)</i>.</p> <p>(2) The CSRC has cancelled the prior</p>



<p>(3) Standardize the development of bond market, and provide diversified bond products for varied investor groups.</p> <p>a. Strengthen institutions and infrastructure of corporate bond market.</p> <p>b. Accelerate product innovation and promote interconnection of bond markets. Enlarge the pilot programs for shareholders of listed companies to issue exchangeable corporate bonds; coordinate and push for eligible local government bonds to go public on exchanges; promote listing of policy bank bonds on exchanges.</p> <p>c. Enlarge investor base. Enlarge the scope and depth of commercial banks to participate in the exchange bond market. Coordinate to relax the restrictions on long-term funds from pension funds and housing provident funds, and etc., to invest in exchange bond markets; attract more foreign capital to participate in the exchange bond market.</p> <p>(4) Cultivate private equity market, regulate various private equity investment funds and promote their development, encourage and guide venture capital funds to support the growth of small and micro enterprises.</p> <p>a. Formulate <i>Provisional Rules on Supervision and Management of Private Equity Investment Funds</i>.</p> <p>b. Formulate <i>Provisional Regulations on Private Equity Investment Funds</i>.</p> <p>c. Promote the <i>China Insurance Regulatory Commission (CIRC) Rules on Investment in Venture Capital Funds by Insurance Funds</i>.</p> <p>(5) Encourage innovation of intermediaries, broaden market entry, support the growth of professional institutional investors, and encourage dealers of securities and futures to develop cross-border business.</p> <p>a. Continue to improve license management, release business restrictions and broaden access. Going forward, continue to promote innovation by intermediaries, encourage domestic pension funds to invest, and cultivate professional institutional investors.</p> <p>b. Plan to remove approval requirements for</p>	<p>c.2015-2018</p> <p>(4)</p> <p>a. completed</p> <p>b.2016.12</p> <p>c. completed</p> <p>(5) in progress</p> <p>(6) in progress</p> <p>(7) in progress</p>	<p>approval requirement for merge and acquisition reports by listed companies, and has cancelled approval requirement for all asset purchase, sales, and swap activities by listed companies unless it constitutes reverse merger. The review requirement for tender offer waivers has been simplified, M&A financing instruments has been enriched, and the lower limit on issuances for M&A financing has been removed. Meanwhile, the CSRC together with other ministries (NDRC, MOFCOM and MIIT) introduced a parallel review and approval system for M&As.</p> <p>(3) a. The CSRC amended and released <i>Administrative Rules on Securitization of Subsidiaries of Securities Companies and Mutual Fund Companies</i> and <i>Administrative Rules on Issuance and Transactions of Corporate Bonds</i> in November 2014 and January 2015, respectively, further expanding enterprise access to the market financing.</p> <p>b. In 2014, the CSRC launched innovative products such as short-term financing bills of securities companies, convertible bonds, acquisition bonds, and etc. In 2015, the scope of collateralized repos was increased to include local government bonds, which provided incentives for local government bonds to be issued on the exchange markets. In 2016, CSRC introduced innovative products such as renewable corporate bonds and green corporate bonds.</p> <p>(4) a. <i>Provisional Rules on Supervision and Management of Private Equity Investment Funds</i> was released on August 21, 2014.</p> <p>b. The draft of <i>Provisional Regulations on Private Equity Investment Funds</i> has been already submitted to the State Council, and is now in the review process by the Office of Legislative Affairs of the State Council.</p> <p>c. The CIRC has issued Notice on Investment in Venture Capital Funds by Insurance Funds in December 2014.</p>
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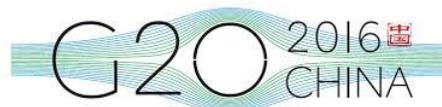


	<p>securities and futures dealers to establish entities overseas, encourage the development of cross-border business.</p> <p>(6) Promote the healthy development of internet finance.</p> <p>a. Start pilot programs on equity crowd financing.</p> <p>b. Add languages on equity crowd financing when amending the <i>Securities Law</i>.</p> <p>(7) Promote the construction of futures market, and continue developing commodity futures on resource products, build the financial futures market, gradually develop treasury bond futures.</p>	<p>(5) a. The CSRC is examining ways to improve license management so as to enhance orderliness and transparency and enable cross-licensing among securities companies, asset management companies, futures companies and other financial institutions. The CSRC is also advancing together with other ministries on promoting market-oriented, professional management of primary pension funds as well as the third pillar for the pension system.</p> <p>b. The CSRC has cancelled the examination approval on futures companies to set up institutions overseas.</p> <p>(6) a. The CSRC is developing regulations for equity-based crowd funding activities.</p> <p>b. The CSRC is pushing forward the revision on <i>Laws of Securities</i>.</p> <p>(7) As of end-2015, there are 52 futures products, including 46 commodity futures, 3 stock index futures, 1 stock ETF options, and 2 treasury bond futures. The CSRC is promoting the development of options for sugar and soybean meal, futures for commodities such as crude oil, cotton yarn, and glycol, and futures for treasury bills. The CSRC is also promoting the open-up of future markets to foreign investors.</p>
Impact of Measure	Allow the financial market play a better role in allocating resources and supporting growth of real economy.	

The Policy action:	V. Implement the fiscal and tax reform, to improve economic efficiency		
Detailed implementation path and status	Interim steps	Deadline	Status
	<p>1. Reform and improve the consumption tax system.</p> <p>(1) Improve the reform plan.</p> <p>(2) Consult with the relevant agencies, and further improve the reform plan.</p> <p>(3) Submit the reform plan to the State Council..</p>	in progress	Since 2014, China has launched various reform measures on consumption tax, covering products such as battery, coating, auto tyre, liquor, motorcycle, petroleum products, cigarette, etc, which have played a significant role in transforming development model, adjusting economic structure and promoting development. For the next step, China will continue to adjust and improve

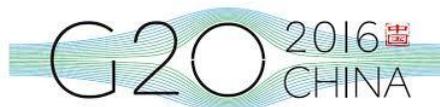


(4) Put in implementation.		policies related to certain products.
2. Legislation on the real estate tax. (1) Draft Real Estate Tax Law and its explanation. (2) The National People's Congress (NPC) reviews the draft. (3) Enact and implement Real Estate Tax Law.	in progress	The Standing Committee of the National People's Congress (NPC) has included a property tax law in its legislation plan.
3. Advance the reform of replacing business tax with VAT.	completed	<p>The trial program replacing business tax with VAT in railway transportation and postal services was launched on January 1, 2014, which was expanded to include telecommunication on June 1, 2014.</p> <p>On May 1, 2015, the pilot reform to replace business tax with VAT have been expanded to countrywide, covering all taxpayers of business tax in construction, real estate, financial services, and consumer services industries. In the meantime, the VAT tax for new real estate properties will be deductible.</p>
4. Implement a preferential policy of deferred payment of individual income tax to encourage the development of annuity plans in enterprises and public institutions.	completed	The policy has been introduced in December, 2013 and implemented since January 1, 2014.
5. Further expand the preferential tax policy for small businesses with low profits.	completed	<p>From 2014, the scope of micro and small enterprises that can enjoy 50% tax reduction was expanded from those whose annual taxable income do not exceed 60,000 yuan to those whose taxable income do not exceed 100,000 yuan. In 2015, the coverage of this preferential policy was twice expanded: since January 1st 2015, the 50% tax reduction has been extended to small enterprises whose taxable income do not exceed 200,000 yuan; since October 1st 2015, the preferential policy has been extended to small enterprises whose taxable income do not exceed 300,000 yuan. The deadline for suspending collecting micro and small enterprises' VAT and business tax was extended from "by the end of 2015" to "by the end of 2017".</p> <p>From October 1, 2014 to end-2015, the threshold of temporary suspending of VAT and business tax collection for micro and small enterprises, individually-owned enterprises and other individuals was</p>

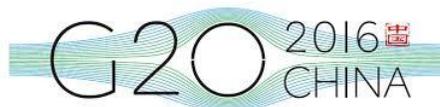


			extended from less than 20 thousand yuan to less than 30 thousand yuan. In 2014, the total amount of tax reduction and exemption for micro and small enterprises and individually-owned enterprises reached 51.1 billion yuan; In Q1, 2015, such amount reached 18.9 billion yuan.
	6. Advance resource tax reform from volume-based collection to ad valorem based collection.	completed	Since July 1, 2016, on the basis of levying resource tax on ad valorem basis for coal, crude oil and natural gas, ad valorem resource tax reform has been expanded to all other mineral products. Meanwhile, based on the principle of levying tax in line with consumption, the government eliminated all kinds of funds and charges related to mineral resources, reduced the compensation fee for all mineral resources to zero, suspended the collection of price adjustment fund, and cancelled the local funds that were established against the rules.
Impact of Measure	Push forward tax reform to facilitate structural adjustment.		

The Policy action:	VI. Promote urbanization to foster investment and employment		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1. Implement “National Plan for New Urbanization (2014-2020)”. (1) Establish a joint inter-ministerial conference to collectively promote the new urbanization. (2) Issue <i>Opinions on Reform of Hukou System</i> , adjust classification method for cities based on scales, research on residence permit system, and orderly promote people to migrate from rural areas to urban areas. (3) Support the construction of the affordable housing; improve the overall layout of cities and towns, organize and draft plans for trans-provincial city cluster in key areas. (4) Promote the orderly transformation of residents who are capable of finding stable jobs and earn a living in the cities to become citizens, and stably promote the complete coverage of basic public services on residents in the cities.	(3) completed (4) in progress	(3) In 2015, the general national public budget on affordable housing projects is 360.228 billion yuan, 7% higher than last year, and the general public budget expenditure arranged by central government reached 238.424 billion yuan, an increase of 16.203 billion yuan and 7.3% higher than last year. The plan is to build 7.4 million units of affordable houses, including renovating 5.8 million units of shanty houses. The policy will support renovation of 3.66 million units of dilapidated rural houses in 2015. (4) The <i>Employment Services and Employment Management Regulation</i> was amended in December 2014 to allow permanent residents to register as unemployed at the employment services agencies in the cities and towns where

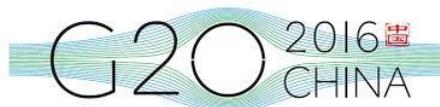


	<p>(5) Enhance management of cities; strengthen shanty town redevelopment and construction of supporting infrastructures. Promote city infrastructure development, encourage innovative ways of investment and financing and strengthen cooperation between government and social entities in investment, and promote construction of green cities, smart cities, and humanistic cities.</p> <p>(6) Start pilot programs on new urbanization, and try to realize innovative breakthroughs in mechanisms in around three years, to draw experiences for the whole country.</p>		<p>they live, and receive benefits and services from employment services agencies.</p> <p>The government is establishing migrant worker service platforms in cities where migrant workers are concentrated to integrate existing public service resources to provide quality and efficient “one-stop” services to migrant workers.</p>
Impact of Measure	Promote investment, employment and growth through urbanization.		
The Policy action:	VII. Improve the efficiency and quality of investment		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1. In 2015, investment by central government budget intends to increase to 477.6 billion yuan.</p>	completed	Investment by central government budget is focusing on key areas and weakness spots where resources cannot be effectively allocated by market mechanism, and supporting systemic, fundamental and strategic projects. In 2015, the budget investment by central government was 477.6 billion yuan.
	<p>2. Increase investment in railway construction, support the construction of incomplete national expressways, bottleneck sections of ordinary national highways, high-class inland waterways such as Yangtze River, feeder airports for the Central and West and trunkline airports for the West, and promote the coordinated regional development of areas along the “One Belt and One Road” (Silk Road Economic Belt and 21st Century Maritime Silk Road), Beijing-Tianjin-Hebei Region, and the Yangtze River economic belt.</p> <p>(1) Support investment in railway construction</p> <p>(2) Support investment in the transportation infrastructure such as incomplete national expressways, bottleneck sections of ordinary national highways, and airport constructions in the Central and West.</p>	<p>(1) completed</p> <p>(2) in progress</p>	<p>(1) In 2015, a total 145.4 billion yuan was spent to support railway construction, an increase of 5.5 billion yuan over 2014.</p> <p>(2) In 2015, a total 301.1 billion yuan financed from channels including vehicle-purchase tax (291 billion yuan), and port construction fees (10.1 billion yuan) was spent to support construction of roads and waterways, an increase of 12.7 billion yuan over 2014. 9.4 billion yuan from Civil Aviation Development Fund was spent to support airport construction in mid and western regions, an increase of 2.9 billion yuan over 2014.</p>



	3. Establishing a national guidance funds for venture capital to invest in emerging industries, to support the development of emerging industries and address the financing difficulties for the innovative medium and small enterprises.	in progress	On January 14, 2015, the State Council decided to use 40 billion yuan to establish national guidance funds for venture capital to invest in emerging industries, to support start-ups, innovation and upgrade in industries.
	4. Speed up the construction of large hydraulic projects of water saving and water supply, particularly the 172 planned large hydraulic projects by steps in 2014, 2015, and the thirteenth five year plan period.	in progress	Fiscal spending on hydraulic projects should be further increased. Public investment should play a leading role in the investment in hydraulic projects. Support from the financial sector should be strengthened, including through releasing the <i>Opinions on Encouraging and Guiding the Participation of Social Capital in the Construction and Operation of Major Hydraulic Projects</i> .
	5. Resolving production overcapacity through market mechanism. Digest, transfer, integrate and eliminate excess production capacity, as well as gradually introduce long-term solution. Strengthen entry standards of energy-saving, land-saving, water-saving, environment, technology and security.	in progress	Work on eliminating excess capacity is progressing steadily, including on (i) strict control of incremental capacity and prevention of aimless expansions; (ii) optimization of existing capacity to promote transformation and upgrading of traditional industries and cross-industry integration; and (iii) further proactively eliminate excess production capacity, building on the achievements in reducing outdated capacity under the 12th Five Year Plan.
Impact of Measure	Increase efficiency and quality of investment to foster the efficiency and quality of growth.		

The Policy action:	VIII. Reduce barriers to trade		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	1. Adjust tariff rates of certain goods, further streamline non-tariff measures, continue to streamline the procedure of customs clearance, Improve the coordination mechanism of custom clearance between inland, coastal and border areas.	completed	China removed 4 trade-related administrative approval procedures under the central government and another 4 procedures under the local government, and streamlined 14 intermediary service items. At the same time, China cancelled automatic import licensing requirements for 14 commodities (130 ten-digit HS-Codes), and reduced administrative review time for agricultural products under import tariff quotas to 3 business days from 10 business days. Since January 1 st , 2014, China has implemented provisional tax rates on imported commodities including advanced technology and equipment, key parts, and

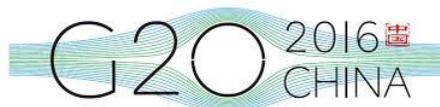


		energy raw materials, etc. In 2014, the items of imported commodities under this provision were 769, and the items in 2015 and 2016 were 749 and 787, respectively.
	<p>2. Continue to streamline the procedure of customs clearance by introducing a pilot program of integration of cross-region customs clearance and extend the implementation of paperless customs clearance reform. Enhance the custom coordination between inland and coastal and border custom regions, and promote the information exchange, regulation deference and enforcement assistance between port management agencies Improve the coordination mechanism of custom clearance between inland, coastal and border areas, promote the building of the e-port, extend the pilot program of “Jurisdiction declaration and port clearance”. As a result, the export and import of inland goods has gradually realized “declare once, inspect once and clear once”, enhancing the efficiency of port clearance and lowering the costs of customs clearance.</p>	<p>By April 2014, reform in paperless customs declaration has been conducted of customs districts nationwide. At present, E-port network has been established in the E-port platform of China, covering over 300 cities. The mode of declaration at registered region and release at port has been incorporated into regional integrated customs clearance. Since August 1st 2014, the customs inspection coordination featuring “declare once, inspect once and release once” has been adopted by all customs and quarantine units across China.</p> <p>By the end of 2015, the construction of single windows at the coastal ports has been completed. Starting from February 1, 2016, the pilot program for imported goods to pass through customs with automatic paperless approvals has been expanded to nationwide.</p> <p>The mechanism of one declaration, one inspection and one release has been applied all customs districts and quarantine units. Starting from April 1st 2016, the pilot programs of lifting and shifting storage costs exemption on foreign trade enterprises with no problems being found under the import and export customs inspection have been expanded nation-wide. All tourists inspection ports, qualified postal supervision ports and express mail supervision sites have implemented customs inspection operations with double-monitor X-ray machines. Efforts have made to implement strategies such as “One Belt One Road”, and to promote the smooth operation of China Railway Expresses such as “Chongqing-Europe” and “Chengdu-Europe”. Also, progresses have been made in the mutual recognition of Authorized Economic Operator (AEO), the pilot route of China-Europe secure and smart trading, the China-Russia green channel with regulation deference of specific products and the green channels for agriculture products customs clearance such as China-Kazakhstan, China-Tajikistan and China-Kyrgyzstan. The information sharing mechanism has been</p>



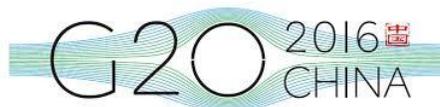
			<p>established and well developed. The use of regulation facilities resources has been coordinated. The customs clearance environment has been improved. On June 1st 2016, a pilot program for integration of cross-region customs clearance has been introduced in Shanghai.</p> <p>The pilot program of integration of cross-region customs clearance was later expanded to all customs in China, and five regional integrated customs clearance have formed, including the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Zone, the four Pan-Pearl-River provinces, the Silk Road Economic Belt, and the Northeast region of China. The integrated customs clearance reform programs of the customs of these five areas have been connected to each other.</p>
Impact of Measure	Reduce barriers to trade and promote growth of trade and economy.		

The Policy action:	IX. Participate actively in “post-Bali” negotiations of the WTO Doha Round and accelerate the FTA talks		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1. Proactively participate in the WTO Doha Round negotiations, promote the faithful implementation of the Bali Package by all members, expedite the formulation of a pragmatic, feasible and balanced “post-Bali” work plan possibly by the end of 2014, and fully conclude the Doha Round negotiations on the basis of respecting the Doha mandate and its development dimension, and the result achieved so far.</p> <p>2. While recognizing the multilateral trade system as the main channel, accelerate applying the free trade areas (FTA) strategy with the focus on neighbouring countries and regions. Speed up FTA talks with the Republic of Korea, Australia and the Gulf Cooperation Council. In the ongoing and future FTA talks, adopt an open attitude towards issues such as environmental protection and e-commerce. Expedite the formation of high-standard free trade zone networks opening to the whole</p>	<p>completed</p> <p>(1) completed (2) completed (3) in progress (4) in progress</p>	<p>China has made important contribution to promoting WTO negotiation, including completing the domestic approval procedure of the WTO Trade Facilitation Agreement.</p> <p>(1) Completed (2) Completed. (3) In negotiation. (4) Speed up negotiations on new issues including intellectual property protection, environmental protection, e-commerce, competition policy, and government procurement policy.</p>

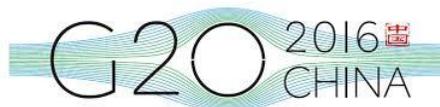


	<p>world.</p> <p>(1) Work hard to try to sign the Sino- Korean FTA Agreement.</p> <p>(2) Work hard to try to sign the Sino-Australian FTA Agreement.</p> <p>(3) Accelerate talks with the Gulf Cooperation Council.</p> <p>(4) Other new issues under FTA talks.</p>		
Impact of Measure	Facilitate multilateral, bilateral trade to boost global economic growth.		

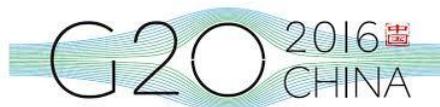
The Policy action:	X. Boost employment by improving public services, ALMPs, tax policies and vocational training		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	<p>1. Boost employment by tax reform.</p> <p>(1) Extend the maturity of tax policies that support and promote start-up and employment.</p> <p>(2) Adjust the scope of sectors and people to enjoy relevant preferential policies.</p> <p>(3) Raise the upper limits of tax deductible, and expand the scope of tax deduction to more taxes.</p> <p>(4) Simplify procedures for preferential tax policies.</p>	Completed	<p>(1) From January 1, 2014 to December 31, 2016, the tax incentives included in the <i>Ministry of Finance and State Administration of Taxation Notice on the Support and Promotion of Employment-related Tax Policy</i> continues to be implemented, and relevant policies are improved to further intensify support;</p> <p>(2) Adjust the range of staff that enjoys tax policies related to enterprises absorbing employment, all unemployed persons who have registered in the public employment service agencies for more than one year can enjoy the tax benefits; Cancel the industrial restriction on tax benefits;</p> <p>(3) Expand the scope of tax deduction, local additional education tax is subject to tax deduction; improve the deduction ceiling for self-employed or enterprises that absorb employment. In addition to national fixed tax deduction, the local government is also allowed to give more tax breaks than in the past;</p> <p>(4) Procedures have been simplified, preferential tax policies are managed by filing for record instead of review and approval. After replacing business tax with VAT, preferential business tax policies for veterans and key groups have been transferred to the</p>



			new VAT system. Management of employment and unemployment was simplified, and companies that enrolled new employed will get preferential corporate income tax according to the circumstances. Corporate income tax preferential policies are managed by filing for record instead of review and approval.
<p>2. Boost employment by improving public services, ALMPs, and vocational training.</p> <p>(1) Introduce the plan to facilitate employment of unemployed graduates and guiding strategy of college graduates to start new businesses, aimed at enhancing their working and initiating skills and exploring multiple approaches to find the job or start new businesses.</p> <p>a. Provide specific employment services for unemployed graduates. Guide local governments to establish and improve the implementation program and make concrete arrangements for the implementation.</p> <p>b. Include the unemployed graduates who intend to be employed into the scope of vocational training.</p>	(1) completed	<p>(1) a. Most of graduates being not employed after graduation have found jobs or participated in the preparation activities for employment, including the internship and training by the plan of facilitating employment. The number of graduates starting new businesses has rapidly increased through the guiding strategy of college graduates to start new businesses.</p> <p>b. Provided vocational training, pre-job training and entrepreneurship training to unemployed graduates. Implemented subsidies for vocational training and vocational skill appraisals. At the national level, 1,001 thousand college graduates participated the vocational training in 2014, with 445 thousand for working skills training and 556 thousand for starting businesses training.</p>	
<p>(2) Ensure that at least one member in every zero-employment families and families with minimum living security be employed.</p> <p>Guide local governments to make household surveys, aiming at taking stock of the basic developments of employment families and establishing real name accounts for services. For the elders and the weakly skilled, the non-profit public services shall be the main channel for their employment; for the skilled ones, tax exemption and social insurance subsidies shall be applied to encourage companies to hire; for the entrepreneurial ones, starting businesses training shall be arranged for them while providing with preferential policies including small loans and tax exemption. Establish and improve the equalized employment system in urban and rural areas, and proceed the work model combining training, servicing and rights</p>	(2) in progress	<p>(2) Provide targeted employment services, including employment training and vocational matching for the zero-employment families, with timely and regular follow-up visits. Taking into account the different circumstances of the zero-employment families, conduct categorical assistances. Implement assistance policies and encourage people to find jobs on their own and get self-employed, and ensure stable employment by timely recording and supporting the newly unemployed families.</p> <p>Intensify the specific public employment services, and guide orderly rural migrant labor forces to find jobs in urban areas, promoting the free rural labor forces flow and encourage migrant workers to return home and starting their businesses there.</p> <p>Tax reduction and exemption measures are in progress. We will continue to implement tax policies promoting cultural activities as well</p>	



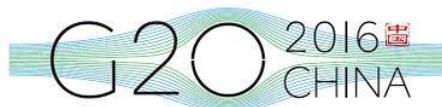
	<p>safeguarding for migrant workers. A series of services shall be provided for the ones with start-up initiatives, including policy consultancy, project preparation, start-up guidance and follow-up tutoring; and tax exemption, mini collateralized loans and social insurance subsidies shall be implemented.</p>		<p>as business start-ups and employment for key groups.</p>
	<p>(3) Conduct training on practical skill for migrant workers and urban residents who have difficulties finding jobs. Encourage enterprises to appropriately use the education and training spending for employees, and spend more on the skill training for workers at the production line.</p> <p>a. Provide opportunities of vocational training for the laborers who require for employment and training, and conduct multiple vocational training.</p> <p>b. Encourage and guide enterprises to appropriately use the education and training spending for employees, and spend mainly on the skill training for workers at the production line.</p>	<p>(3) completed</p>	<p>(3) a. In 2015, 19.08 million people have been trained with the support of governmental subsidies, among them, 3.57 million are registered urban unemployed and 9.67 thousand million are migrant workers.</p> <p>b. Guide enterprises to appropriately allocate and use educational and training spending for employees, 60% of which are spent on the education and training of front line staff. For those enterprises who lack the capacity to carry out staff training, local governments could help coordinate on educational spending and organizing training services.</p>
	<p>(4) Improve equalized public employment services in urban and rural areas, providing more standardized, professional services.</p> <p>Guide the local governments to intensify and improve the construction of public employment services system, further improve the nationwide united unemployment registration system, promote the quality and efficiency of public employment services.</p>	<p>(4) in progress</p>	<p>(4) At the end of 2015, the public employment services agencies were set up nationwide above county level. Service windows were open in more than 40 thousand urban communities and villages, with the coverage of 98% of total urban communities and 97% of villages. 94% of communities and 75% of villages have recruited full-time or part-time staff, providing free advice of employment policies, legal consultation, job vacancies information, reference of market wage, and vocational training information, vocational tutoring and recommendations, aiming at helping those having difficulties finding jobs to get back to work, and registering the employment and unemployment.</p>
Impact of Measure	Promote employment and growth.		



Other Non-key Commitments

(1) Transform economic growth pattern and promote consumption

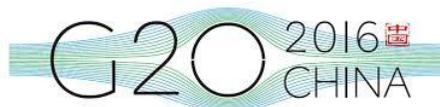
• Policy action 1	Deploy and improve related policies for consumer goods exports and imports, and expand domestic consumers' choices
Implementation path and expected date of implementation	<p>(1) For imported daily consumer goods that are greatly demanded by domestic consumers, tariff has been reduced for certain selected products since June 2015, and the scope of tariff-deductible goods will be gradually expanded.</p> <p>(2) Under the ongoing tax reform, improve the consumption tax policy for popular consumer goods including cosmetic products, coordinate and adjust the scope, rate and collection of tax.</p> <p>(3) Increase the number of and reopen duty free shops in the inbound ports, appropriately expand the varieties of duty free goods, and increase the quota for purchasing duty free goods, facilitating domestic consumers to purchase imported goods in domestic market.</p> <p>(4) Further facilitate customs clearance and tax refund for foreign tourists. Establish the inspection and quarantine policies supporting cross-border imports by e-commerce, and clear the inappropriate charges on imports.</p> <p>(5) Accelerate the upgrading process for Chinese products and brands, support the development of real stores, and make online and offline stores interact with each other. Regulate the market order, crack down on counterfeit goods, and promote the selection of the superior and elimination of the inferior.</p>
Status of Implementation and Impact	<p>(1) Completed. In order to increase the import of popular consumer goods and meet domestic demand, on June 1, 2015, we launched a pilot program on reducing import tariffs on daily consumer goods, temporarily reducing tariffs on 14 items including suits. On January 1, 2016, the pilot program was expanded to cover 16 items including luggage and bags.</p> <p>(2) In progress. Considering the consumption tax reform, Ministry of Finance and the State Administration of Taxation has made an overall adjustment of the incidence of taxation, tax rate of cosmetic products in drafting the consumption tax reform proposal.</p> <p>(3) In progress. In July 2015, the General Administration of Customs approved the establishment of 8 port-entry duty free shops at five ports including Shenzhen and Gongbei. On December 19, 2015, establishment of duty-free stores in 13 airports including Guangzhou Baiyun Airport as well as 6 ports of entry including Futian in the city of Shenzhen was approved by the State Council. On February 18, 2016, in order to properly manage duty-free stores at ports of entry, 5 government agencies including Ministry of Finance, Ministry of Commerce, General Administration of customs, State Administration of Taxation and National Tourism Administration jointly released Interim Measures on the Management of Duty-free Stores at Ports of Entry. Work is in progress.</p> <p>(4) Completed. In January 2015, Ministry of Finance has issued the <i>Notice on Tax Refund Policy for Foreign Tourists' Purchasing Before Departure (No.3of MOF Notice in 2015)</i>, to further clarify the relevant policies on tax refund of foreign tourists' purchasing before they depart. At present, 13 provinces and cities are implementing or will implement the tax refund policy for foreign tourists' purchasing before departure.</p> <p>(5) Completed. In 2015, Chinese government made much more efforts in cracking down infringement and counterfeit goods. Administration authorities have investigated 178 thousands</p>



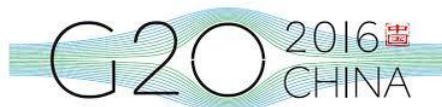
	<p>cases and adjudication authorities have concluded 16 thousands cases, which suppressed related crimes and improved the market environment. First, specific and extensive administrative action has been launched to govern the internet market activity, standardise the rural market and consolidate vehicle fuel oil market, as well as strengthen the protection of software copyright. Second, routine regulation on key industries has been enhanced to protect intellectual property, attaching importance to trademark right, copyright and patent right. Third, the coordination between administrative enforcement of law and criminal justice has been promoted and cracking down on criminal misdeeds has been upgraded to punish the infringement and counterfeit activities. Fourth, relevant legislations have been modified and improved, and the publicizing of administrative punishment of cases has been promoted, both of which advance the establishment of long term mechanism.</p>
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<ul style="list-style-type: none"> • Policy action 2 	<p>Conduct pilot individual income tax reduction for those purchasing commercial health insurance, and mobilize more resources to support people's livelihood</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Develop commercial health insurances and make them consistent with and complement to the basic medical insurances. (2) Conduct pilot individual income tax reduction, based on international practices. (3) For the money individuals used to purchase such commercial health insurance, an average amount of up to 2400 yuan can be deducted before tax in the year when the insurance is purchased.</p>
<p>Status of Implementation and Impact</p>	<p>(2) Completed. Ministry of Finance, the State Administration of Taxation and China Insurance Regulatory Commission have jointly issued <i>Notice on Pilot Work of Income tax for Commercial Health Insurance (No.56, Finance and Tax(2015))</i>. This pilot work will be carried out from January 1st, 2016.</p>

<ul style="list-style-type: none"> • Policy action 3 	<p>Nurture consumer finance companies and expand the pilot program to the whole country so that consumption can give a stronger boost to the economy.</p>
<p>Implementation path and expected date of implementation</p>	<p>Expand the pilot program of consumer finance companies to the whole country. Encourage qualified sponsors with consumer finance resources, especially private capital, domestic and international banking financial institutions and internet companies, to set up consumer finance companies. Permits will be granted to these companies provided certain criteria are met.</p>
<p>Status of Implementation and Impact</p>	<p>In progress. Till the end of April in 2016, there are 15 consumer finance companies in operation nationwide (6 were established in 2015, and 3 in 2016), among which 9 companies have participation of private capital and two companies are private holding ones.</p> <p>At present, the effects of the policy begin materializing. A steady development of consumer finance industry, making China's financial service sector enriched and improved, has helped to create a favourable environment of supporting the real economy with a joint effort of diversified financial institutions. Targeting at unleashing consumption potential and promoting consumption upgrading, consumer finance companies develop consumption credit business actively, by providing low-medium income consumers with financial products of small limit and low requirements in order to meet their needs in traditional and emerging consumption, such as further education, health medical etc. Such actions have promoted the fast unleashing of consumption potential in relevant sectors.</p>



<p>• Policy action 4</p>	<p>Build a good consumption environment</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Strengthen market regulation by securing market discipline. First, refrain from regional blockades and trade monopolies. Second, intensify the supervision on law enforcement and promote equal competition. Third, enhance industrial regulation, and increase the level of security for consumption. Fourth, further credit construction, and nurture integrity and credibility environment.</p> <p>(2) Standardize the development of e-commerce.</p>
<p>Status of Implementation and Impact</p>	<p>(1) First, promote the establishment of integrated market. <i>The State Council's Regulation on Prohibiting Regional Blockade in Market Economy Activities</i> is being drafted. Meanwhile, in the comprehensive pilot areas of domestic trade and circulation system reform, a long term mechanism of establishing integrated market is being explored by instructing local authorities. Second, strengthen market regulation. Based on 10 cities, the pilot work on comprehensive administration enforcement of law towards commercial activities has been promoted. Further progress has been made in terms of integrating the law enforcement function of commercial fields, unifying and strengthening the law enforcement power and classifying the law enforcement levels, as well as enhancing the administration and regulation ability during and after the transaction. A mechanism for comprehensive administration enforcement of law towards commercial activities, featuring in clear responsibility and boundary, standardized conducts, strong support and high efficiency, has been preliminarily established. Through national credit information sharing platform, regulation and enforcement information sharing is being promoted among departments, which would increase the regulation efficiency and effectiveness via information technological approaches. Regulations on retailers and suppliers have been strengthened by issuing relevant regulatory rules.</p> <p>Third, the establishment of reviewing system on the trade of meat, vegetables and Chinese medicine has been promoted. So far, 13.9 thousand enterprises have set up such reviewing system, covering over 310 thousands merchants, and thus form a reviewing network connecting cities and towns nationwide. The General Office of the State Council has issued <i>Suggestions on Promoting the Construction of Reviewing System on Important Products (No. 95 of the General Office of the State Council (2015))</i> to deploy the overall related construction work.</p> <p>Forth, the early modification work of <i>the Measures on Single-purpose Commercial Prepaid Card (for Trial Implementation)</i> has been completed and soliciting public opinion is about to be carried out. The information system of single-purpose prepaid commercial card has been upgraded and a third party has been entrusted to compile the market analysis report and administration handbook. According to the requirement of Joint inter-ministerial meeting of social credit system construction, construction programme on commercial credit information exchange and sharing platform has been initiated. Ministry of Commerce has combined current existing E-business system and data, and completed the construction work of central platform of commercial enterprises credit information exchanging platform. Moreover, joined with MOF and AQSIQ, Ministry of Commerce is launching the pilot commercial system construction work. With financial capitals supported by central government, eight provinces such as Shanghai, Jiangsu, Zhejiang and Guangdong are constructing commercial credit public service platform. Credit information service platform will be explored to set up by combining administration information, market information and professional evaluation information.</p>

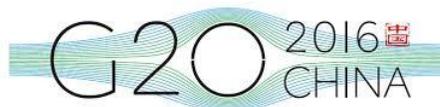


	<p>Fifth, with the help of Enterprise Credit Information Publicizing System, a platform for collecting, publicizing and sharing of enterprises data is being carried forward vigorously.</p> <p>(2) The Financial Committee of National People’s Congress (NPC) is now advancing the drafting of “E-Commerce Law”. According to its schedule, the drafting shall be completed by the end of 2015 and, after extensive consultation with relevant authorities, will be submitted to NPC for approval in 2016. The Ministry of Commerce has formulated the “Provisional Rules on Procedures of Formulating Third-Party Platform Transaction Rules for Internet Retail Sales”, to ensure concerning parties’ participation in the formulation and amendment of transaction rules, prevent the platform enterprises from abusing the market control and safeguard healthy development of the industry.</p>
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(2) Fiscal and tax reform

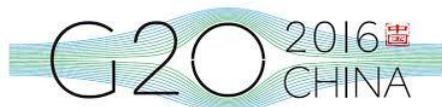
<ul style="list-style-type: none"> • Policy action 5 	<p>Implement measures to coordinate the use of government funds, so as to stabilize economic growth, promote structural adjustment, and improve people’s living standards through the proactive fiscal policy.</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Redirect surplus funds and carryover funds exceeding two consecutive years in regions and departments to key construction projects. Carryover funds within two consecutive years will be used in an accelerated manner, or could be redirected to other areas in urgent need. Starting from 2016, for the regions and departments with relatively large available government funds by the end of previous year, their budgets for the next year will be cut appropriately.</p> <p>(2) Promote the integration of the funds under main projects, such as science and technology, education and agriculture, while accelerating the using of carryover and surplus funds.</p> <p>(3) Establish dynamic adjustment mechanism, so that the project budgets with slow progress in implementation could be partially taken back by the finance authority at the same level by a certain proportion and be redirected to other areas.</p> <p>(4) Review and integrate specific transfer payments, delegate the powers of allocating funds and determining projects to local governments, and allow local governments to experiment the coordinated use of funds.</p> <p>(5) Strengthen the coordination between the funds within departments and across different departments, and avoid repeated expenditures and rigid use of funds.</p> <p>(6) Place the unused available funds raised by local government debts under budget management, and coordinate its usage with incremental debt funds.</p> <p>(7) Manage the government-managed funds in the approach of directory and list, intensify the effort to transfer fund from the governmental funds and the budget for state capital operations into general public budget and strengthen the coordinated use of those funds.</p> <p>(8) Coordinate budget planning and implementation, and strictly control expenditure budgets prepared by finance departments for other departments and projects at all fiscal levels. Establish cross-year budget balancing mechanism, develop pilot fiscal plan in a rolling three-year basis in the fields of water conservancy and social security.</p>
<p>Status of Implementation and Impact</p>	<p>In progress.</p>

<ul style="list-style-type: none"> • Policy action 6 	<p>Implement a comprehensive government financial reporting system</p>
<p>Implementation path and expected date of</p>	<p>China will establish government accounting standards system and government financial reporting system, and prepare government financial report on accrual basis in order to reflect the</p>



implementation	government financial status and implementation of budgets in a clear and comprehensive way, and provide support for conducting government credit rating, improving government performance supervision and assessment as well as preventing fiscal risks, to promote financial management and sustainable development of finance and economy.
Status of Implementation and Impact	<p>In progress.</p> <p>1. Establishing government accounting standards system.</p> <p>(1) In October 2015, Government Accounting Standards — Basic Principles (Decree No. 78th, Ministry of Finance of China) was issued, laying the foundation for a unified, scientific, and standardized system of government accounting standards.</p> <p>(2) In December 2015, Ministry of Finance established the China Accounting Standards Committee, responsible for coordinating and facilitating development and implementation of the system of government accounting standards.</p> <p>(3) In November 2015, the exposure draft of four specific government accounting standards for inventory, investment, fixed asset, and intangible asset were circulated and the official document is set to be released in 2016.</p> <p>(4) Research on government accounting schemes has started since 2015.</p> <p>2. Establishing the framework of government financial reporting system. In 2015, Ministry of Finance pushed forward reform of accrual basis government comprehensive financial reporting system.</p> <p>(1) Ministry of Finance drafted and issued Regulations on the Preparation of Government Financial Reports (Tentative), Operational Guidelines for the Preparation of Government Financial Reports (Tentative), and Operational Guidelines for the Preparation of Government Comprehensive Financial Reports (Tentative) to preliminarily establish a relatively integrated system of financial reports.</p> <p>(2) Ministry of Finance revised and published General Fiscal Budget Accounting System, laying the foundation for accrual basis government comprehensive financial reports.</p> <p>(3) The work on the preparation of accrual basis government comprehensive financial reports is on track involving 36 provincial fiscal departments and more than 1900 municipal (including counties and districts) fiscal departments participated in 2015.</p> <p>In July 2016, the <i>Ministry of Finance's Notice on launching the pilot programs on compiling the 2016 government financial reports</i> was issued, which clarified the scope, tasks and requirements concerning the pilot programs on the compilation of 2016 government financial reports.</p>

• Policy action 7	Launch a pilot program allowing local governments to issue bonds and repay debt on their own
Implementation path and expected date of implementation	A pilot program has been launched in 2014, which allows the local governments to participate in the program to issue bonds and repay debt by themselves under the precondition that the State Council controls the volume and durations of such bonds. In 2015, all bonds issued by provinces, autonomous regions and municipalities directly under the central government (including separate planning cities that are approved by the provincial government to self-issue bonds) will be issued and repaid by themselves.
Status of Implementation and Impact	<p>Completed.</p> <p>1. In 2014, pilot programs on the reform allowing provincial governments to issue and repay local government bonds were launched in Shanghai, Zhejiang, Guangdong, Shenzhen, Jiangsu, Shandong, Beijing, Jiangxi, Ningxia, and Qingdao. In 2015, the reform was expanded to 36 provinces in China. The volume of issuance of local government bonds amounted to around 3.8 trillion yuan over the</p>

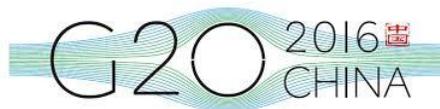


	<p>year.</p> <p>2. The reform has paved the way for the establishment of local government debt financing mechanism dominated by local government bonds. The following results have been achieved:</p> <p>(1) An institutional framework was established for provincial governments to issue and repay local government bonds. Ministry of Finance released regulations on local government bonds issued in public offerings, and jointly released regulations on local government bonds issued in targeted replacements together with the People’s Bank of China and China Banking Regulatory Commission, with the aim of standardising the process of bond issuance.</p> <p>(2) Financing costs for local governments were reduced. In 2015, the average interest rate for local government bonds issued by public offerings was 3.31% and 3.68% for those issued by targeted replacements. Bond issuance significantly reduced the average costs of financing local government debts. Local governments are expected to save 200 billion yuan of interest payment per year. Taking into account factors including outstanding debt close to maturity, local governments have properly arranged the timing and scale of bond issuances to ensure timely repayment and effectively prevent systemic and regional risks.</p> <p>(3) Budget information disclosure and transparency was improved. Based on the pilot program allowing provincial governments to issue and repay local government bonds in 2014, requirements for local government bonds information disclosure were further elaborated in 2015. Progress was made in terms of investors’ access to basic information and transparency of local government budget information was improved.</p> <p>(4) Local government bond market was on track for development. In 2015, local government bonds became an important bond product of the market, taking up 17% in issue size and 10% in outstanding balance. Given more diversified maturity, abundant market liquidity and more sophisticated registration, custody, and credit rating services, the local government bond market has been developing well.</p>
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<ul style="list-style-type: none"> • Policy action 8 	<p>Improve budgeting and operations of state owned assets, raise the ratio of profits turned over to public budget, to more secure and improve social welfare.</p>
<p>Implementation path and expected date of implementation</p>	<p>By 2020, the ratio of profits to be submitted by state owned capital of central enterprises will be gradually increased to 30%; The transferring ratio of state owned assets to the general public budget will be gradually increased to 30%.</p>
<p>Status of Implementation and Impact</p>	<p>In 2014, the ratio of profits submitted by state owned capital of central enterprises was raised by 5 percentage points, and currently the highest proportion has reached 25 percent; the proportion of operational budget of centrally owned state capital to general public budget was raised to 19 percent in 2015 from 13 percent in 2014.</p>

(3) Financial Sector Reform

<ul style="list-style-type: none"> • Policy action 9 	<p>Further promote the securitization of credit assets, and mobilize stock funds through reform and innovation.</p>
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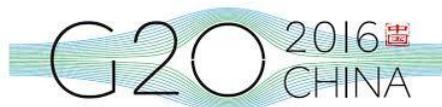
Implementation path and expected date of implementation	<p>(1) Increase the volume of the pilot credit asset securitization program by 500 billion yuan, continue to improve mechanisms and simplify procedures, and encourage one-off registration and separate issuances at their own.</p> <p>(2) Regulate information disclosure, and support the listing and transactions of securitized products in stock exchanges.</p> <p>(3) Pilot banks should set aside funds to support to the shanty house reconstruction, hydraulic projects, central and western railway construction, etc.</p>
Status of Implementation and Impact	<p>It is in progress to promote the securitization of credit assets, and mobilize stock funds through reform and innovation.</p> <p>In 2015, PBC released the Public Notice No.7, so as to perfect asset-back security (ABS) issuance regulation in the inter-bank bond market. According to the Notice qualified financial institutions can issue asset-back securities multiple times depending on their own timetable under one registration, and they are also free to list and trade the ABS in different markets satisfied investor eligibility management requirements. PBC instructed NAFMII to differentiate asset classes among individual housing mortgage loan, automobile loan, shantytowns transformation loan and consumption loan, etc, issue four information disclosure guidelines to enhance information transparency. By the end of 2015, the outstanding ABS in the inter-bank bond market reached 538 billion yuan, breaking through 500 billion yuan for the first time, and the loan funding invigorated from ABS was encouraged to support financing of projects with great importance, such as shantytown renovation, water conservancy facility constructing and high-speed railway building, effectively benefits the real economy development.</p> <p>Following the guidance of executive meeting of the State Council, CSRC is promoting the listing and transactions of quality ABS products in stock exchanges. In June 2014, No.1 petty consumer credit backed securities were listed in Shanghai Stock Exchange. At present, relevant regulatory bodies are discussing on the backstage-custodian model. CSRC is coordinating with other authorities to reach the consensus as soon as possible and continuously promoting the listing and transaction of securitized products in stock exchange.</p>

<ul style="list-style-type: none"> Policy action 10 	<p>The CBRC Guidance on Promoting the Development of Private Banks has been officially forwarded to the public, promoting private capital to establish medium and small banks in line with the law.</p>
Implementation path and expected date of implementation	<p>On June 26, the Office of the State Council has officially forwarded the CBRC Guidance on Promoting the Development of Private Banks (hence after referred as the Guidance), an important step to improve the institutional layout and financial service, marking a reform and development opportunity period that private banking financial institutions enter into.</p> <p>On the procedure of establishing private banks, the CBRC will delegate the approval authority and set a time limit for the approval procedures, shortening the approval process. From the day when an applicant submit complete documents for establishing a private bank, the CBRC shall make written decisions on whether or not to approve the application within 4 months.</p> <p>As for the market access, the Guidance has set four standards: capital standard, which encourages private enterprises that have already met certain requirements to invest their own funds in banking financial institutions, and as for financial indicators, requires enterprises to make profits in the latest three consecutive accounting years, the net assets after year-end distribution to account for more than 30% of the total assets, and the equity investment balance to account for no more than 50% of the net assets; shareholder standard, which requires the corporate governance structure</p>

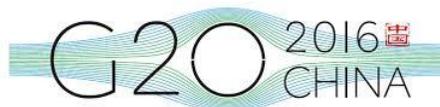


	<p>and institution of the capital owner legal person shareholders that invest in private banks to comply with the Corporation Law, simple and transparent related enterprises and equity relations, and organizational structure without related transactions and a bad record; banking standard, including designing a good equity structure and corporate governance structure and ensuring an appropriate and feasible business scope, market positioning, business philosophy and plan; institutional standard, which requires institutional arrangements that can take the remaining risks, qualifications to operate a bank, capacities to manage risks, clauses that requires shareholders to be subject to supervision, and a legal and feasible recovery and resolution plan.</p>
Status of Implementation and Impact	<p>Since relevant work of developing private banks began, following the central government's guidance, CBRC has tried hard to carry it forward with all strength and high efficiency, On the one hand, market entry policies and detailed operational rules for private banks were drafted and merged into <i>CBRC's Working Guidelines on Market Entry (Provisional)</i>, which laid an institutional foundation for normalized development of private banks; On the other hand, tutorial and training seminars on administrative licensing were organized and held for local governments and resident CBRC agencies in order to follow up the progress of local development, instruct resident CBRC agencies to carry out feasibility research and due diligence investigation, as well as explain relevant policies, standards and procedures to local governments. So far, all works are progressing in order.</p> <p>Since the normalization of developing private banks, assessment and demonstration work on establishing a group of private banks has been completed. Such establishment will be carried out on the principle of "approval would only be given to qualified banks". At present, the Chongqing Fumin Bank and Sichuan Xiwang Bank have been approved to set up, and five pilot private banks have been set up and operating smoothly, which showed synergy, set examples and played a leading role for the normalized development of private banks. These developments enhanced the quality and efficiency of service for real economy, especially for medium, small and micro-size enterprises, as well as agriculture, farmers, rural areas and communities.</p>

• Policy action 11	Macro-prudential policy
Implementation path and expected date of implementation	<p>Formulate the identification criteria and evaluation framework of domestic systematically important financial institutions, intensify the regulation requirement, and establish orderly resolution and settlement arrangement. Proceed with the creation of crisis management group in ICBC and Ping An Group, and establish a risk based solvency system.</p>
Status of Implementation and Impact	<p>As to studying and developing the qualification standards and assessment framework of domestic SIFIs, CBRC and PBC are now working jointly on drafting <i>the Guideline on Systematic Importance Assessment, Capital Requirement and Resolution of Commercial Banks (Provisional)</i>.</p> <p>The Crisis Management Group (CMG) of the Agricultural Bank of China has been established, and the first draft of Recovery and Resolution Plan (RRP) has been discussed and endorsed. Bank of China (BOC), Industrial & Commercial Bank of China Limited (ICBC) and Ping An Insurance (Group) Company of China have established their CMGs and the CMGs have approved their annually updated Recovery and Resolution Plans (RRPs) respectively. BOC and ICBC have completed their first Resolvability Assessment Programs (RAPs) and submitted the conclusions to the FSB. And efforts have been made to expedite the establishment of the CMG of China Construction Bank (CCB). In the first quarter of 2016, China's Risk Oriented Solvency System was formally implemented, with each insurance company starting to submit the report on solvency of the first quarter according to the new requirements.</p>

**(4) Urbanization**

<ul style="list-style-type: none"> • Policy action 12 	Strengthen urban shantytown reconstruction and urban and rural dilapidated housing renovation, and push forward the construction of supporting infrastructures.
Implementation path and expected date of implementation	<p>According to the plan of new urbanization that centers on people, China is implementing a “three-year” action plan, which includes the transformation of 18 million shantytowns of various kinds such as urban dilapidated housing and villages inside cities, and of 10.6 million households of rural dilapidated housing, with supporting infrastructures such as public transportation, water, gas, and heating supply, and telecommunication being planned and constructed at the same time.</p> <p>Approval procedures will be accelerated and preceding work concerning land acquisition, compensation and resettlement should be carefully carried out. Government shall scale up inputs, make sure the subsidies for renovation of rural dilapidated housing be allocated from county-level finance to households directly, promote monetary compensation for resettlement, encourage municipal and county governments to purchase shantytown transformation services and include them in the fiscal budgets, and shall fiscal gaps emerge, provincial governments could offer support by issuing local government bonds on their behalf in line with the Law. Market-based financing such as franchising should be encouraged, and supply of credit should be increased appropriately. Monitoring of project quality and funds flow shall be strengthened.</p>
Status of Implementation and Impact	<p>1. Increase supply of credit: completed.</p> <p>The PBC guided banking institutions to increase credit loans and created Pledged Supplementary Lending (PSL) instrument to provide low-cost and long-term fund, supporting for shantytown renovation. By the end of March 2016, the balance of shantytown renovation loans had reached 1.96 trillion yuan, with a year on year increase of 88.98%.</p> <p>In recent years, focusing on risk awareness and practical regulation, CBRC and its resident agencies are guiding the Banking financial institutions, especially the development banks, to enhance the support for shantytown transformation by exploring innovative financial service model and continuous improving credit management mechanism. By the end of March in 2016, China Development Bank and Agriculture Development Bank have provided loans of 249.6 billion RMB for shantytown transformation, totalling outstanding credit of 1.5918 trillion RMB. The construction area for the use of shantytown transformation is around 1.6 billion square meters, benefiting 17 million households, which amounts about 52 million persons. The financing support of the above two banks have firmly guarantee the due completion of national shantytown transformation project.</p> <p>2. Fiscal support: in progress.</p> <p>In March 2016, Ministry of Finance, and Ministry of Housing and Urban-Rural Development jointly released the Notice Regarding Further Improving Work on Rebuilding Run-down Urban Areas. The notice required fiscal departments at all levels to further increase the proportion of direct monetary compensation to people displaced by the rebuilding of such areas. Government procurement of services in this process was encouraged. For municipalities and counties with financial difficulties, provincial governments could issue bonds under the debt ceilings to help raise funds. Loan interest subsidy policies were put in place to engage private sector participation.</p>

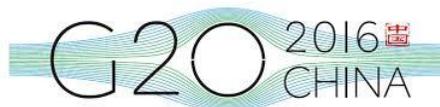


(5) Investment and infrastructure

<ul style="list-style-type: none"> • Policy action 13 	Administrative Rules on Infrastructure and Utility Franchise was approved by the State Council to stimulate private investment.
Implementation path and expected date of implementation	<p>(1) Franchising will be allowed in the fields of infrastructure and utility such as energy, transportation, water conservancy, environment protection, and municipal administration.</p> <p>(2) Domestic and overseas legal persons or other organizations could seek, within certain period and scope and through fair competition, to participate in investment, construction and operation of infrastructure and utility and gain profits.</p> <p>(3) Pricing or fee-charging mechanism of franchising will be improved. The government could grant necessary fiscal subsidies according to the agreements, and will streamline procedures concerning project planning and site selection, land use, project ratification, etc. Policy and development financial institutions could offer differentiated credit support, and the maximum term of loans could reach thirty years.</p> <p>(4) Loans pledged by expected proceeds of franchising projects will be allowed, and other financing channels will be explored, such as encouraging the provision of project capital by purchasing shares in the form of setting up industry funds, establishing private equity funds by project companies, and issuing securities backed by project proceeds, asset-backed securities, enterprise bonds, corporate bonds, etc.</p> <p>(5) Agreements shall be strictly fulfilled to protect legal rights of franchisers, stabilize market expectations, attract and expand effective social investment.</p>
Status of Implementation and Impact	<p>In progress. The NDRC is jointly working with related authorities to actively promote the implementation of <i>Management Rules on Infrastructure and Public Utilities Franchising</i>. Since 2015, the number of franchising programs and the amount of investment have both achieved significant growth. To support the implementation of franchising programs, the related authorities and some local governments have issued a series of supportive policy measures, and related financial institutions have developed innovative financial products.</p>

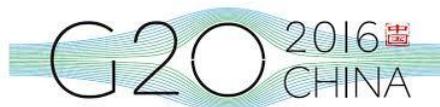
<ul style="list-style-type: none"> • Policy action 14 	Establish China Insurance Investment Fund to let financial innovation better serve the real economy.
Implementation path and expected date of implementation	<p>According to the principle of commercial sustainability and market-based operation, China will set up the China Insurance Investment Fund, with an amount of 300 billion yuan and aiming at constructions such as shantytown transformation, urban infrastructure, key water conservancy projects and transportation facilities in the central and western regions, the “Silk Road Economic Belt and the 21st Century Maritime Silk Road”, and key projects related to international cooperation in building up production capacity, etc.</p>
Status of Implementation and Impact	<p>Completed.</p> <p>At present, the Fund has been officially established, and the initial 40 billion yuan has been invested to overseas One Belt One Road projects.</p>

(6) Employment



<p>• Policy action 15</p>	<p>Propose supportive policy measures for the development of “start-up business space” to establish new platforms for business start-ups and innovation.</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Based on the incubating models such as maker space and innovation workshops, the market-based, professional, integrated and internet-supported “start-up business space” should be promptly developed, so as to combine innovation and start-ups, online and offline activities, and incubation and investment, and provide open and comprehensive service platforms that are low-cost and convenient for small and micro start-up business and individual start-ups.</p> <p>(2) There will be more supportive policies. Adapting to the feature of centralized work space of new incubating institutions such as “start-up business space”, efforts will be made to streamline registration procedures and offer convenience to start-up business. For local governments with capacities, it is encouraged to grant appropriate subsidies to “start-up business space” concerning rents, broadband networks, public domain softwares, etc., or to provide low-cost offices by means of mobilizing idle workshops.</p> <p>(3) Investment and financing mechanisms for start-up business shall be improved. The government guiding fund on investment in start-up business and fiscal and tax policies should play their role in supporting growth SMEs on seed stage and venture stage, and cultivating angel investment. Financing mechanism of online equity-based crowd-funding shall be enhanced, regional equity transaction market shall be developed, and financial institutions shall be encouraged to develop products and services such as loans collateralized by technology and loans pledged by intellectual property rights.</p> <p>(4) A good ecosystem for start-ups and innovation shall be pursued. Guiding and advising mechanism and training camps for start-ups, and competitions for start-up business and innovators will be promoted, and the culture of makers will be cultivated, so as to form the trend of start-ups and innovation.</p>
<p>Status of Implementation and Impact</p>	<p>(3) In progress.</p> <p>The State Administration of Taxation to actively cooperates with the Ministry of Finance, Development and Reform Commission and other departments, to explore entrepreneurial investment fiscal policy to support the growth-type SMEs during the seed and start-up stages, and to launch related measures as soon as possible. In order to support SMEs’ development and promote entrepreneurial employment, in line with current value-added tax policy, the small scale value-added taxpayers with monthly sales less than 30000 RMB shall be exempted from value-added tax.</p>

<p>• Policy action 16</p>	<p>Create more jobs and encourage entrepreneurship to stabilize employment, benefit people’s livelihood, and support economic growth.</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Allow the targeted priority group such as college graduates and registered unemployed workers, who choose to start individual business or individual owned enterprises, to enjoy preferential tax policy in line with the law. Allow the micro and small enterprises that recruit new college graduates in their graduation year to enjoy one-year social security subsidy and extend the maturity of the policy from year-end to long-standing. In line with the law, the policy for unemployment insurance fund to support firm’s stabilizing jobs will be extended to all enterprises that participate in insurance, and lay off few or no employees.</p> <p>(2) The office space registration conditions for newly registered enterprises will be eased. Reforms such as “one address registered to multiple firms” and clustered registration shall be pushed</p>



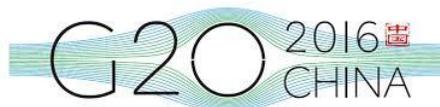
	<p>forward.</p> <p>(3) The small-sum guaranteed loans shall be changed to start-up guaranteed loans, and the ceiling of the amount of the loans will be adjusted to 100 thousand yuan from 100 thousand yuan or less than 100 thousand yuan. For the interest rate of individual loan that exceeds the basic interest rate by more than three percent, public finance will provide subsidies to the three percent part, and related procedures will be simplified.</p> <p>(4) More policies will be issued to encourage rural labour force to start business. Innovation parks will be developed for rural migrant workers to return to their hometowns to start business, and rural people are encouraged to start business through the internet. Professionals and technicians in colleges and research institutes are encouraged to start business on the job or after taking a leave, and for those who take a leave with permission, their positions could be reserved for three years.</p> <p>(5) When calculating household income, deduct necessary employment costs for the group living on minimum subsistence allowances if they get employed or start their own business.</p>
<p>Status of Implementation and Impact</p>	<p>(1) Completed.</p> <p>The <i>State Council Opinions on Further Promoting Employment and Entrepreneurship</i> was launched in April 2015, in which the provisions of policies are defined. At present, policies are under implementation. The policy for unemployment insurance fund to support firm's stabilizing jobs has been extended from firms under industrial structural adjustment (i.e. merging and reorganizing, resolving production overcapacity and eliminating excess production capacity) to all qualified enterprises.</p> <p>It is been completed to allow the targeted priority group such as college graduates and registered unemployed workers, who choose to start individual business or individual owned enterprises, to enjoy preferential tax policy in line with the law. To whom engages in individual business, and holds "Entrepreneurial Employment Permit" (noting entrepreneurship tax policy or graduating year entrepreneurship tax policy) or acquired "Employment Status Certificate" before Jan. 27th, 2015 (noting entrepreneurship tax policy or adhering "College Graduates Entrepreneurship Certificate"), within the first 3 years , each individual has an 8000 RMB limit per year to deduct the actual payment in the sequence of the value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and personal income tax. According to the commitment of the State Administration of Taxation, for commerce-type firms, service-type firms, processing firms among the labor and employment service firms and small processing entities within the street communities, if they add new jobs to recruit personnel who registered unemployed for more than six months at the public employment service agencies of Human Resources and Social Security Department and also holds "Entrepreneurial Employment Permit" or acquired "Employment Status Certificate" before Jan. 27th, 2015 (noting entrepreneurship tax policy), signing contracts with terms longer than 1 year, and paying social insurance premiums by law, allowance quotas will be granted to sequentially deduct the value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and corporate income tax according to the actual recruitment number within 3 years.</p>
<p>• Policy action 17</p>	<p>Implement more policies to encourage workers such as rural migrant workers to return to their hometowns to start business, so as to create new motives for mass entrepreneurship and innovation.</p>
<p>Implementation path and expected date of</p>	<p>(1) The office space registration conditions will be eased. Reforms such as "one address registered to multiple firms" and clustered registration shall be pushed forward.</p>



implementation	<p>(2) Targeted tax reduction and general fee cuts will be implemented towards people such as rural migrant workers who return to their hometowns to start business, and loan subsidies will be granted by public finance to start-up business guaranteed loans according to related rules.</p> <p>(3) In areas where more people tend to return to their hometowns and start business, the issuance of small, medium and micro enterprise collective bonds should be explored, and banks will be encouraged to expand credit support and increase services.</p> <p>(4) Based on current development zones and agricultural industry parks, start-up business zones for those entrepreneurs who return home and incubating bases should be developed. E-commerce enterprises are encouraged to expand their business and transaction platforms and channels to the rural areas, which will also facilitate internet entrepreneurship.</p> <p>(5) More training will be offered for those who want to start new business. The rural migrant workers who return home for starting new business shall be included in the public service system covering social security, housing, education, medical service, etc. Mechanisms such as government procurement of services could be used to help these entrepreneurs who return home to start business in improving performance and expanding market.</p>
Status of Implementation and Impact	<p>(2) Completed.</p> <p>(3) In progress.</p> <p>China has explored the issuance of small, medium and micro enterprise collective bonds in areas where many rural migrant workers return to their hometowns to start business, and encouraged banks to expand credit support and increase services.</p> <p>(5) In progress. The Guidance on Further Promoting Entrepreneurship Training was launched by the China's government in 2015, aiming at strengthening the public service of entrepreneurship training, innovating the training models, expanding the training scale and improving the pertinence and effectiveness. A government incentive led, extensively social participated, labor discretionary chosen mechanism for the entrepreneurship training should be built, to support pushing forward the mass entrepreneurship and innovation. Local governments organize and implement the special plan of action to carried out the entrepreneurship training widely. According the statistics, in 2015, the China's government has carried out subsidized vocational training programs for 19.08 million people, among which entrepreneurship training accounts for 2.11 million. The Chinese government has issued the five year action plan for the returned migrant workers' entrepreneurship train (2016-2020), intends to carry out more pertinent and effective entrepreneurship training for returned migrant workers and other personnel, in order to improve their entrepreneurship skills.</p>

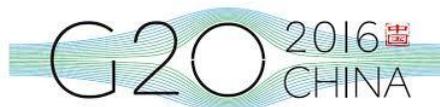
(7) Competition

<ul style="list-style-type: none"> • Policy action 18 	Lower fees comprehensively, further reducing the burden and boosting the growth of enterprises especially of micro and small enterprises
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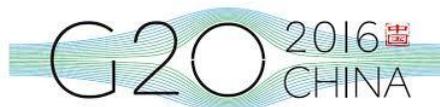


Implementation path and expected date of implementation	<p>From January 1, 2015, (1) to waive or suspend collecting fees which fall into the category of public services provided by the government or embody general management functions, and are charged complying with laws and regulations, including 12 charges such as enterprise and individual business registration fees.</p> <p>(2) 42 administrative fees including the organizational code certificate fee will be waived on micro and small enterprises. From January 1, 2016 to the end of 2017, five governmental funding fees such educational surcharge and cultural undertaking fee will be waived on micro and small enterprises with monthly sales or turnover less than 30,000 yuan within three years from the business registration date.</p> <p>(3) Disabled employment security fee will be waived on micro and small enterprises, with a disabled employee ratio lower than the required level and total employees less than 20 people, within three years from the business registration date.</p> <p>(4) Seven fees including land rehabilitation fee and property ownership registration fee will be reduced or waived on nursing homes and health care institutions. Management, registration and license types of administrative fees will continue to be waived on college graduates, registered unemployed, disabled and demobilized soldiers who start their own business.</p>
Status of Implementation and Impact	<p>Completed.</p> <p>More than 40 billion yuan will be reduced every year for enterprises and individuals.</p>

• Policy action 19	Promote public and private partnership model, and pool resources from all society to increase the supply of public goods and services
Implementation path and expected date of implementation	<p>(1) Simplify approval procedures, guarantee project land, support local government and financial institutions to set up funds and use measures such as preferential tax treatment, money awards and fiscal transfers. Resort to various measures to attract private capital to participate in the investment and operational management of public goods and services.</p> <p>(2) Encourage project operation entities to use capital market for direct financing. Take advantage of development and policy financial institutions' strength in medium and long term loans, and support social security and insurance funds to participate in projects.</p> <p>(3) Establish a dynamic price and subsidy adjustment mechanism for public services, adhere to the idea of cost compensation, quality services at affordable prices and fair burden-sharing, and ensure that private capital and the public will both benefit.</p> <p>(4) Improve systems, standardize procedures, strengthen quality supervision, and enhance the supply capacity and efficiency of public goods and services.</p>
Status of Implementation and Impact	<p>(1) In progress.</p> <p>The Chinese government is actively organizing and promoting public and private partnership model, encouraging and guiding private capital engaging in the construction of infrastructures and public services facilities.</p> <p>(3) In progress.</p> <p>The NDRC is also establishing a dynamic price and subsidy adjustment mechanism for public services, adhere to the idea of cost compensation, quality services at affordable prices and fair burden-sharing, and ensure that private capital and the public will both benefit.</p>



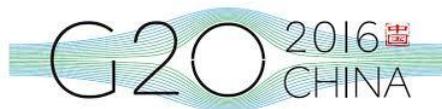
<ul style="list-style-type: none"> • Policy action 20 	Decide on policy measures to encourage entrepreneurship and innovation, expanding new development space
Implementation path and expected date of implementation	<p>(1) Encourage local governments to set up start-up funds and give preferential treatment to the offices, network, etc. required by start-ups and innovation. Provide taxation support for micro and small enterprises, incubators and angel investment aiming at innovative activities. Promote the pilot program of allowing tech enterprises to turn accumulated funds into equity and individuals to pay their individual income tax for share awards by installment.</p> <p>(2) Develop innovative financing models such as linking loans with investment and equity crowd-funding, promote start-ups with special equity structure to go public domestically, and encourage the development of mutual insurance. The national entrepreneurship and investment leading fund should serve as a seed fund, supporting state, foreign and other capital to carry out investment and start business.</p> <p>(3) Lift restrictions that hamper the free flow of talents such as Hukou system and education background, and create enabling environment for entrepreneurship and innovation. Provide growth space for new technologies, new industries and new models, and restrictions should not be imposed at will.</p> <p>(4) Mobilize the stock factories, logistics equipments, etc. so as to provide low-cost offices for entrepreneurs. Develop third-party services such as start-up incubation, marketing and financial services.</p> <p>(5) By streamlining administrative procedures and delegating power to lower levels, deregulating and strengthening management and optimizing services, the government can play a better role in increasing market vitality and promoting entrepreneurship and innovation. Strengthen protection for intellectual property rights, and boost entrepreneurship and innovation by measures such as information and technology sharing platform and government procurement.</p>
Status of Implementation and Impact	<p>(1) In progress.</p> <p>It is in progress to encourage local governments to set up start-up funds and give preferential treatment to the offices, network, etc. of start-ups and innovation, and to provide taxation support for micro and small enterprises, incubators and angel investment aiming at innovative activities. Currently, the State Administration of Taxation is actively exploring specific preferential policies to support angel investment in innovations, and would launch relevant instructions as soon as possible.</p> <p>It has been completed to promote the pilot program nationwide of allowing tech enterprises to turn accumulated funds into equity and individuals to pay their individual income tax for share awards by installment. On Feb 25th and Aug 19th, 2015, the State Council summoned two standing meetings, proceeding to cut the SME income tax by 50% covering taxpayers with income taxes lower than 300 thousand, which has been implemented by State Administration of Taxation. And the <i>Notice of Promoting Pilot Tax Policies Nationwide on National Self-innovation Demonstration Zone</i> is released, allowing tech enterprises to turn accumulated funds into equity and individuals to pay their individual income tax for share awards by installment, taking effects since January 1st, 2016.</p>
<ul style="list-style-type: none"> • Policy action 21 	Use big data to optimize government services and supervision, so as to increase the efficiency and capacity of administration



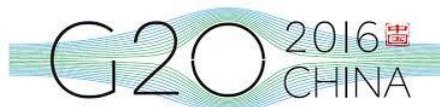
Implementation path and expected date of implementation	<p>(1) Accelerate the construction of government information project, promote publishing and sharing government information, and publish online the government information required by law to be published and concerning procedures and requirements that people need to follow. Make better use of new media such as the Internet to serve enterprises and the public.</p> <p>(2) Promote publishing market entity information, timely publish online information required by law such as administrative permission and punishment, build credit information sharing and exchanging platform, push forward one-stop credit information inquiry system, and establish a mechanism that collectively reward those who honor their commitment and punish those who fail to do so.</p> <p>(3) Introduce big data supervision in key areas such as environmental protection and food and drug safety, and actively investigate and address activities that violate laws and regulations. Use the government "cloud" to increase the efficiency of government services and supervision, benefiting the public.</p>
Status of Implementation and Impact	<p>(2) In progress.</p> <p>We promote the information disclosure of the market entity through <i>Enterprise Credit Information Inquiry System</i>, and timely disclose information such as administrative licenses and penalties.</p>

• Policy action 22	Lower the premium rate of work-related injury and maternity insurance, furthering easing enterprises' burden
Implementation path and expected date of implementation	<p>On the basis of reduced premium rate of unemployment insurance, from October 1st 2015, according to the principle of "generally lowering the rates, refining classification and improving mechanism", China has increased the categories of work-related injury risk from three to eight, and the minimum risk benchmark rate of the industry was lowered from 0.5 percent to 0.2 percent, and the maximum risk benchmark rate of the industry was lowered from 2 percent to 1.9 percent, and rates can be upward or downward adjusted for enterprises according to factors such as the use of work-related injury insurance payments, the occurrence rate of work-related injury, and the extent of severity of work-related illness; the premium rate of maternity insurance will be lowered from up to 1% to up to 0.5%; rates should be lowered for areas where the work-related injury and maternity insurance funds have already exceeded the appropriate amount.</p>
Status of Implementation and Impact	<p>The above measures are expected to reduce burdens of 27 billion yuan for enterprises every year.</p> <p>1. Lowering work-related injury insurance premium rates: in progress.</p> <p>After the release of the policy on improving the premium rate of work-related injury insurance, local governments attach great importance to the policy, work actively on the implementation, which have been pushed orderly.</p> <p>2. Lowering the premium rates of maternity insurance: completed.</p> <p>The Ministry of Human Resources Social Security and the Ministry of Finance jointly launched the <i>Notice of Lowering the Premium Rate of Maternity Insurance</i>, demonstrating that the premium rate of maternity insurance should be no higher than 0.5% in the coordinated area with accumulated surplus more than 9 months, which would reduce the burden of the employers by about 10 billion yuan.</p>

(8) Trade

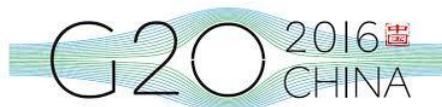


<p>• Policy action 23</p>	<p>Accelerate the development of trade in services, expanding development space by improving structures</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Increase the volume. Strengthen the advantage of scale in labour-intensive service export sectors such as tourism and construction. Focus on trade in service in capital- and technology-intensive sectors including transportation, telecommunication, finance, insurance, computer and information service, consulting, researching and designing, energy conservation and environmental protection, and environmental service, and promote the export of cultural service.</p> <p>(2) Improve structures. Increase the ratio of high value-added services in the total import and export of services. Optimize international market layout and domestic regional layout.</p> <p>(3) Innovate models. Innovate service trade models with the help of new technologies such as big data, internet of things, mobile internet and cloud computation. Become active in international service outsourcing market.</p> <p>(4) Nurture market entity. Nurture service brands with international influence, and support the development of small and medium enterprises with their own characteristics and good at innovation.</p> <p>(5) Boost bilateral investment in service sector. Explore the possibility of applying the pre-establishment national treatment plus negative list management model to foreign investment. Promote the opening-up of service sector in an orderly manner. Support service enterprises to carry out investment cooperation abroad.</p>
<p>Status of Implementation and Impact</p>	<p>(2) Completed.</p> <p>The Ministry of Finance and the State Administration of Taxation jointly issued the Notice of VAT Zero Tax Rate Policies in Application for Export Services including the Film and Television in the end of October, 2015, which demonstrated to expand the VAT zero tax rate policies in application for export services to the production and release, software and offshore service outsourcing of the film and television. The policies are in accordance with the international common practices and further optimize the service export structure and facilitate the development of service trade.</p> <p>(5) In progress.</p>
<p>• Policy action 24</p>	<p>Improve the policy measures of boundary ports, and promote the expansion of opening up and steady development of trade.</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Eliminate and delegate more approval authority related to the customs clearance in the boundary ports as well as to the import and export links, eliminate all the relevant non-administrative approval procedures, and forbid establishing approval or quasi-approval procedures against the law. Simplify the necessary approval procedures and clarify the standards, and promise to complete the procedures within a certain time period.</p> <p>(2) Improve customs clearance services, increase the ratio of non-intrusive and non-interfering inspection, publish more administrative information on law enforcement in boundary ports, eliminate administrative fees charged against regulations in import and export links, further regulate operational and service charges, and promote digital customs clearance, easing burden of and provide facilitation for enterprises.</p> <p>(3) Innovate the coordination and cooperation mechanism of customs clearance, accelerate the development of cross-region and cross-sector customs clearance, promote the national integration of customs clearance, change from series connection to parallel connection, and actively promote "one window" for international trade.</p>



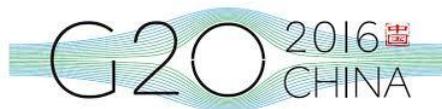
	<p>(4) Optimize the layout of boundary ports, establish and improve the customs clearance management and quality safety inspection system, so as to provide a more flexible and enabling environment for start-ups and innovation, and contribute to the development of Chinese economy which expands at a medium to high rate and moves towards a medium and high level.</p>
<p>Status of Implementation and Impact</p>	<p>(1) Completed.</p> <p>Currently, administrative approval programs on foreign trade are now all ruled by laws which are fundamental and essential policy tools to safeguard national security, economic security, environment security and life safety under the multilateral trade system, and there is no room for further elimination.</p> <p>(2) Completed.</p> <p>Currently, there are no administrative fees for enterprises in import and export links, government funds and mandatory operational and service charges for enterprises.</p> <p>More large container and vehicle inspection devices have been equipped. In 2015, 105 H986 devices were newly added or upgraded, and the total number amounts to 282. Measures have been taken to enhance the efficiency of device utilization. Positive list management has been implemented in export and import charges by administrative units and related economic entities of the Customs. The client-side software and business data exchange port of the Customs' pre-input system has been opened up, e-government affairs and e-commerce has been further divided, and detailed breakdowns of categories were listed. The paperless pilot program has been expanded to on-site clearing of all customs in China.</p> <p>(3) Completed.</p> <p>Regional Single Window in 11 provinces and cities have been operated on line or on pilot.</p>

<p>• Policy action 25</p>	<p>Promote the healthy and rapid development of cross-border e-commerce, and foster the upgrading of an open economy</p>
<p>Implementation path and expected date of implementation</p>	<p>(1) Improve customs clearance procedures, simplify the classification of cross-border e-commerce B2C export products, which do not involve the export taxes, export tax rebates or license management within the cross-border e-commerce comprehensive experimental area, implement registration management mechanism on the operational entities, and introduce facilitating measures for exports and imports such as list-based approval, collective declaration, centralized inspection and release. If domestic companies or individuals conducting cross-border e-commerce trade on the e-commerce trading platforms that are verified by the customs and linked to the net of the customs, the customs procedures will be finished within 24 hours (except that the goods need to be examined or dealt with under other conditions) after the goods arrive in the customs' supervision area and this service will be available all the year (365 days).</p> <p>(2) Implement the tax refund and tax free policies for cross-border e-commerce retail export goods. Encourage cross-border e-payment, promote pilot cross-border foreign exchange payment program, and support the expansion of overseas business of domestic bank card settlement institutions.</p> <p>(3) Encourage foreign trade comprehensive service enterprises to provide services such as customs clearance, storage and financing. Guide enterprises to regulate their operations, and fight against illegal and infringement activities.</p> <p>(4) Encourage cross-border e-commerce retail export enterprises to expand their marketing channel through overseas warehouses, experience stores, etc., cultivate their own brands and establish</p>



	their own platforms. Appropriately increase imported consumer goods.
Status of Implementation and Impact	<p>(1) In regard to improve customs clearance procedures, firstly, we carry out pilot projects on cross border e-commerce service and to explore the policies and practices adapted to development of e-commerce; secondly, we carry forward the pilot projects in China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Area, and to develop 10 reproducible and applicable customs measures, for instance, paperless customs declaration; thirdly, we develop the rules governing cross border e-commerce; fourthly, we establish the filling management system for enterprises involved in cross border e-commerce, to improve the cross border e-commerce statistics system and to develop uniformed export clearance system for cross border e-commerce; fifthly, we carry out the project “customs control on cross border e-commerce” in APEC.</p> <p>It has been completed to simplify the classification of cross-border e-commerce export products and the customs’ service will be available all the year (365 days).</p> <p>(2) Completed.</p> <p>In 2013, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice of Tax Policies for Cross-border E-commerce Retail Export to carry out the value-added tax and consumption tax refund and tax free policies for the cross-border e-commerce retail export goods.</p> <p>(3) In regard to guide enterprises to regulate their operations and fight against illegal and infringement activities, first, we study on offences arising from e-commerce has been conducted in cooperation with research institutions and universities; second, we assist universities to win the bid organized by APEC Secretariat and complete the research paper <i>Capacity Building Research on Customs Control of Cross-Border E-Commerce</i>.</p> <p>(4) In progress. Firstly, we explore to develop the regulatory system for cross-border e-commerce facilitation, encourage foreign trade comprehensive service enterprises to provide supporting services for cross-border e-commerce through promoting the establishment of comprehensive pilot area for cross-border e-commerce. There has been periodical success on China (Hangzhou) Cross-border E-commerce Comprehensive Pilot Area where the customs clearance procedures have been further improved and the foreign trade comprehensive service enterprises have played a key role in promoting B2B. Comprehensive pilot areas propose to encourage the establishment of overseas warehouses. Secondly, it has clearly demonstrated in the Report on Government Work in 2016 and the State Council’s Opinions on Promoting Foreign Trade to Stabilize for Better to facilitate the development of cross-border e-commerce and support the work on establishing a series of export products’ overseas warehouses and overseas operation center.</p>

• Policy action 26	Innovating the processing trade pattern
Implementation path and expected date of implementation	<p>According to the central government's requirement of stabilizing growth, adjusting economic structures and transforming growth pattern, products that are energy-intensive and heavy-polluting and pose high regulatory risks during the production process should be added to the banned list of processing trade products; and products that meet energy-conserving and environmental-friendly standards and at the same time have high technical content and added value should be removed from the banned list. Based on the above principles, the Ministry of Commerce revised and amended the banned list of processing trade products, and the list became effective since January 1st 2015.</p>



Status of Implementation and Impact	<p>Completed.</p> <p>The two policies above have come into effect since January 1st, 2015. Other relevant policies will be decided and announced at the appropriate time, depending on domestic economic development and industry development.</p>
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• Policy action 27	Accelerate the development of trade in services and service outsourcing
Implementation path and expected date of implementation	Increase the share of service sector in the economy, stabilize exports of traditional services, increase exports of emerging services and the coordinated development of service exports and imports, and promote the development of service outsourcing.
Status of Implementation and Impact	<p>In progress.</p> <p>In December 2014 and February 2015, the State Council successively released the <i>Opinion of Promoting the Development of Service Outsourcing Industry</i> and the <i>Opinion of Expediting the Development of Service Trade</i>, which carried out comprehensive deployment of the service trade and service outsourcing within a period of time in the future.</p> <p>The current policy states that the offshore services outsourcing for overseas consumption provided by domestic institutions and individuals for foreign institutions is applicable for VAT zero tax rate policy.</p> <p>In May 2016, the Notice by the General Administration of Customs and the Ministry of Commerce on Further Promoting the Implementation of Imported Goods Bonded Supervision Mode in International Service Outsourcing Activities was published, which expanded the imported goods bonded supervision mode in international service outsourcing to all 31 service outsourcing model cities and 15 pilot areas for innovation-driven service trade development.</p>

(9) Inclusive Growth

• Policy action 28	Coordinate and push through income distribution reforms
Implementation path and expected date of implementation	Introduce the Guidance on Deepening Income Distribution Reforms, establish an inter-ministerial meeting mechanism on deepening income distribution reforms and push through income distribution reforms.
Status of Implementation and Impact	In May 2014, a joint inter-ministerial conference system was established to deepen income distribution reform.

• Policy action 29	Deepen wage system reforms
Implementation	(1) Implement the minimum wage system and raise low-income employees' wages. Improve the



path and expected date of implementation	<p>mechanism for adjusting minimum wage standards and thus make the adjustment more reasonable. Guide local governments to appropriately adjust minimum wage standards according to Minimum Wage Requirements and based on local average wages, consumer price index, local economic development levels and other factors, so as to gradually raise low-income employees' wages.</p> <p>(2) Establish the collective wage bargaining mechanism and advance the natural increase of employees' wages. Implement the "collective contract system program" and urge those enterprises which have already had trade unions to conduct collective bargaining. Guide enterprises to promote employees' participation in the internal distribution process through collective wage bargaining and democratic management system so that employees' wages will appropriately increase as enterprises' profits grow.</p> <p>(3) Adhere to relevant laws and regulations and advocate the principle of equal pay for same work. Guide and urge enterprises to introduce their own labor rules according to laws and regulations, improve the basic wage system centered on job-specific wages, design and assess positions in a scientific way, form a standardized and unified wage distribution system, and ensure that the principle of equal pay for same work is upheld. Implement the Labor Dispatching Regulation (Interim Version), and ensure that dispatched employees have the right to earn equal wages for the same positions as those directly employed by enterprises.</p>
Status of Implementation and Impact	<p>In progress.</p>

• Policy action 30	Improve the distribution system in which capital, technology, management and other factors can participate
Implementation path and expected date of implementation	<p>Improve the mechanism to sell state-owned resources and share profits with people; improve the budget system for state-owned capital operation; and improve the distribution system in which technological factors can participate.</p>
Status of Implementation and Impact	<p>In progress.</p> <p>Further enlarge the scale of the budget revenue for state-owned capital operation, increase the subsidies for social security from the earnings on state-owned capital, take more earnings benefiting from the state-owned enterprises reform into the social security reserve fund and resolve the long term risks including the social insurance fund gaps. Carry out the S&T personnel distribution system oriented by adding knowledge value and increment the compensation on human capital.</p>
• Policy action 31	Improve the redistribution adjustment system
Implementation path and expected date of implementation	<p>Deepen the pension system reforms of the government and public institutions and introduce the Decision on Reforming the Basic Pension System and Improving the Pay-scheme for Government and Public Institutions Employees. Consolidate the urban and rural basic pension systems, establish temporary assistance system and disabled old-aged people subsidy system. Reform individual income tax system, improve tax system and advance structural tax reduction.</p>
Status of Implementation and	<p>In progress.</p>



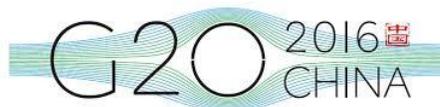
Impact	<p>The individual income tax reform and property tax reform are in progress.</p> <p>Accelerate the development of multiple pension system, carry out the national coordination for the basic pension of urban employees and decrease the contribution rate of the institutions when and where appropriate. Improve the multiple assistance system, and develop targeted and temporary assistance programs including medical, educational, housing and employment assistance, and ensure the people in difficulties to get relevant assistance. Promote the income adjustment tax system oriented by individual income tax, establish the combined individual income tax system and further reduce the tax burden of middle and low income groups.</p>
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<ul style="list-style-type: none"> • Policy action 32 	Tighten regulations to promote orderly income distribution
Implementation path and expected date of implementation	<p>Implement the Eight-point Regulations and step up anti-corruption efforts. Strengthen the monitoring of senior officials' income, prevent them from gaining illegal income, investigate and examine their wage income and other income, and regulate their on-job consumption. Strictly control government expenditures for travelling abroad, purchasing and maintaining vehicles and official receptions. Establish and improve social credit and income information monitoring system.</p>
Status of Implementation and Impact	<p>In progress.</p> <p>Promote the non-cash settlement and payroll services of banking. Continue to prevent someone from gaining profits through the non-market factor such as administrative power and monopoly. Establish the surveillance mechanism on individual income and financial information for departments sharing. Develop information resources such as internet, big data and cloud computing, enhance the infrastructure for the national income information system, innovate the methods of income surveillance and speed up the establishment of electronization for residents' income information system.</p>

<ul style="list-style-type: none"> • Policy action 33 	Protect the rights of vulnerable social groups
Implementation path and expected date of implementation	<p>Launch and implement Interim Measures of Social Assistance. Build the assistance system in eight areas including minimum living guarantees, interim assistance, medical assistance, etc., and make systemic arrangement for the basic life of those poor and vulnerable people.</p> <p>Launch and implement the State Council Notice of Building Interim Assistance System in an All-round Way. The government will provide contingent and interim assistance to those families which have suffered from sudden events, accidental injury, severe illness or other special events causing a difficult living condition, or those have not been covered temporarily by other social assistance, or still have difficulties in meeting their basic life needs after the assistance, aiming to fill the gaps of social assistance system and guarantee the basic life needs of those people who live in difficult conditions.</p> <p>Launch and implement the State Council Guidance on Promoting the Healthy Development of Philanthropy which emphasizes that philanthropy is an important complement to social assistance system and also an essential element to build a better-off society in an all-round way, and puts forward requirements in encouraging and supporting major philanthropic activities focusing on poverty reduction, cultivating and regulating all kinds of philanthropic organizations, and</p>



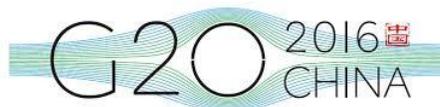
	<p>strengthening supervision, management and leadership.</p> <p>Launch and implement the State Council Opinions on Building Better-off Life for Disabled People, putting forward a series of measures to guarantee and improve the livelihood of disabled people, to share with disabled people the development fruits and to build them a better-off life.</p>
<p>Status of Implementation and Impact</p>	<p>Completed.</p>



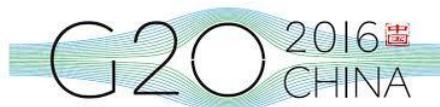
Investment Strategy Commitments

Please provide a general overall assessment on the status of implementation of investment strategies as below.

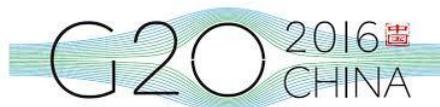
	Facilitators	Safeguards
Investment Ecosystem	<p>1. Supporting Improvements in Investment Climate and Promoting Private Investment</p> <p>(1) Further improve our macroeconomic policy and maintain a medium-high rate of growth. Investment played the key role in driving economic growth. Total fixed-asset investment for the year rose by 9.8%, of which 64.2% came from nongovernmental sources.</p> <p>(2) Deepen reform of the administrative review and approval system. We cancelled the requirement for or delegated the power of government review on 311 items, and cancelled all non-administrative review. Comprehensive steps were taken nationwide to replace the separate business license, organization code certificate, and taxation registration certificate with a unified business license with a unified social credit code. The Opinion of the State Council on the Implementation of Negative Lists for Market Access was released. A 2-year pilot reform was put in place in 4 provinces and cities including Tianjin, Shanghai, Fujian, and Guangdong. The pilot work started on January 1, 2016, and will be expanded nationwide in 2018.</p> <p>(3) Intensify supervision of prices and charges as well as anti-monopoly law enforcement. Work in this area helped reduce the burdens on enterprises by about 8.9 billion yuan.</p> <p>(4) Relax restrictions on overseas investment. As a result of implementing the revised Catalog for the Guidance of Industries for Foreign Investment, the number of restrictions on overseas investment in China was cut by 50%, the number of industries in which the amount of foreign investment is limited was reduced by 40%, and over 95% of foreign investment projects are now only required to be placed on record with relevant authorities. An additional three pilot free trade zones were established in Guangdong, Tianjin, and Fujian. The area of Shanghai Pilot Free Trade Zone was extended.</p>	<p>3. Enabling Appropriate Legal and Institutional Settings</p> <p>(1) Revise the Law on Chinese-foreign joint ventures, the Law on Chinese-foreign cooperative enterprises, and the Law on foreign-owned enterprises; formulate new basic laws on foreign investment.</p> <p>(2) Promote legislation on franchising of infrastructure and public utilities.</p> <p>(3) Improve provisions on the protection of commercial secrets in the Law against Unfair Competition.</p>



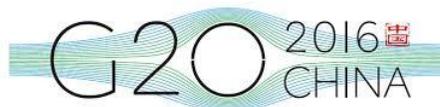
	<p>(5) Encourage public participation in starting businesses and making innovations. By leveraging fiscal funds and guiding market players such as private funds and financial capitals to support entrepreneurship, we have boosted the whole country's input in research and development (R&D) and facilitated transfer and commercialization of scientific and technological achievements. We also launched the Internet Plus Action Plan and set up government funds to encourage investment in emerging industries.</p> <p>(6) Continue to implement structural tax reductions and general fee reductions.</p> <p>2. Supporting Financial Intermediation</p> <p>(1) Conduct intensive research on regulations for equity-based crowd funding. With the gradual development of National Equities Exchange and Quotations (NEEQ, the OTC market), the quantity and quality of listed companies have been improved, generating more demand for a multi-layer capital market. We are conducting research on mechanisms allowing companies listed in the NEEQ to issue stocks in the stock exchange market.</p>	
<p>Infrastructure</p>	<p>4. Supporting Improvements in Investment Climate</p> <p>(1) Price reform was intensified. Pricing controls over nearly 40 goods and services were either lifted or delegated to lower-level governments. The price of electricity for industry and commerce was reduced.</p> <p>(2) Strength cooperation mechanism with the law enforcement agencies of the countries/regions along the "Belt and Road" and facilitate cross-border regulatory procedures coordination. We stepped up efforts to support the development of "China-Europe freight trains" and "China-Europe land-sea express route" projects and established coordination mechanism among customs of countries along the "Belt and Road". We promoted information connectivity of key countries/regions along the "Belt and Road" by launching a "Belt and Road" customs information exchange and sharing platform, which laid the foundation for regional connectivity.</p> <p>5. Facilitating Financial Intermediation</p> <p>(1) Requirements of corporate bond issuance have been properly adjusted and eased. 6 types of bonds</p>	<p>7. Enabling Appropriate Legal and Institutional Settings</p> <p>(1) We used the public-private partnership (PPP) model and other measures such as granting franchise and subsidizing investment to encourage and guide the involvement of nongovernmental capital in the construction and operation of infrastructure and public utilities. We adjusted and improved the capital contribution requirements for fixed-asset investment projects.</p> <p>(2) Fostering an effective, standardized, and transparent Public-Private Partnerships (PPP) market. (i) Policy framework has been established to ensure sustainable and healthy development of PPP. Ministry of Finance released PPP Operation Guidelines, PPP Contract Guidelines, PPP Value for Money Assessment Guidelines, Guidelines on the Assessment of Fiscal Affordability of PPP, Government Procurement Regulations on PPP Projects. (ii) New and enhanced supporting policies were in place. We established the China PPP Financing Supporting Fund with a total</p>



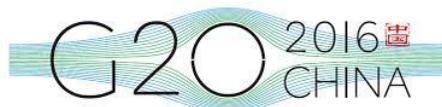
<p>such as dedicated bonds and project revenue bonds and green bonds covering construction of urban parking lots, underground utility tunnels, strategic emerging industries, elderly care services, incubators for business start-ups and innovations by the general public, and construction of the power distribution grid.</p> <p>(2) Support national governments, enterprises with relatively high credit rating and financial institutions that participate in the Belt and Road Initiative to issue RMB-denominated bonds in China, enhancing the two-way opening-up of capital market. In 2015, we studied and launched pilot program allowing overseas companies to issue RMB bonds in exchange market (usually referred to as Panda Corporate Bonds). Under the existing framework on corporate bonds, we select high-quality overseas companies to participate in the pilot program. As of March 2016, one company issued 1 billion yuan of Panda Corporate Bond through public offering, while 4 other overseas companies issued 14.5 billion yuan through private placement.</p> <p>(3) Promote the development of private equity funds, encourage private capital to establish funds through private placement to invest in certain sectors. Firstly, improve regulation system for private funds, and strive to submit Interim Regulations on Private Investment Funds to legislative procedures. Secondly, promote the development of private funds and markets.</p> <p>(4) Implement the List of Enterprises Engaged in Public Infrastructure Project Eligible for Preferential Corporate Income Tax. Operational income of companies engaged in key state-supported public infrastructure projects such as ports, airports, railways, roads, urban public transportation, electricity and water conservancy, are eligible for preferential tax policies (corporate income tax is exempted for the first three years, and halved for the next three years).</p> <p>6. Mobilizing the Role of NDBs and MDB Resources</p> <p>(1) The Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) have been officially inaugurated, and the Silk Road Fund has started operation.</p> <p>(2) Actively using the resources of MDBs such as the World Bank and the Asian Development Bank to support China's infrastructure investment and</p>	<p>amount of 180 billion yuan. We formulated policies to reward instead of subsidize qualified demonstration projects. (iii) We promoted development of demonstration projects, working toward a batch of replicable projects. We launched infrastructure projects built with PPP modality, and made efforts to establish a comprehensive platform for project management, data analysis, and information sharing.</p> <p>(3) Encourage qualified PPP special purpose company to issue corporate bonds and securitized products. Study and define the project spectrum for PPP project securitization.</p>
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	construction.	
SMEs	<p>10. Facilitating Financial Intermediation</p> <p>(1) Encourage direct financing through channels such as stocks, bonds, and asset-backed securities. Foster private placement market, set up sound private issuance system and promote private investment fund, encourage and guide venture capital fund to support medium, small and micro businesses. Firstly, according to the Interim Supervision and Management Regulations of Private Investment Fund released in August, 2014, private funds are subject to post registration and filing management, instead of administrative licensing. The Chapter regarding venture capital fund clarifies requirement about differentiated regulation and self-regulation and encourages VC to invest in start-ups. Secondly, roll out the registration work for private investment fund. Thirdly, foster enabling environment allowing insurance capital to invest in venture capital funds, encourage local governments to set up guiding funds to leverage private capitals and promote the development of business start-ups.</p> <p>(2) There are preferential tax policies for VAT, business tax, income tax and stamp duty. Small-scale VAT tax payers with a monthly sales revenue of RMB 20,000-RMB30,000 are exempted from the VAT, and business tax payers with a monthly turnover of RMB20,000-RMB30,000 are exempted from the business tax starting from October 1, 2014 to December 31, 2015. After cancelling the review and approval of business tax exemptions, the management of related preferential tax policies for small and medium credit guarantee companies is now subject to registration instead of approval. In terms of the income tax, from January 1, 2015 to December 31, 2017, for small and low-profit enterprises with annual taxable incomes of less than RMB 200,000 only 50% of their income is deemed as taxable income, and shall pay company income tax at the rate of 20%. (From October 1, 2015 to the end of 2017, the scope of the aforementioned policy is expanded to include small and low-profit enterprises with annual taxable incomes of less than RMB 300,000.) In terms of stamp duty, in order to encourage financial institutions to offer financial support to small and micro companies, financial institutions shall be exempted from stamp duty for loans contracted with small and micro companies from November 1, 2014 to December 31, 2017. For</p>	<p>12. Enabling Appropriate Legal and Institutional Settings</p> <p>(1) Broaden financing channels, set up and improve the non-banking financing mechanism for medium and small-sized enterprises, and encourage them to obtain financing via issuing stocks, corporate bonds and asset-backed securities at the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the NEEQ for SMEs. In January 2015, the China Securities Regulatory Commission (CSRC) enacted the Administrative Measures on Issuance and Trading of Corporate Bonds, expanding the issuers of corporate bonds from listed companies to all companies, allowing qualified medium and small-sized enterprises to issue bonds not only by private placement, but also public offering. In 2015, SMEs issued RMB52.329 billion corporate bonds. As of May 6, 2016, 6678 micro, small and medium-sized companies have been listed in the NEEQ, taking up 95% of the total. Among which, 2600 companies have raised fund amounted to 125.082 billion yuan.</p> <p>(2) Establish and implement the directory list system for fees on companies, standardize administrative review and approval pre-service items and related fees, and make the temporary measures to exempt small and micro enterprises from administration fees under categories of management, registration and license a long-term measure, so as to establish a long-term and effective mechanism to support small and micro companies.</p> <p>13. Addressing Data Gaps and Improve the Level of Information Technology.</p> <p>(1) Establish small and micro enterprises directory based on the enterprise credit information disclosure system, record and make available credit information of small and micro enterprises such as industrial and commercial registration, and promote credit information interconnection and sharing among small and micro enterprises.</p>



	<p>micro and small companies investing in projects encouraged by the state and importing advanced equipment unable to be produced domestically for self-use, they shall be exempted from customs duties in accordance with relevant regulations.</p> <p>(3) Roll out pilot policies nationwide, including the policy of installment payment of personal income tax for incomes incurred from equity share or option awards converted from capital reserves of small and medium-sized high-tech companies, the corporate income tax policy for venture capital enterprises of limited partnership with legal person as partner, and the corporate income tax policy for proceeds incurred from transfer of non-exclusive permission use right of five years or above.</p>	
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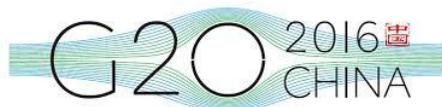
Annex 2. New and Adjusted Policy Commitments since Antalya

This annex is for describing new measures introduced since Antalya, or Brisbane and Antalya commitments that have been adjusted or modified.

Please complete a table for each new or adjusted commitment put forward in 2016. Please keep to no longer than 1 page for each policy commitment.

<ul style="list-style-type: none"> The new policy action 1: 	<p>Cut the basic pension insurance contribution rate, unemployment insurance contribution rate and housing provident fund contribution rate progressively to reduce the burden of market players and increase cash income of workers.</p>
<p>Implementation path and expected date of implementation</p>	<p>Within two years starting from May 1, 2016, measures will be taken to: 1) Cut the basic pension insurance contribution rate to 20% in provinces where the contribution rate was over 20%; cut the rate to 19% in provinces where the rate was 20% and the cumulative balance of the pension fund by the end of 2015 could cover the expenses for more than 9 months; 2) Cut the total unemployment insurance contribution rates progressively to 1% - 1.5% from the current 2%, among which the individual contribution rate should be no more than 0.5%. Specific arrangements of the above two measures will be determined by each province (autonomous region or municipality); 3) Adjust the contribution rates of the housing provident fund, cutting all the rates higher than 12%. Meanwhile, each province (autonomous region and municipality) can lower the contribution rate progressively according to local circumstances. In addition, enterprises in difficulties can apply for reduced contribution rate of the housing provident fund and for suspending the contribution. When situations improved, these enterprises need to increase their contribution rate back to the normal level or resume the contribution and make up for the unpaid contribution.</p>
<p>What indicator(s) will be used to measure progress?</p>	<p>Implementation of the above measures.</p>
<p>Explanation of additionality or adjustment (where relevant)</p>	<p>New policy commitments since Antalya Summit.</p>

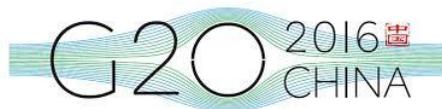
<ul style="list-style-type: none"> The new policy action 2: 	<p>Promote the tax reform of changing Turnover Tax to Value Added Tax (VAT), further reduce the burden on enterprises, and facilitate economic restructuring and upgrading.</p>
<p>Implementation path and expected date of implementation</p>	<p>From May 1, 2016, measures were taken to: 1) Expand the tax reform to more industries including construction, real estate, and finance, with a full coverage of tax deduction chain for all goods and services, to support the development of modern services and upgrading of manufacturing; 2) Allow VAT tax involved in new real estates to be included for tax</p>



	deduction, in addition to inclusion of VAT paid for machinery and equipment, to increase the deduction of purchased items and the efforts to ease enterprises' burden, and to promote the expansion of effective investment. Meanwhile, previous incentives on Turnover Tax will still be applicable to new industries of tax reform, and transitional measures will be implemented to specific industries, such as zero tax rate or exemption for the export of services, to ensure tax burden for all industries will only be reduced.
What indicator(s) will be used to measure progress?	An estimation of more than 500 billion yuan of tax will be reduced for enterprises as a result of the tax reform in 2016.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

<ul style="list-style-type: none"> The new policy action 3: 	A fresh round of power grid upgrading projects was implemented in rural areas, to improve the working and living conditions, facilitate the development of related industries, and stimulate investment and consumption.
Implementation path and expected date of implementation	Measures will be taken to: 1) Accelerate the upgrading of power grids in the Western and poverty-stricken areas, and solve issues like low voltage and lack of dynamic electricity in areas of poor and old revolutionary bases. The capacity to accept distributed new energy generation will also be improved; 2) Facilitate full coverage of electricity to village wells in plain area, together with the construction of high standard farmland and promotion of water-saving irrigation. Efforts will be intensified on the upgrading of power grid for central villages, to match the new demand of agro processing, e-commerce, and upgraded consumption in rural areas; 3) Make extra efforts to construct power grid in Tibet, Xinjiang, and Tibetan areas in Sichuan, Yunnan, Gansu and Qinghai provinces, and accelerate networking of isolated counties.
What indicator(s) will be used to measure progress?	The total investment is estimated to be more than 700 billion yuan. In addition to the funds allocated from the budget of the central government, private capital will also be mobilized through commercial mechanisms to participate in the construction and upgrading of rural power grid, as an expansion of financing channels for the power system reform.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

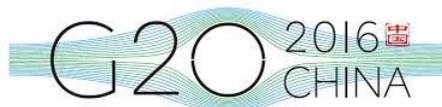
<ul style="list-style-type: none"> The new policy action 4: 	Continue to open up and accelerate the development of service trade.
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Implementation path and expected date of implementation	Within two years, pilot programs for service trade innovation will be implemented in 10 provinces and cities including Tianjin, Shanghai, Hainan, Shenzhen, Hangzhou, Wuhan, Guangzhou, Chengdu, Suzhou, Weihai, and 5 national New Districts including Harbin, Jiangbei, Liangjiang, Gui'an and Xixian, focusing on eight areas including management mechanisms, development models and facilitation, to expand the market access to service sector in an orderly way.
What indicator(s) will be used to measure progress?	Number of participants in the pilot programs.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

• The new policy action 5:	Legal and market-based measures will be taken to reduce overcapacity in steel and coal industries, facilitate supply-side structural reform, and promote the optimization and upgrading of industrial structure.
Implementation path and expected date of implementation	First, with more strict standards on safety, environment, quality, and energy consumption, promote the elimination of outdated production capacity within a limited period of time according to laws and regulations, and guide enterprises to take initiatives through mergers, restructuring and transformation, reallocation and renovation, to reduce production capacity. Second, strictly control the creation of new capacity. Third, improve supporting policies. Establish a 100 billion special fund for industrial enterprises that implemented structural adjustment to support the reduction of excessive capacity in the steel and coal industries.
What indicator(s) will be used to measure progress?	The excessive production capacity eliminated.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

• The new policy action 6:	Reduce enterprises' burden, promote energy saving and emission reduction, as well as structural adjustment, through the relief of electricity price contradictions.
Implementation path and expected date of implementation	Based on the change of costs for power generation, from January 1, 2016, the national average purchasing price of coal-fired electricity was reduced about 3 cents per KWh. The saved money was used to cut the electricity prices for businesses and industries, and to support the coal-fired power plants' transformation to super-low emissions models and to support the development of renewable energy. A special fund was established to



	<p>support local governments to reallocate laid-off employees during the process of eliminating outdated production capacity in coal and steel industries. In the meantime, the connecting mechanism between coal and electricity prices will be improved.</p> <p>According to the plan of the State Council, China will cancel favourable electricity prices for enterprises producing chemical fertilizers category by category, and use the gains to reduce the sales price of electricity to industrial and commercial enterprises, further relieving the burden of enterprises.</p> <p>Measures of differentiated, punishing and tiered pricing strategy will continue to be applied to high energy-consuming industries, in order to promote industrial upgrading.</p>
What indicator(s) will be used to measure progress?	Coal-fired electricity price.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

<ul style="list-style-type: none"> The new policy action 7: 	<p>A unified guarantee mechanism for urban and rural compulsory education funds was established through integration, to ensure that funds of "Two Exemptions and One Subsidy" policy could be moved along with students</p>
Implementation path and expected date of implementation	<p>First, from the Spring semester of 2016, the government will set a standard for the average subsidy each student will be allocated, and provide subsidies no less than the amount required by the standard to all rural and urban schools (including private schools) at compulsory education level. Subsidies will be increased for boarding schools, schools in heating area of Northern China, and smaller schools. Local governments are encouraged to increase public subsidy standards. Second, from the Spring semester of 2017, exemptions of tuition and fees and free textbooks will be provided to all urban and rural students (including students in private schools) at compulsory education level, and boarding students from poor families will be provided with extra living subsidies.</p>
What indicator(s) will be used to measure progress?	<p>In order to implement the policies, funds required will be shared between the central and local governments with different proportions of different projects. As a result, public spending will be increased for a total of more than 15 billion yuan.</p>
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.



<ul style="list-style-type: none"> The new policy action 8: 	Expand the income tax pilot policy in National Innovation Demonstration Zone to nationwide, so that proactive fiscal policy plays a more important role in promoting the mass entrepreneurship and innovation and fostering new driving forces of economic growth.
Implementation path and expected date of implementation	<p>First, from October 1st, 2015, for venture capital enterprises that have made equity investment to unlisted small and medium sized hi-tech enterprises for more than 2 years, their corporate partners could enjoy a preferred income tax policy with a deduction equals to 70% of the investment; Resident enterprises also enjoys a preferred tax policy for the income from technical transfer of non-exclusive license right withheld for more than five years, including an exemption of tax for the part of income within 5 million yuan, and 50% off for the part exceeding 5 million yuan. Second, from January 1, 2016, for small and medium sized hi-tech enterprises, their individual shareholders who have received shares based on undistributed profits, surplus and capital reserves, and technicians who have received equity awards based on commercialization of technical findings, would be allowed to pay their income tax by installments within five years.</p>
What indicator(s) will be used to measure progress?	Policy benefits enjoyed by enterprises.
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

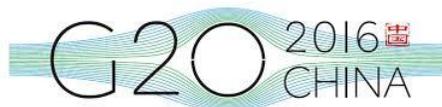
New Investment Strategy Measures Since Antalya

<ul style="list-style-type: none"> The new policy measure 1: 	Optimizing the Investment Environment
Implementation path	<p>First, we will intensify efforts to streamline administration, delegate more powers, improving regulation, and provide better services. We will continue to delegate the power of or cancel the requirement for government review on more items and ensure that the delegation of powers is better coordinated. We will make the lists of all local governments' powers and responsibilities available to the public, carry out trials for compiling lists of powers and responsibilities of departments under the State Council, and begin trials to use a negative list for market access in certain regions. We will press ahead with coordinated law enforcement and oversight using big data, and coordinate oversight through market, credit, and legal measures.</p> <p>Second, we will deepen reform of the investment and financing systems. We will also further relax restrictions on market access to open up more channels for private investment. We will make innovations in investment management and create new mechanisms for investment and financing; further streamline investment approval procedures; reduce, combine, and regulate the items required for a construction project when applying for government approval; improve the online platform for reviewing, approving, and monitoring investment projects; and put in place a new</p>



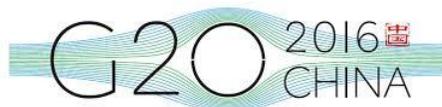
	<p>system for carrying out the combined review and approval of investment projects for enterprises. We will accelerate negotiating and signing investment agreement with related countries and regions, and reform the review and approval system for foreign investment.</p> <p>Third, the basic laws for foreign investment, the formulation of the regulations on government investment, the legislation of franchising of infrastructure and public utilities, and the regulations concerning the management of investment projects that are subject to government review and reporting will all be accelerated.</p> <p>Fourth, we will strengthen management in relation to investments and tighten the supervision and inspection of projects.</p>
What indicator(s) will be used to measure progress?	
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

• The new policy measure 2:	Strengthening Infrastructure Investment
Implementation path	<p>First, we will improve relevant central government investment. Relevant central government investment is projected to be 500 billion yuan in 2016. This investment will mainly go toward government-subsidized housing; grain production and water conservancy; railway construction in the central and western regions; scientific and technological innovation; energy conservation, environmental protection, and ecological improvement; education, health, culture, and other social programs; as well as toward the development of poor areas.</p> <p>Second, corporate bonds issuance will be expanded and the issuance of new-type corporate bonds will be encouraged, such as those for developing urban utility tunnels, parking lots, strategic emerging industries, and elderly care services, for building and upgrading power distribution grids, for supporting entrepreneurship and innovation incubators, and for launching eco-friendly initiatives.</p> <p>Third, we will develop an investment plan on a rolling three-year basis, and build up the number of government investment projects in reserve.</p> <p>Fourth, we will improve the public-private partnership model, make good use of the 180 billion yuan in seed funds, and strictly honor contracts in accordance with the law, so as to bring the enthusiasm of private investors to the table.</p> <p>Fifth, we will strengthen major construction projects in key areas and areas of weakness. We will increase efforts to press ahead with the key projects as well as other major projects, such as those to reduce poverty; rebuild run-down areas; upgrade rural power grids and urban power distribution grids; develop major water conservancy projects, railways, highways, and urban rail transit facilities; control water pollution in key water basins; and promote technological upgrading in</p>



	enterprises. More than 800 billion yuan will be invested in railway construction, and investment in road construction will reach 1.65 trillion yuan. A further 20 water conservancy projects will be carried out, and major projects will be launched to develop hydropower, nuclear power, ultra high-voltage power transmission, smart grids, pipelines for oil and gas transmission, and urban rail transit.
What indicator(s) will be used to measure progress?	
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.

• The new policy measure 3:	Promoting the Small and Medium-sized Enterprises Investment
Implementation path	<p>First, we will advance financial reform, and develop inclusive finance to increase financial services for micro, small, and medium-sized enterprises.</p> <p>Second, we will promote interconnection of public service platforms for small and medium-sized enterprises in 26 provinces.</p> <p>Third, we will set up government funds to encourage investment in emerging industries and to develop small and medium-sized enterprises, and established more national innovation demonstration zones.</p> <p>Fourth, we will promote sound development of small and micro-sized enterprises, help optimize their internal governance structure, improve risk prevention, and step up efforts in formulating <i>Internal Control Standards of Small Enterprises</i>.</p>
What indicator(s) will be used to measure progress?	
Explanation of additionality or adjustment (where relevant)	New policy commitments since Antalya Summit.



Annex 3. Past commitment – St. Petersburg fiscal commitment

The following data comes from academic forecasts, and does not represent official opinions.

Estimate Projections

	2014*	2015	2016	2017	2018	2019	2020
Gross Debt	15.0	15.8	17.4	18.4	19.3	20.1	22.00
<i>ppt change</i>	0	-0.6	0	0	0	0	—
Net Debt	—	—	—	—	—	—	—
<i>ppt change</i>	—	—	—	—	—	—	—
Deficit	-2.1	-2.4	-3.0	-3.2	-3.6	-3.8	-4.0
<i>ppt change</i>	—	0.1	0.6	0.7	1.1	1.3	—
Primary Balance	-2.0	-1.9	-2.3	-2.2	-1.9	-1.6	-1.4
<i>ppt change</i>	0.2	-0.2	0.2	0.1	-0.2	-0.5	—
CAPB	—	—	—	—	—	—	—
<i>ppt change</i>	—	—	—	—	—	—	—

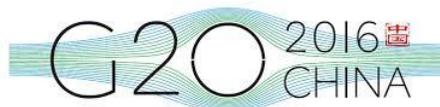
* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for growth:

Estimate Projections

	2014*	2015	2016	2017	2018	2019	2020
Real GDP growth	7.3	6.9	6.7	6.7	6.5	6.5	6.5
<i>ppt change</i>	0	0.4	0.2	0.2	0	0	—
Nominal GDP growth	8.1	6.4	7.8	7.8	7.8	7.8	7.8
<i>ppt change</i>	0	-1.4	0.5	0.3	0.2	0.2	—

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year.



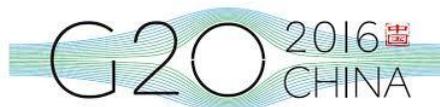
Annex 4. Pre-Brisbane commitments

The purpose of these tables is to monitor the implementation of members' Pre-Brisbane commitments.

Pre-Brisbane Commitments

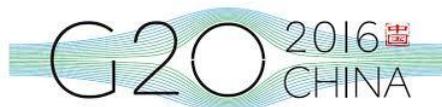
Commitment 1	
Fiscal policy(structural)/ 3. Optimize the structure of budgetary expenditures to ensure and improve people's living standards	
Structural Reform	Saint Petersburg Action Plan
Rationale for carrying forward	Optimizing the structure of budgetary expenditures
Update on Progress	<p>Completed.</p> <p>1. Increasing expenditure in education. In 2015, the actual figure of the central government expenditure on education was 424.558 billion yuan, an increase of 3.5% over the 2014 final accounts.</p> <p>2. Increasing input in medical and health services, social security, and people's well-being. In 2015, the actual figure of the central government's general public budget expenditure on social security and employment was 1901.869 billion yuan, and on healthcare and family planning 1195.318 billion yuan, a year-on-year increase of 17% and 17.5% respectively.</p> <p>3. Strengthening policy support for agriculture, rural areas and farmers. In 2015, the actual figure of the central government expenditure related to agriculture, forestry and water conservancy was 73.878 billion yuan, an increase of 31.8% over the 2014 final accounts. In this aspect, the actual figure of the central government transfer payments to local governments amounted to 595.797 billion yuan, an increase of 11.3% over the 2014 final accounts.</p> <p>4. Stabilizing the general employment situation. In 2015, there is 13.12 million new employment in town nationwide, which is 131.2% of the annual target; the 2015 year-end unemployment registration rate in town is 4.05%, lower than the amount of the previous year by 0.04%. From 2011 to 2015, the accrual new employment achieved 64.31 million, outperformed the "Twelfth Five-year" goal.</p>

Commitment 2	
Financial sectors reform—create a counter-cyclical macro-prudential management framework	
Monetary policy	Saint Petersburg Action Plan
Rationale for carrying forward	Promote the soundness of the financial system.



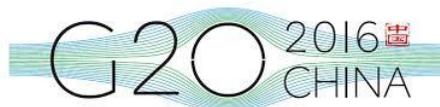
Update on Progress	<p>Completed.</p> <p>The CBRC and PBC has jointly developed both the <i>Guidance on Assessment on Systemically Important Commercial Banks, Capital Requirements and Resolution (draft)</i> and the <i>Guidance on Commercial Banks Counter-cyclical Capital Requirements (draft)</i>, currently relevant work is in progress.</p> <p>In January of 2015, the <i>Administrative Rules on Leverage Ratio of Commercial Banks</i> was released and effective on April 1, 2015.</p> <p>To further improving the macro-prudential policy framework, a Macro Prudential Assessment (MPA) framework was introduced to the banking financial institutions, and the dynamic adjustment mechanism of differentiated reserve requirement and the management mechanism of desirability loans were "upgraded" to MPA since 2016.</p> <p>The PBC has implemented the <i>Policy of Deposit Insurance</i>, and has improved the market exit mechanism of financial institutions.</p>
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Commitment 3	
Financial sectors reform—strengthen financial regulation and improve financial regulation coordinating mechanism	
Monetary policy	Saint Petersburg Action Plan
Rationale for carrying forward	Promote the soundness of the financial system.
Update on Progress	<p>Completed.</p> <p>Since the establishment of the Joint Ministerial Financial Regulatory Coordination Conference, member departments have set up the institutional and working mechanism in accordance with the obligations, tasks and requirements set by the State Council, jointly strengthened studies on key issues of financial sectors. The Coordination Conference convened 11 times and discussed 50 topics, facilitating the formulation and construction of a series of policy and institutional arrangements.</p> <p>1. Discuss and implement measures to further deepen the financial reforms, promoting sharing of financial information and development of financial statistics, clarifying the mandates of financial regulation and risk resolution between the central and local governments, advancing the innovative pilot programs on opening financial sector at Shanghai pilot free trade zone. Proceed with reforms and improve financial regulatory systems in line with the development of modern financial markets. Study and improve the management system of the Chinese bond market.</p> <p>2. Strengthen the coordination and cooperation between macro-economic management and financial regulation, enabling financial sector to better serve the real economy. Supporting measures were taken to resume and intensify the financing role of the stock market. Inter-bank business and wealth management were standardized, lowering the cost of social financing. The improvement of the institutional arrangement for IPOs was discussed. Efforts were made to standardize the public release of major policies on capital market, coordinate the development and the regulation of debt market, improve legal systems for bond market, and facilitated the healthy development of capital market. Study to build a green finance</p>

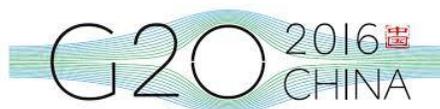


	<p>system and accelerate the development of green finance. Regulate and develop the new rural cooperative finance.</p> <p>3. Discuss the prevention of financial risks of key sectors to secure financial stability. Measures on solving debt risk of local governments have been considered, with strengthened efforts to accelerate the resolution of financial risk events in some regions, and properly resolved the default risk on debt and trust products. The informal financing were standardized and studies were done to enhance risk management capacity on private wealth management products. The activity of using HOMS system for OTC financing was regulated. Policy actions to mitigate the rise of NPL in the banking sector are discussed and a market-based and regular NPL disposal mechanism was gradually established, with CBRC actively exploring channels to dispose NPL and conducting pilot programs on transferring the right to earnings of non-performing assets and securitizing non-performing assets.</p> <p>4. Timely clarify the regulation principles on cross-market financial innovation to promote the healthy development of new financial businesses. In July 2015, the <i>Guidance on Promoting the Healthy Development of Internet Finance</i> was issued. Policy actions were taken to facilitate healthy development of Internet financing. Differentiated regulatory measures were introduced for different types of Internet finance and studies were done to launch campaigns to mitigate risks of Internet finance. Strengthen the management of money market funds and investment linked insurance products sold on Internet. The standardization of the asset management sector was discussed. Policies on futures market were coordinated. Securitization was further promoted.</p> <p>5. Strengthen the regulation on systematically important insurance companies. The Insurance Regulation Commission (IRC) has established a Crisis Management Group for the globally systematically important insurance company (G-SII), Ping An Group, and has developed and updated the liquidity risk management framework, systemic risk management plan and recovery and resolution plan. The IRC is further studying on the common regulatory framework of globally-active insurance groups and G-SIIs.</p>
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<p>Commitment 4</p> <p>Employment: create an extra 45 million urban jobs and keep the registered urban unemployment under 5% for the period between 2011 and 2015.</p>	
<p>Structural Reform</p>	<p>Saint Petersburg Action Plan</p>
<p>Rationale for carrying forward</p>	<p>Transform the economic development pattern, promote economic restructuring and boost domestic demand to make development more balanced and sustainable.</p>
<p>Update on Progress</p>	<p>Completed.</p> <p>The overall employment indicators were stable. The overall employment indicators were stable. In 2015, 13.12 million new jobs were created in the urban areas, meeting the whole year's target of creating 10 million jobs. At the end of 2015, the registered unemployment rate in the urban area was 4.05%, lower than the unemployment target. During the period of the 12th Five-Year Plan, more than 64 million jobs were created and the registered unemployment rate in the urban area was kept around 4.1%, overshooting the targets set in the 12th Five-Year Plan.</p>



Commitment 5 (Completed)	
Income: per capita disposable income of urban residents and per capita net income of rural residents increase by an average annual rate of over 7% in real terms.	
Structural Reform	Saint Petersburg Action Plan
Rationale for carrying forward	Transform the economic development pattern, promote economic restructuring and boost domestic demand to make development more balanced and sustainable.
Update on Progress	Completed. In 2014, disposable income per capita increased by 8% in real terms nationwide, marking a 6.8% growth for urban residents' per capita disposable income and a 9.2% growth for rural residents' per capital net income. Income growth of rural residents has outpaced that of urban residents for five consecutive years, and the gap between urban and rural income is narrowing.



Annex 5. Key Economic Indicators

Please update table of key indicators as follows:

Part of the 2015 values of the key indicators are provided by official institutions, while the output gap, savings and investment (with 3 sub-indicators) values, as percentage of GDP, are estimated by academic institutions. The predicted values from 2016 to 2020 are all provided by academic institutions, which do not represent official forecast.

Key Indicators

	2015***	2016	2017	2018	2019	2020
I. Macroeconomic Indicators						
Real GDP (% yoy)	6.9	6.7	6.7	6.5	6.5	6.5
Nominal GDP (% yoy)	6.4	7.8	7.8	7.8	7.8	7.8
Output Gap (% of GDP)*	-0.6	-0.3	-0.3	0	0	0
Inflation (% yoy)	1.4	2.2	2.0	2.0	2.1	2.1
Fiscal Balance (% of GDP)**	-2.4	-3.0	-3.2	-3.6	-3.8	-4.0
Unemployment (%)	4.05	4.1	4.1	4.2	4.2	4.2
Savings (% of GDP)	48.7	46.8	46.2	45.6	45.0	44.4
Investment (% of GDP)	45.7	43.5	42.8	42	41.8	41.2
Public Fixed Capital Investment (% GDP)	16.9	16.0	15.2	14.6	13.6	12.6
Private Fixed Capital Investment (% GDP)	28.8	27.7	27.9	27.8	28.4	28.6
Total Fixed Capital Investment (% GDP)	45.7	43.5	42.8	42	41.8	41.2
Current Account Balance (% of GDP)	3.0	3.1	3.1	3.2	3.2	3.2

*A positive (negative) gap indicates an economy above (below) its potential.

**A positive (negative) balance indicates a fiscal surplus (deficit).

*** Indicators can be presented on a fiscal year basis, should they be unavailable for the calendar year.