



April 5, 2016

Highlights of This Month's Edition

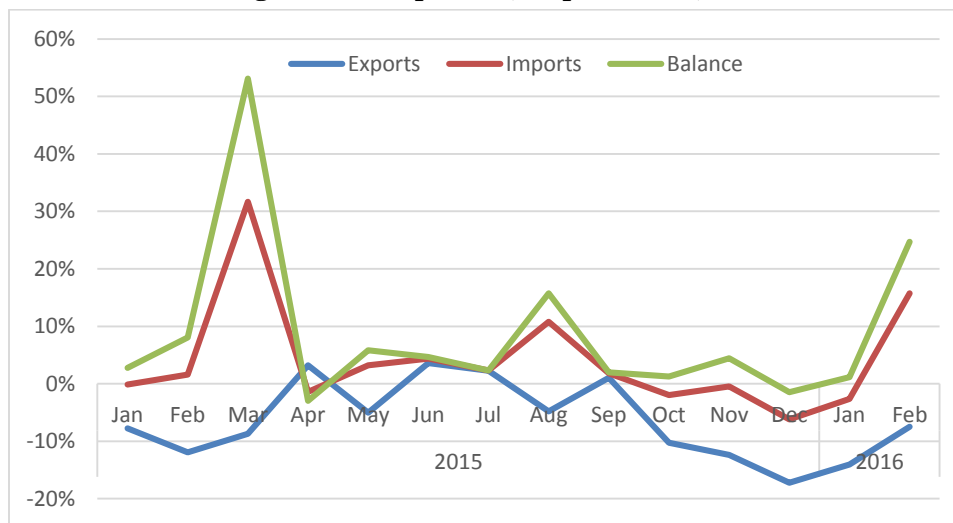
- **Bilateral trade:** U.S. trade deficit with China down in February 2016 on weaker exports and imports.
- **Bilateral policy issues:** Department of Commerce announces, then temporarily lifts, sanctions against Chinese telecommunications firm ZTE for violating U.S. export controls.
- **Policy trends in China's economy:** Chinese government floats new plans to eliminate mounting debt.
- **13th Five-Year Plan:** Chinese government's blueprint for the country's development in 2016–2020 outlines plans for continued economic rebalancing, accelerated urbanization, domestic industrial upgrading, and green development.

Bilateral Goods Trade

Drop in Exports and Imports Pushes February Deficit Down

U.S. goods trade with China fell in February as U.S. exports to China declined 2 percent from January, and imports fell 2.7 percent. The net result was a slight improvement in the U.S. trade balance, as the deficit in February totaled \$28 billion, a 2.8 percent decline from January 2016. Year-on-year, however, the February export performance is markedly poorer, showing a decline of 7.5 percent over February 2015 (see Figure 1). With imports up 15.8 percent year-on-year, the deficit grew 24.7 percent over February 2015. While U.S. trade with China in January and February tends to be very seasonal—affected by Chinese Lunar New Year export and consumption patterns—China's slowing growth is contributing to the erosion of demand for U.S. goods.

Figure 1: Year-on-Year Change in U.S. Exports to, Imports from, and Trade Balance with China



Source: U.S. Census Bureau. <http://www.census.gov/foreign-trade/balance/c5700.html>.

Bilateral Policy Issues

Discovery of Illegal Exports Leads to Short-Lived Sanctions on ZTE

On March 7, China's Zhongxing Telecommunications Equipment Corporation (ZTE) was found in violation of U.S. trade laws for re-exporting U.S. technologies to embargoed countries including Iran, North Korea, and Cuba.¹ In response, the U.S. Department of Commerce (DOC) required all U.S. and foreign firms to obtain a special license for U.S. technology transfers to ZTE.² According to a statement released by the DOC, licenses were to be provided under a "policy of presumption of denial," creating an effective ban on conducting business with ZTE.³ Two weeks later, however, a second statement from the DOC declared the export ban would be suspended temporarily until June 30 in return for the company's cooperation with the ongoing investigation and compliance with U.S. trade laws.⁴ Sanctions will be reapplied after June 30 if ZTE does not deliver on promises to cooperate with U.S. investigators.⁵ While sanctions have been lifted temporarily, ZTE's Hong Kong-listed shares remain suspended from trading.⁶ In addition, two entities connected to ZTE and implicated in the sales to Iran—Beijing 8-Star and ZTE Parsian—remain on the sanction list.⁷ On April 4, ZTE's board of directors announced the company's chief executive and executive vice presidents will be replaced due to their involvement in the alleged violations.⁸

A DOC investigation into ZTE had been ongoing since 2012, when Reuters reported ZTE was shipping millions of dollars of hardware and software from U.S. tech firms to the Telecommunication Company of Iran, the country's largest telecommunications carrier.⁹ After the 2012 report was released, ZTE pledged to curtail its business in Iran, and has since spent \$5.1 million lobbying Washington to assuage national security concerns.¹⁰ The recent revelations over ZTE's sales to U.S.-embargoed countries emerged after U.S. officials discovered internal ZTE memoranda detailing the company's work in Iran, Sudan, North Korea, Syria, and Cuba, as well as similar efforts by a rival Chinese firm known as "F7" that is believed to be Chinese telecommunications giant Huawei.^{*} ¹¹ The documents laid out ZTE's efforts to avoid U.S. sanctions, with the DOC specifically citing plans to "illicitly re-export controlled items to Iran in violation of U.S. export control laws."¹² ZTE said in a statement on March 21 that it has been "actively cooperating with relevant U.S. departments" and is looking to "resolve the issue as soon as possible."¹³

While the two-week export ban sent a strong message to Beijing, resuming sanctions could create real problems for ZTE and China's technology sector in the future.¹⁴ ZTE was the fourth-largest smartphone vendor in the United States last year, with its net profits from U.S. sales rising to \$577.8 million, a 43.5 percent increase year-on-year.¹⁵ In addition, ZTE in 2015 was China's second-largest global exporter of telecommunications equipment—including cellphone base stations and antennas—with around \$14.5 billion in global sales.¹⁶ Because ZTE already purchased most of the U.S. components it needs for the year, analysts at Japanese financial services group Nomura believe sanctions would only have a marginal impact on production through 2016.¹⁷ If restrictions remain in place in 2017, however, the company would have to seek out alternative suppliers, which could cause significant supply problems, including slow production times and increased costs.¹⁸ Last year, U.S. technology vendors supplied between 10 and 15 percent of the components used in ZTE's telecommunications equipment.¹⁹

Hong Lei, China's foreign ministry spokesperson, criticized the DOC's ruling, calling for Washington to "stop such erroneous practices so as to avoid further damage to China-U.S. economic cooperation and bilateral relations."²⁰ China's Ministry of Commerce also released statements indicating its disapproval of the decision and hopes to move quickly to permanently remove ZTE from the U.S. export ban list.²¹

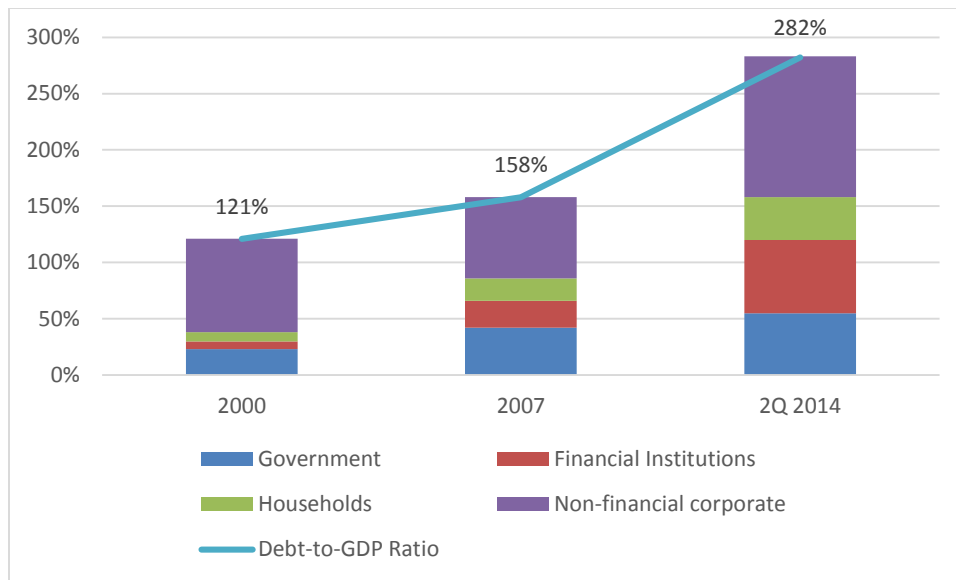
* Following a 2012 Congressional investigation, the U.S. House Intelligence Committee warned that Huawei's telecommunications equipment could allow the Chinese government to spy on U.S. citizens, and warned private companies to avoid doing business with the company. U.S. House of Representatives, *Investigative Report on the U.S. National Security Issues Posed by Chinese Telecommunications Companies Huawei and ZTE*, October 8, 2012.
[https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20\(FINAL\).pdf](https://intelligence.house.gov/sites/intelligence.house.gov/files/documents/Huawei-ZTE%20Investigative%20Report%20(FINAL).pdf).

Policy Trends in China's Economy

Chinese Government Explores New Ideas to Eliminate Bad Debt

Fueled by real estate investment and shadow banking, China's debt has nearly quadrupled since 2007, rising from \$7.4 trillion to \$28.2 trillion in the second quarter of 2014, bringing its debt-to-GDP ratio to over 280 percent (see Figure 2).²² According to the McKinsey Global Institute, China's high debt ratio presents three potential risks: linkages to China's real estate market, unregulated shadow banking, and unsustainable local government debt.²³ Unsurprisingly, most of China's debts are held within state-controlled segments of its economy. State-owned enterprises (SOEs) are the biggest debtors, and state-owned banks are their biggest creditors, a moral hazard that allows the government to persist in issuance of nonproductive loans and forgiveness of SOE debts.²⁴

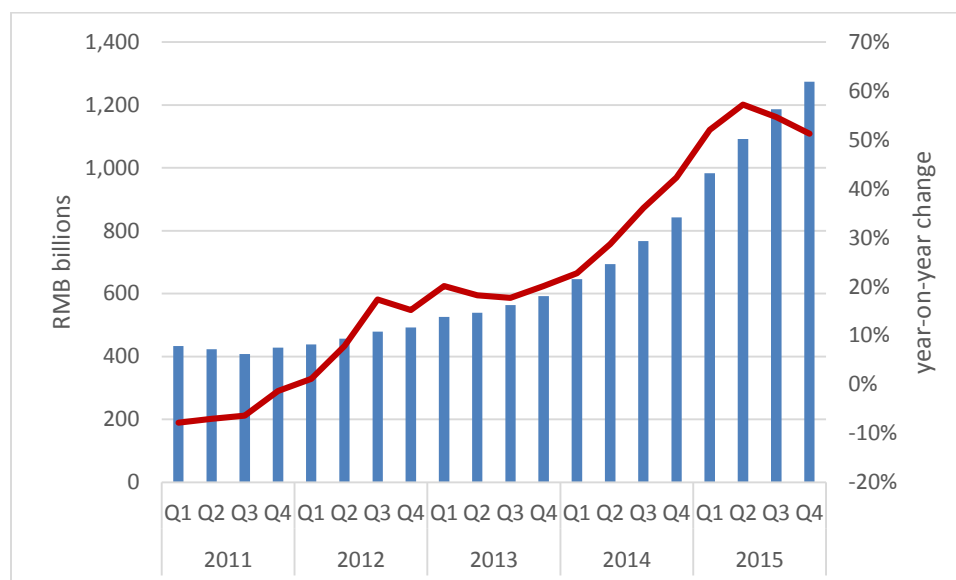
Figure 2: China's Debt-to-GDP Ratio, 2000–Second Quarter 2014



Source: McKinsey Global Institute, “Debt and (Not Much) Deleveraging,” February 2015, 9–10. <http://www.mckinsey.com/global-themes/employment-and-growth/debt-and-not-much-deleveraging>.

The rapid growth in China's debt—especially corporate debt, which is reportedly as high as 160 percent of gross domestic product (GDP)—has alarmed observers and investors.²⁵ Non-performing loans (NPLs) are also piling up. According to data from the China Banking Regulatory Commission (CBRC), in December 2015 Chinese commercial banks held renminbi (RMB) \$1.27 trillion (\$194 billion) worth of NPLs, a 50 percent increase from December 2014 (see Figure 3). Some analysts believe the CBRC's numbers underestimate the true magnitude of the problem because many banks do not force companies to make their debt payments—a practice known as “extend and pretend.”²⁶

Figure 3: Non-Performing Loans Held by China’s Commercial Banks, 2011–2015



Source: China Banking Regulatory Commission via CEIC database.

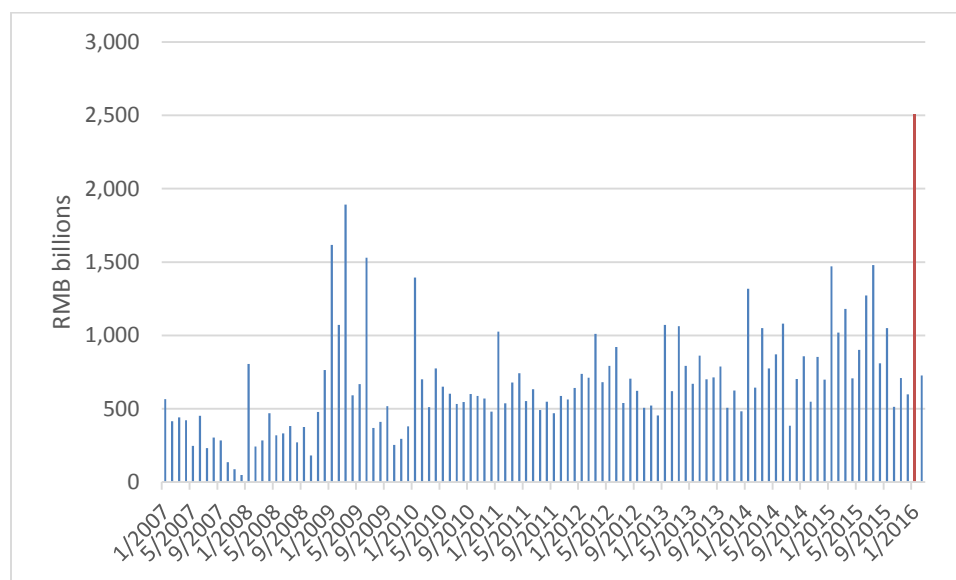
In a December 2015 special report on China’s bad debt, PricewaterhouseCoopers traced the rising NPLs in China’s banks back to the 2008–2009 stimulus package released by China’s government in the aftermath of the global financial crisis.²⁷ At the time, the RMB 4 trillion (\$586 billion) stimulus boosted the economy, but it also left companies—particularly SOEs—with a tremendous amount of debt, which is now coming due. The lending also fueled a rise in industrial overcapacity in many capital intensive sectors, which are struggling as China’s economy slows.²⁸

Highlighting the magnitude of the problem—and the extent to which it worries not just foreign observers but also Chinese policymakers—Zhou Xiaochuan, the Chinese central bank’s governor who rarely speaks in public, said, “Lending and other debt as a share of GDP, especially corporate lending and other debt as a share of GDP, is on the high side.”²⁹ This is why the Chinese government has recently floated two proposals to deal with debt and help banks clear NPLs from their balance sheets. The first is securitization. Under this proposal, the government will allow domestic banks to issue up to RMB 50 billion (\$7.7 billion) of asset-backed securities where NPLs will be the asset.³⁰ The proposal raised the specter of the U.S. sub-prime crisis, which precipitated the global financial crisis. Mr. Zhou was quick to reassure investors that this is just a small pilot, with debt sold only to institutional investors rather than banks.³¹

The second idea would have banks swap NPLs for equity stakes in indebted firms. Shang Fulin, chairman of the CBRC, raised the proposal at the closing session of the annual National People’s Congress (NPC).³² The debt-for-equity swap proposal was met with skepticism by most analysts, who speculate that even in the best case scenario the swaps would not solve China’s debt problem, but rather allow failing firms to stay operational when they should be shutting down. For example, Eswar Prasad, an economist at Cornell University, said, “The program amounts to a sleight of hand that beautifies bank balance sheets but hardly comes to grips with the basic problems of bad loans, distorted incentives in the banking and state enterprise systems, and weak financial regulation.”³³ Alicia Garcia Herrero, chief economist for Asia at Natixis, a French investment bank, said this plan is “in a nutshell, very bad news for SOE reform and, more specifically, for the solvency of Chinese banks.”³⁴

In the meantime, lending continues to grow, highlighting China’s continued reliance on borrowing as a stimulus measure to support growth. New loans were RMB 2.51 trillion in January 2016—an all-time high.³⁵ Loans in China tend to surge at the beginning of the year because the government increases quotas for state-owned banks and to account for the Lunar New Year spending.³⁶ However, the January 2016 jump is unprecedented, even exceeding the lending pace at the height of China’s global financial crisis stimulus program (see Figure 4).

Figure 4: New Loans in China’s Banks, 2007–2015



Source: People’s Bank of China via CEIC database.

13th Five-Year Plan: China’s Blueprint for 2016–2020

The 13th Five-Year Plan (FYP) (2016–2020)—ratified by the NPC in March—establishes Chinese President and General Secretary of the Chinese Communist Party (CCP) Xi Jinping’s vision for China’s development over the next five years. This plan seeks to address China’s “unbalanced, uncoordinated, and unsustainable growth” and move toward building a “moderately prosperous society in all respects.”³⁷ The 13th FYP also outlines five key themes for development:³⁸

- **Innovation:*** Innovation is emphasized as a cornerstone of China’s development strategy in the 13th FYP and will be an important component of moving Chinese manufacturing up the value-added chain and ensuring its future global competitiveness and technological edge.³⁹
- **Open Trade:** The plan seeks to expand exports, increase outbound investment, and enhance China’s role in global economic governance.
- **Green Growth:** The Chinese government reinforced its desire to address China’s severe environmental degradation and build its clean energy, green manufacturing, and environmental services sectors.⁴⁰
- **Coordinated Response to Reduce Rural-Urban Divide:** The Chinese government is seeking to reduce the economic disparity between rural and urban residents.⁴¹
- **Shared Development:** The Chinese government is pursuing inclusive growth with the expansion of social services and creation of urban jobs.⁴²

To achieve these broad objectives, the 13th FYP announced economic, environmental, and social targets. Ministries and provincial governments are currently drafting subordinate plans—tailored to each province and for specific sectors of the economy—that will outline in greater detail how the Chinese government will achieve these objectives.⁴³

* For additional analysis on innovation, see U.S.–China Economic and Security Review Commission, Chapter 1, Section 3, “China’s State-Led Market Reform and Competitiveness Agenda,” in *2015 Annual Report to Congress*, November 2015, 163–167.

Beijing Pursues Ambitious Economic Growth Target

Beijing announced aggressive economic growth targets in an effort to achieve a “moderately prosperous society” by 2020, stimulate employment, and guide market expectations.⁴⁴ Chinese Premier Li Keqiang announced the adoption of a 6.5–7 percent range for 2016 GDP growth, a departure from a set annual rate.⁴⁵ This range provides greater flexibility for the Chinese government to manage China’s economic deceleration. For the full five-year period covered by the plan, the 13th FYP set a lofty 6.5 percent average annual growth target.⁴⁶ The 6.5 percent target is critical for the government to meet two centenary goals: * double China’s 2010 average disposable income level and end absolute poverty by 2020.⁴⁷ However, many economists predict China will struggle to meet even the 6.5 percent target based on weak global growth and its domestic economic slowdown.⁴⁸

Last year, China’s GDP grew at 6.9 percent, the slowest rate in 25 years; in his 2016 Report on the Work of the Government, Premier Li sought to reassure the Chinese public and international investors about the government’s ability to generate economic growth. He noted that last year’s economic growth occurred in a “context of an extremely complicated and challenging international environment.”⁴⁹ Premier Li explained the difficulty of generating high growth by noting that “every percentage point of GDP growth today is equivalent to 1.5 percentage points of growth five years ago or 2.5 percentage points of growth ten years ago.”⁵⁰

In order to bolster growth, the Chinese government is loosening fiscal policy and providing monetary support. The Ministry of Finance will expand the official budget deficit from 2.3 percent of GDP in 2015 to 3 percent in 2016. The economic research firm Capital Economics estimates that inclusion of government-managed funds and local government financing vehicles will raise this deficit from 3.9 percent of GDP in 2015 to 4.5 percent in 2016.⁵¹ This fiscal expansion will be largely directed toward infrastructure investment such as railway construction, affordable urban housing, and roads. Total fixed asset investment is projected to grow 10.5 percent year-on-year, an increase from 2015’s 9.8 percent realized growth.⁵² The Chinese government will also increase the M2[†] money supply—thus encouraging lending—by 13 percent in 2016 through further reducing reserve requirement ratios for banks and cutting benchmark interest rates.⁵³

Chinese Government Emphasizes Reform Agenda

The Chinese government is also pursuing new sources of growth by enhancing innovation, upgrading manufacturing, reforming bloated SOEs, and expanding international trade. But with slowing growth, the Chinese government will face even greater difficulty balancing between its competing priorities: long-term economic reform and short-term economic growth. Key reform priorities include:

- **Enhance Innovation:** Innovation is a cornerstone of China’s development strategy in the 13th FYP.⁵⁴ The Chinese government is redoubling its strategy started under the 12th FYP to increase investment in research and development as a share of GDP from 2.1 percent in 2015 to 2.5 percent by 2020.⁵⁵ In addition, the contribution of scientific and technological advances to economic growth should reach 60 percent.⁵⁶ How the Chinese government will measure this contribution remains unclear. Previous innovation efforts under the 12th FYP were plagued by inefficient allocation of funding, weak quality management, and plagiarism, according to Jost Wubbeke, research associate at the German-based think tank MERICS.⁵⁷ For example, Tianjin plans to build 100 innovative hubs by the end of 2016, and Suzhou aims to build more than 300 such hubs by 2020.⁵⁸ This number dwarves the 44 such hubs in San Francisco.⁵⁹ However, Kai-Fu Lee, a former Google and Microsoft Corporation executive who founded China’s Innovation Works in 2009, cautioned that despite their number, only 5 percent of China’s incubators have necessary funding and high-quality services to support startups.⁶⁰

* The 18th Party Congress of the Communist Party of China established these two targets in 2012 and set the timeline for achieving these goals by 2021—the 100th anniversary of the founding of the CCP. Shannon Tiezzi, “Why 2020 Is a Make-or-Break Year for China,” *Diplomat* (Japan), February 13, 2015. <http://thediplomat.com/2015/02/why-2020-is-a-make-or-break-year-for-china/>.

† M2 is defined as the sum of currency in circulation and total deposits held by banks and other depository institutions and savings deposits, small-denomination time deposits, and retail money market mutual fund shares. Board of Governors of the Federal Reserve System, *What Is the Money Supply? Is It Important?* December 16, 2015. http://www.federalreserve.gov/faqs/money_12845.htm.

- **Upgrade Manufacturing:** The 13th FYP and the 2016 Work Report emphasized the “Made in China 2025” and “Internet Plus” initiatives, which are aimed at focusing on innovation and boosting emerging industries, including high-end equipment, integrated circuits, biomedicines, cloud computing, mobile internet, and e-commerce.⁶¹ Under the plan, by 2020, advanced manufacturing, modern services, and strategic emerging industries as a proportion of GDP will rise “significantly” and per capita labor productivity will increase 37.9 percent from 2016 to 2020.⁶²
- **Overhaul Fiscal System:** The Chinese government is overhauling its central-local government fiscal system to ensure it can pay for the ambitious reform agenda. China’s fiscal system requires local governments to fund 85 percent of centrally mandated programs, but only allocates 53 percent of tax revenue to local governments.⁶³ This mismatch between local government revenues and centrally mandated expenditures has created a substantial rise in high-cost local government debt from local government financing vehicles.* Economic weakness has led to slower growth in tax revenue, so it is becoming more difficult for local governments, particularly in poorer provinces, to service their debt.⁶⁴ Over the last year, the Chinese government has instituted a debt-for-bonds swap to reduce the debt burden for local governments. This program replaced RMB 3.2 trillion (\$516.1 billion) in outstanding local government debt and reduced the interest rate burden by around RMB 200 billion (\$32 billion).⁶⁵ There will also be a 12.2 percent increase in central to local transfer payments to help offset rising expenditures, notably public services.⁶⁶ Finally, the value-added tax will be expanded to include the construction, real estate, financial, and consumer service industries beginning in May 2016.⁶⁷ The value-added tax is expected to benefit the service sector in part by removing double taxation issues that occur under the existing business tax system.⁶⁸
- **Reform SOEs:** The Chinese government reiterated its commitment to SOE reform, as outlined in the September 2015 Guiding Opinion on Deepening the Reform of State-Owned Enterprises, in order to improve these firms’ productivity and global competitiveness.† Key reform priorities to achieve by 2020 include: the reinforcement of CCP and state control over SOEs, separation of SOEs into commercial and public interest enterprises, expansion of mixed ownership of SOEs, and creation of global players through megamergers.⁶⁹ In the last year, the Chinese government rolled out ten mixed-ownership pilot programs and reduced the number of central government enterprises from 112 to 106.⁷⁰ But progress continues to face significant opposition from vested interests.
- **Address Overcapacity:** The Chinese government stepped up calls to address overcapacity, particularly in the steel and coal sectors.⁷¹ In January 2016, China’s State Council announced efforts to cut 100–150 million tons of crude steel production over the next five years.⁷² In February 2016, Yin Weimin, Minister of Human Resources and Social Security, announced a reallocation of 500,000 steelworkers from the steel sector and 1.3 million coalworkers, and the creation of a RMB 100 billion (\$15.3 billion) two-year fund to resettle and provide job training for these laid off workers.⁷³
- **Expand Domestic and International Trade:** The Chinese government is seeking to expand its inter-regional and international trade through the creation of the Beijing-Tianjin-Hebei megaregion, the Yangtze Economic Belt, and the Silk Road Economic Belt and 21st Century Maritime Silk Road initiative (commonly referred to as “One Belt, One Road”‡).⁷⁴ The Chinese government is also seeking to boost exports with faster processing of export tax rebates, expansion of cross-border e-commerce, and support of trade in services.⁷⁵

* For additional information on China’s fiscal system and local government challenges, see Jacob Koch-Weser, “China’s Fiscal Policy Revamp Faces Hurdles,” *U.S.-China Economic and Security Review Commission*, September 30, 2014. http://origin.www.uscc.gov/sites/default/files/Research/Issue%20brief_China%20Fiscal%20Policy%20Revamp%20Faces%20Hurdles.pdf.

† For the full text, see State Council of the People’s Republic of China, *Central Committee of the Chinese Communist Party and the State Council Guiding Opinion on Deepening the Reform of State-Owned Enterprises*, September 13, 2015. Staff translation. http://www.gov.cn/zhengce/2015-09/13/content_2930440.htm.

‡ For more information on the Silk Road Economic Belt, see U.S.-China Economic and Security Review Commission, Chapter 3, Section 1, “China and Central Asia,” in *2015 Annual Report to Congress*, November 2015, 391–418; U.S.-China Economic and Security Review Commission, Chapter 3, Section 2, “China and Southeast Asia,” in *2015 Annual Report to Congress*, November 2015, 448–449.

Beijing Outlines New Environmental Targets

The 13th FYP introduced a number of new environmental goals, particularly for energy usage and air quality. In the Work Report introducing the plan, Premier Li stressed the importance of making progress on environmental protection and suggested that environmental rules would be strictly enforced, with violators being “severely punished.”⁷⁶

Set Caps for Energy Use

Under the 13th FYP, Beijing for the first time announced a nationwide total energy consumption cap.⁷⁷ Premier Li set the goal of limiting total energy consumption to less than the equivalent of 5 billion tons of coal in 2020.^{* 78} Some experts see this goal as putting China on track to meet its climate commitments under the Paris Agreement on Climate Change signed last December.[†] China’s carbon dioxide emissions—most of which come from its coal plants—currently constitute more than one quarter of global carbon dioxide emissions, making China the world’s largest emitter of carbon dioxide.⁷⁹ While the cap does not explicitly target coal power plants—it would instead limit consumption of all energy sources—coal energy consumption in China has declined over the past two years, decreasing 0.7 percent in 2014 and 1.5 percent in 2015, according to Chinese statistics.⁸⁰ Along with the energy cap, Premier Li also set the goal of building cleaner coal plants. The 13th FYP calls for all new coal power plants to reach the standard of “ultra-low emissions,” which would strive to make Chinese coal plants as clean as natural gas plants.⁸¹ Climate specialists regard the energy cap as easily achievable; one analyst at a Chinese think tank suggests the five-billion-ton figure should be seen as a modest target that could be reached without much difficulty.⁸² In recent years, the growth rate of China’s energy usage has declined. In 2015, China consumed the energy equivalent of 4.3 billion tons of coal, a 0.9 percent increase from 2014.⁸³ From 2012 to 2015, China’s energy usage grew by 2.3 percent annually, a decrease from the average annual growth of 6.4 percent from 2005 to 2012.⁸⁴

The 13th FYP also sets a more ambitious reduction target for China’s carbon dioxide intensity.[‡] While the plan does not mandate a decrease in total emissions, it does aim to reduce the amount of carbon dioxide China emits as a proportion of its overall economic activity. The plan calls for China to decrease the amount of carbon dioxide it produces per unit of GDP by 18 percent over five years—an increase from the 12th FYP, which called for a 17 percent reduction over a similar timespan.⁸⁵ While much of this decrease will likely come from switching away from heavy industry and improving energy efficiency, compared to the 12th FYP the 13th FYP appears to anticipate a larger role for clean energy sources in reducing China’s carbon intensity. As Table 1 shows, the difference between the carbon intensity reduction target and the overall energy intensity reduction target is significantly higher in the 13th FYP than in the 12th.⁸⁶ This means that if these targets are met, green energy will play a larger role in the 13th FYP, accounting for 17 percent of the plan’s carbon intensity reductions.⁸⁷

Table 1: Carbon and Energy Intensity Reduction Targets, 13th and 12th FYPs

	Energy Intensity Reduction Target	Carbon Intensity Reduction Target	Share of Carbon Intensity Reduction Claimed by Green Energy
13th FYP	15%	18%	17%
12th FYP	16%	17%	6%

Source: Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.

* The equivalency appears to be in terms of energy usage, not carbon dioxide emissions. Thus a clean power source such as a solar array would still contribute to total energy use under the cap.

† Under the Paris Agreement, China pledged that its carbon emissions would peak in 2030. For more on the agreement, see the U.S.-China Economic and Security Review Commission, *January 2016 Economics and Trade Bulletin*, January 7, 2016. http://origin.www.uscc.gov/sites/default/files/trade_bulletins/Jan%202016%20Trade%20Bulletin.pdf.

‡ Carbon dioxide intensity refers to the amount of carbon emitted as a percentage of economic activity. A cut in carbon intensity does not necessarily result in a reduction in total carbon emissions. For example, if an economy grows faster than cuts in carbon intensity, a country will still emit more carbon dioxide even though it is using less carbon per unit of GDP.

Improve Air Quality

The plan also sets more ambitious goals for city air quality. Premier Li set forth a new requirement that Chinese cities should meet “good” or “excellent” air quality ratings 80 percent of the time, and reduce by 18 percent the number of days when levels of PM2.5 (a category of air pollutant linked to health concerns) exceed allowable limits.⁸⁸ Additionally, the 13th FYP sets more ambitious reduction targets for sulfur dioxide and nitrogen oxides, air pollutants associated with respiratory damage.⁸⁹ As Table 2 shows, these reduction targets are more stringent than those found in the 12th FYP, which China easily met.⁹⁰ Overall, China appears to be successfully improving its air quality. An independent study by Greenpeace using satellite data estimated that PM 2.5 levels have decreased by 17 percent from 2010 to 2015.⁹¹

Table 2: Air Pollutant Reduction, 12th and 13th FYPs

Pollutant	12th FYP Target Reduction	12th FYP Actual Reduction	13th FYP Reduction Target
Sulfur Dioxide	8%	18%	15%
Nitrogen Oxides	8%	18.6%	15%

Source: Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.

The 13th FYP also targets new sources of air pollutants. For the first time, the plan proposes reducing volatile organic compounds (VOCs), a category of pollutants sourced from fossil fuels, paints, solvents, and several industrial processes.⁹² VOCs contribute to PM2.5 pollution, but come from a variety of sources, which will make them more difficult for Chinese regulators to reduce.⁹³ The 13th FYP lays out a 10 percent reduction of VOCs over five years.⁹⁴ Additionally, the plan calls on Chinese oil refiners to produce a higher-quality gasoline that will be compatible with cleaner vehicles.⁹⁵ The lack of high-quality fuel for vehicles has been an issue in China, with cars designed for clean fuel putting out more pollution and experiencing mechanical problems due to low-quality fuel.⁹⁶

Address Soil and Water Contamination

Beyond air pollution, the 13th FYP also sets goals for reducing soil and water contamination. For water, the plan sets a higher water consumption cap than the 12th FYP, after China failed to meet its goal for reduced water use. The 12th FYP put forth a water consumption cap of 600 billion cubic meters in 2015, which was exceeded by 18 billion cubic meters.⁹⁷ The 13th FYP proposes a higher cap of 670 billion cubic meters.⁹⁸ The plan also reduces planned reduction in water consumption intensity* when compared to the 12th FYP. The 12th FYP put forth a 30 percent cut in water usage as a percentage of GDP over five years; the 13th FYP advocates a more modest reduction of 23 percent by 2020.⁹⁹ The new plan keeps in place 12th FYP reduction targets for chemical oxygen demand and ammonia nitrogen, which are sources of water pollution (10 percent five-year reductions in both plans).¹⁰⁰ China succeeded in meeting both of these targets under the 12th FYP.¹⁰¹

Regarding soil pollution, the 13th FYP takes some modest steps, including a national census to determine the extent of the problem and a target to reduce the amount of land used for construction as a percentage of GDP by 20 percent—a move meant to encourage denser building.¹⁰² The extent of soil pollution in China is not well known, although a government survey found that roughly one-fifth of sampled arable land sites contained levels of pollutants—such as cadmium, nickel, and arsenic—that exceeded government limits.¹⁰³ This report was deemed a “state secret” by the government prior to release and according to one Chinese insider its contents were withheld over concerns that awareness of the contamination would hurt agricultural sales.¹⁰⁴ The World Bank noted that access to information regarding soil contamination is “currently limited for the bottom 40 percent [of Chinese society] who are known to be relatively more exposed to degraded or highly polluted areas than other population groups.”¹⁰⁵ The costs of removing soil contamination appear to be immense—by one estimate it would cost more than \$1 trillion to clean up China’s polluted sites.¹⁰⁶ This estimate does not include lost farmer income that would be associated with soil reclamation.

* Similar to carbon intensity, water consumption intensity is the amount of water used by a country relative to its economic activity.

Beijing Sets Social Targets for Next Five Years

China's 13th FYP laid out an array of social goals the CCP hopes to accomplish, with Beijing's pursuit of social targets continuing to intensify despite mounting fiscal constraints.¹⁰⁷ According to official documents released following the NPC meeting in March, over the next five years China will seek to increase the pace of urbanization and housing reform, improve living standards, promote national health, and enhance the education system.¹⁰⁸ While targets for social development are more clearly defined than in past FYPs, there remains little indication of how Beijing intends to reach the outlined objectives.¹⁰⁹ However, Chinese officials remain optimistic the government will meet its targets, with Ding Yuanzhu, a policy consultant at the Chinese Academy of Governance, saying that "having binding targets will drive the Chinese government to meet its promises and better perform its duty to realize social fairness."¹¹⁰

Accelerate Urbanization and Housing Reform

A central aspect of China's plan for social development is continued urbanization and housing reform to lessen the economic disparity between urban and rural residents and spur consumption.¹¹¹ During the 12th FYP, sustained urbanization efforts produced more than 64 million urban jobs, while government subsidies were used to build over 40 million urban housing units.¹¹² In 2016, the government will seek to create an additional ten million urban jobs—keeping the unemployment rate in urban areas within 4.5 percent—and increase the population of registered urban residents 1.3 percent year-on-year.¹¹³ By 2020, the government hopes to achieve an urbanization rate of 60 percent, up from 55 percent in 2015.¹¹⁴ If China is successful in accelerating urbanization, 60 percent of the country's population will be urban residents by 2020—up from 56 percent in 2015—while 45 percent of the population will be registered as permanent urban residents under the national household registration—or *hukou*—system.^{* 115}

Amid anticipation of increased layoffs in industrial sectors, particularly steel and coal, the government made vague pledges to help resettle workers, including providing guidance for business startups and new pilot programs to support businesses in rural areas.¹¹⁶ To improve infrastructure in rural areas, China will also build or upgrade an additional 124,000 miles of roads over the next five years and expand the country's high-speed rail system from 12,400 miles to 18,600 miles.¹¹⁷ The government will also "act promptly" to upgrade rural power grids and create a reliable supply of power countrywide.¹¹⁸

Beijing elaborated on plans originally laid out in October 2015 to reform the hukou system.[†] In 2015, nearly 300 million migrant workers did not have urban residency under the hukou system, leaving them without access to public services that provide education, healthcare, jobs, and housing.¹¹⁹ Following the 2016 NPC meetings, Beijing pledged to address this issue by extending coverage of urban welfare services to all residents and accelerating the distribution of temporary urban residency permits to migrants.^{‡ 120} The government previously announced it will also end its decades-old "one-child" policy, allowing couples to have two children and providing 13 million unregistered citizens with access to public services for the first time.¹²¹ In addition, China is carrying out a nationwide census to identify-left-behind children—those born illegally under the one-child policy and migrant children separated from their parents—in rural areas and ensure they receive proper housing and education arrangements.¹²² Using the census, which is being conducted by the ministries of civil affairs, education, and public security, Chinese authorities hope to create a database of left-behind children, which will be used to draft and implement improved childcare policies.¹²³

* The 2015 figures for permanent urban residents are still under review. The target in 2015 was 37.9 percent. Li Keqiang, "Report on the Work of the Government" (Fourth Session of the 12th National People's Congress, Beijing, China, March 5, 2016). http://en.nhfpc.gov.cn/2016-03/18/c_69571.htm.

† For more information on China's social and housing reforms, including discussion of China's unregistered population, see U.S.-China Economic and Security Review Commission, *Monthly Analysis of U.S.-China Trade Data*, January 6, 2015, 5–7. http://origin.www.uscc.gov/sites/default/files/trade_bulletins/Jan%202016%20Trade%20Bulletin.pdf.

‡ Temporary residency permits provide rural migrants equal access to public services as urban residents. Brenda Goh and Koh Gui Qing, "China to Scrap Temporary Residence Permits: Xinhua," Reuters, February 16, 2015. <http://www.reuters.com/article/us-china-residence-permits-idUSKBNOLK0H620150216>.

Raise the Standard of Living

The government has prioritized efforts to improve China's standard of living, seeking to reduce poverty and improve care for the country's aging population.¹²⁴ According to the announcement from China's National Development and Reform Commission, previous efforts to alleviate poverty have been successful: over the past five years, around 100 million Chinese citizens have been lifted out of poverty, thanks in part to rising wages* and increased urbanization.¹²⁵ Despite this progress, China remains home to over 70 million people—mainly in rural areas—living below the poverty line of \$376 in annual income (at 2010 prices).¹²⁶ In the 13th FYP, Beijing outlined plans to lift all 70 million people out of poverty and increase the central government's funds for poverty alleviation by 43.4 percent over the five-year period.¹²⁷ The government also plans to promote a collective negotiation mechanism for wages, raise the minimum wage, and lower the personal income tax and real estate tax by an unspecified amount.¹²⁸

Beijing announced policies to improve care for its citizens over 60 years old, who are expected to account for 36.5 percent of the country's total population by 2050.¹²⁹ China will aim to provide universal social security coverage by 2020, up from 80 percent coverage in the 12th FYP.¹³⁰ To address the economic strain placed on the older generation, the government will also release a plan to reform old-age insurance reform and further raise basic pension benefits for retirees.¹³¹ The timeline for these targets, however, remains unclear.

Improve National Health

Beijing rolled out new policies aimed at reducing the cost of medicine and improving medical assistance programs, which it hopes will lead to a one-year increase in the national life expectancy by 2020.¹³² In the 12th FYP, Beijing expanded its basic health insurance to provide universal coverage.¹³³ Under the new plan, the government will seek to create an efficient basic healthcare system for both rural and urban areas by 2020.¹³⁴ To reduce health-related costs over the next five years, the annual government medical insurance subsidy for rural and unemployed urban residents will increase 10.5 percent to over \$64 per person, covering around 70 percent of health-related costs.¹³⁵ In addition, the central government will allocate nearly \$2.5 billion nationwide for medical assistance and subsidies in 2016, a 9.6 percent increase over 2015.¹³⁶ HIV medication will be provided for free starting in 2016, while other medication prices will be regulated† to reduce costs.¹³⁷ Because healthcare remains less accessible and more costly for rural residents than urban residents, the government will channel more medical resources toward rural areas and in-need urban communities, although the announcements did not expand on how this would be done.¹³⁸

Promote Education

The 13th FYP aims to increase the average length of schooling the working population (people aged 16–59) receives from 10.23 years (in 2015) to 10.8 years by 2021.¹³⁹ To reach this target, the government will provide subsidies for students who cannot afford all nine years of compulsory education—which can cost more than \$300 a year per student, or around 18 percent of the average per capita disposable income in rural areas—as well as remove high school tuition fees and gradually waive vocational schools' tuition fees for poor students.¹⁴⁰ In 2016, China has projected that enrollment in higher education will increase to 7.05 million undergraduate students and 818,000 graduate students, up from projections of seven million undergraduate and 797,000 graduate students in the 2015 plan.¹⁴¹ To further improve the quality of education in rural and poorer regions, the central government pledged to allocate a greater share of funds to central and western regions in China, while also increasing teachers' salaries and benefits in rural areas.¹⁴²

* Last year, the national per capita disposable income increased by 7.4 percent in real terms year-on-year, while personal savings deposits rose by 8.5 percent year-on-year. Li Keqiang, "Report on the Work of the Government" (Fourth Session of the 12th National People's Congress, Beijing, China, March 5, 2016). http://en.nhffc.gov.cn/2016-03/18/c_69571.htm.

† It is unclear whether the central or local governments will be charged with regulating prices.

For inquiries, please contact a member of our economics and trade team (Nargiza Salidjanova, nsalidjanova@uscc.gov; Katherine Koleski, kkoleski@uscc.gov; Sean O'Connor, soconnor@uscc.gov; or Matthew Snyder, msnyder@uscc.gov).

Disclaimer: The U.S.-China Economic and Security Review Commission was created by Congress to report on the national security implications of the bilateral trade and economic relationship between the United States and the People's Republic of China. For more information, visit www.uscc.gov or join the Commission on Facebook.

This report is the product of professional research performed by the staff of the U.S.-China Economic and Security Review Commission, and was prepared at the request of the Commission to support its deliberations. Posting of the report to the Commission's website is intended to promote greater public understanding of the issues addressed by the Commission in its ongoing assessment of U.S.-China economic relations and their implications for U.S. security, as mandated by Public Law 106-398 and Public Law 113-291. However, it does not necessarily imply an endorsement by the Commission, any individual Commissioner, or the Commission's other professional staff, of the views or conclusions expressed in this staff research report.

Endnotes

- ¹ U.S. Department of Commerce, *Additions to the Entity List*, March 7, 2016. <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-05104.pdf>.
- ² U.S. Department of Commerce, *Additions to the Entity List*, March 7, 2016. <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-05104.pdf>.
- ³ Juro Osawa and Eva Dou, "U.S. to Place Trade Restrictions on China's ZTE," *Wall Street Journal*, March 7, 2016. <http://www.wsj.com/articles/u-s-plans-to-place-restrictions-on-zte-1457337207>.
- ⁴ Shawn Donnan, "ZTE to Inform US about Sales to Iran and North Korea," *Financial Times*, March 22, 2016. <http://www.ft.com/intl/cms/s/0/9d8d611e-efdd-11e5-9f20-c3a047354386.html#axzz44CaKzCQR>.
- ⁵ Shawn Donnan, "ZTE to Inform US about Sales to Iran and North Korea," *Financial Times*, March 22, 2016. <http://www.ft.com/intl/cms/s/0/9d8d611e-efdd-11e5-9f20-c3a047354386.html#axzz44CaKzCQR>.
- ⁶ Juro Osawa and Eva Dou, "U.S. to Place Trade Restrictions on China's ZTE," *Wall Street Journal*, March 7, 2016. <http://www.wsj.com/articles/u-s-plans-to-place-restrictions-on-zte-1457337207>.
- ⁷ Shawn Donnan, "ZTE to Inform US about Sales to Iran and North Korea," *Financial Times*, March 22, 2016. <http://www.ft.com/intl/cms/s/0/9d8d611e-efdd-11e5-9f20-c3a047354386.html#axzz44CaKzCQR>.
- ⁸ Juro Osawa, "China's ZTE to Replace Three Senior Executives," *Wall Street Journal*, April 4, 2016. <http://www.wsj.com/articles/chinas-zte-to-replace-three-senior-executives-1459588482>.
- ⁹ Steve Stecklow, "Exclusive: U.S. Probes China's ZTE over Tech Sales to Iran," Reuters, May 25, 2012. <http://www.reuters.com/article/us-zte-usa-investigation-idUSBRE8400W420120525>.
- ¹⁰ Steve Stecklow and Joel Schectman, "China's ZTE Said to Appeal U.S. Export Ban after Lobby Efforts Fail," Reuters, March 16, 2016. <http://www.reuters.com/article/us-zte-usa-trade-idUSKCN0WH2Z5>.
- ¹¹ *Wall Street Journal*, "ZTE Sanctions Crumble," March 21, 2016. <http://www.wsj.com/articles/zte-sanctions-crumble-1458605784>.
- ¹² Jeffrey Sparshott, "China's ZTE Set up Shell Companies to Evade U.S. Trade Rules, Documents Say," *Wall Street Journal*, March 7, 2016. <http://www.wsj.com/articles/chinas-zte-set-up-shell-companies-to-evade-u-s-trade-rules-documents-say-1457383462>.
- ¹³ Jeffrey Sparshott, "U.S. to Provide Temporary Trade Sanction Relief to China's ZTE Corp.," *Wall Street Journal*, March 21, 2016. <http://www.wsj.com/articles/u-s-to-provide-temporary-trade-sanction-relief-to-chinas-zte-corp-1458511694>.
- ¹⁴ Sophia Yan, "U.S. Punishes Chinese Tech Giant over Alleged Plan to Dodge Iran Sanctions," CNN, March 7, 2016. <http://money.cnn.com/2016/03/07/technology/china-zte-us-trade-restrictions-iran/>; Steve Stecklow, "U.S. Commerce Department to Place Restrictions on China's ZTE," Reuters, March 7, 2016. <http://www.reuters.com/article/us-zte-usa-china-idUSKCN0W80AV>.
- ¹⁵ Reuters, "China's ZTE Aims to Double Annual Revenue by 2020, Seeks More U.S. Sales," January 19, 2016. <http://www.reuters.com/article/zte-results-idUSL3N15337A>.
- ¹⁶ Jeffrey Sparshott, "U.S. to Provide Temporary Trade Sanction Relief to China's ZTE Corp.," *Wall Street Journal*, March 21, 2016. <http://www.wsj.com/articles/u-s-to-provide-temporary-trade-sanction-relief-to-chinas-zte-corp-1458511694>; Shawn Donnan, "ZTE to Inform US about Sales to Iran and North Korea," *Financial Times*, March 22, 2016. <http://www.ft.com/intl/cms/s/0/9d8d611e-efdd-11e5-9f20-c3a047354386.html#axzz44CaKzCQR>.
- ¹⁷ Sophia Yan, "U.S. Punishes Chinese Tech Giant over Alleged Plan to Dodge Iran Sanctions," CNN, March 7, 2016. <http://money.cnn.com/2016/03/07/technology/china-zte-us-trade-restrictions-iran/>.
- ¹⁸ Sophia Yan, "U.S. Punishes Chinese Tech Giant over Alleged Plan to Dodge Iran Sanctions," CNN, March 7, 2016. <http://money.cnn.com/2016/03/07/technology/china-zte-us-trade-restrictions-iran/>; Steve Stecklow, "U.S. Commerce Department to Place Restrictions on China's ZTE," Reuters, March 7, 2016. <http://www.reuters.com/article/us-zte-usa-china-idUSKCN0W80AV>.

- ¹⁹ Charles Clover, “Shares in China’s ZTE Suspended amid US Probe,” *Financial Times*, March 7, 2016. <http://www.ft.com/intl/cms/s/0/74bfa374-e438-11e5-a09b-1f8b0d268c39.html#axzz44XG3Vdzu>.
- ²⁰ Juro Osawa and Eva Dou, “U.S. to Place Trade Restrictions on China’s ZTE,” *Wall Street Journal*, March 7, 2016. <http://www.wsj.com/articles/u-s-plans-to-place-restrictions-on-zte-1457337207>; Jeffrey Sparshott, “U.S. to Provide Temporary Trade Sanction Relief to China’s ZTE Corp.,” *Wall Street Journal*, March 21, 2016. <http://www.wsj.com/articles/u-s-to-provide-temporary-trade-sanction-relief-to-chinas-zte-corp-1458511694>.
- ²¹ John Ruwitch, “China Hopes ZTE Can Be Removed from U.S. Export Restriction List as Soon as Possible,” Reuters, March 24, 2016. <http://www.reuters.com/article/us-zte-usa-china-idUSKCN0WR04A>; Juro Osawa and Eva Dou, “U.S. to Place Trade Restrictions on China’s ZTE,” *Wall Street Journal*, March 7, 2016. <http://www.wsj.com/articles/u-s-plans-to-place-restrictions-on-zte-1457337207>.
- ²² Richard Dobbs et al., “Debt and (Not Much) Deleveraging,” *McKinsey Global Institute*, February 2015. <http://www.mckinsey.com/global-themes/employment-and-growth/debt-and-not-much-deleveraging>.
- ²³ Richard Dobbs et al., “Debt and (Not Much) Deleveraging,” *McKinsey Global Institute*, February 2015. <http://www.mckinsey.com/global-themes/employment-and-growth/debt-and-not-much-deleveraging>.
- ²⁴ *Economist*, “Deleveraging Delayed,” October 24, 2015. <http://www.economist.com/news/finance-and-economics/21676837-credit-growth-still-outstripping-economic-growth-deleveraging-delayed>.
- ²⁵ Patti Waldmeir, “China Bank Governor Warns over Corporate Debt,” *Financial Times*, March 20, 2016; Chris Buckley, “China Weighs Letting Banks Sell Bad Debt to Investors,” *New York Times*, March 12, 2016. http://www.nytimes.com/2016/03/13/business/international/china-weighs-letting-banks-sell-bad-debt-to-investors.html?_r=0.
- ²⁶ Yuan Yang, “China Explores Debt-for-Equity Swaps to Defeat Debt Pile-Up,” *Financial Times*, March 16, 2016.
- ²⁷ PricewaterhouseCoopers, “China’s Non-Performing Loans Are Rising Fast: Are There Now Opportunities for Investors?” December 2015, 2. http://www.pwccn.com/home/eng/brs_china_npls_opportunities_dec2015.html.
- ²⁸ PricewaterhouseCoopers, “China’s Non-Performing Loans Are Rising Fast: Are There Now Opportunities for Investors?” December 2015, 2. http://www.pwccn.com/home/eng/brs_china_npls_opportunities_dec2015.html.
- ²⁹ Patti Waldmeir, “China Bank Governor Warns over Corporate Debt,” *Financial Times*, March 20, 2016.
- ³⁰ Bloomberg, “China Said to Agree \$7.7 Billion of Bad Loan Securitization,” February 24, 2016.
- ³¹ Chris Buckley, “China Weighs Letting Banks Sell Bad Debt to Investors,” *New York Times*, March 12, 2016.
- ³² Yuan Yang, “China Explores Debt-for-Equity Swaps to Defeat Debt Pile-Up,” *Financial Times*, March 16, 2016.
- ³³ Keith Bradsher, “For China Banks, Swapping Stock for Debt Is a Stopgap with Pitfalls,” *New York Times*, March 10, 2016. http://www.nytimes.com/2016/03/11/business/dealbook/for-china-banks-swapping-stock-for-debt-is-a-stopgap-with-pitfalls.html?_r=1.
- ³⁴ Keith Bradsher, “For China Banks, Swapping Stock for Debt Is a Stopgap with Pitfalls,” *New York Times*, March 10, 2016. http://www.nytimes.com/2016/03/11/business/dealbook/for-china-banks-swapping-stock-for-debt-is-a-stopgap-with-pitfalls.html?_r=1.
- ³⁵ Data from the People’s Bank of China via CEIC database.
- ³⁶ Heather Long, “China’s Debt Mountain Is Growing Fast,” *CNN Money*, February 17, 2016. <http://money.cnn.com/2016/02/17/investing/china-debt-gets-bigger/>.
- ³⁷ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ³⁸ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ³⁹ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁴⁰ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 11. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf; Xinhua (English edition), “China Unveils Landmark Urbanization Plan,” March 17, 2014.
- ⁴¹ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 12. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁴² Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 12. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁴³ Sebastian Heilmann and Oliver Melton, “The Reinvention of Development Planning in China, 1993–2012,” *Modern China* 39:6 (August 2013): 580–628.
- ⁴⁴ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 21. http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ⁴⁵ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 21. http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ⁴⁶ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 8, 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁴⁷ Hudson Lockett, “China’s Latest Five-Year Plan Could Be its Last,” *China Economic Review*, March 24, 2016. <http://www.chinaeconomicreview.com/china%E2%80%A9s-latest-five-year-plan-could-be-its-last>.
- ⁴⁸ “China’s New Economic Plans: Implications for China, Asia and the Global Economy” (Washington, DC, March 29, 2016); Julian Evans-Pritchard, “China Economics Update: Initial Thoughts on the National People’s Congress,” *Capital Economics*, March 7, 2016.
- ⁴⁹ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 2. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.

- ⁵⁰ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 2. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁵¹ Julian Evans-Pritchard, “China Economics Update: Initial Thoughts on the National People’s Congress,” *Capital Economics*, March 7, 2016.
- ⁵² National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 1, 29. http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ⁵³ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 23. http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ⁵⁴ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁵⁵ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁵⁶ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁵⁷ Gabriel Domíquez, “Made in China 2025’—The Next Stage of China’s Economic Rise?” *Deutsche Welle*, June 1, 2015.
- ⁵⁸ Li Yuan, “Innovation Sputters as a Chinese Engine,” *Wall Street Journal*, March 24, 2016. http://www.wsj.com/articles/innovation-sputters-as-a-chinese-engine-1458761401?utm_content=bufferb9ba1&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer.
- ⁵⁹ Li Yuan, “Innovation Sputters as a Chinese Engine,” *Wall Street Journal*, March 24, 2016. http://www.wsj.com/articles/innovation-sputters-as-a-chinese-engine-1458761401?utm_content=bufferb9ba1&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer.
- ⁶⁰ Li Yuan, “Innovation Sputters as a Chinese Engine,” *Wall Street Journal*, March 24, 2016. http://www.wsj.com/articles/innovation-sputters-as-a-chinese-engine-1458761401?utm_content=bufferb9ba1&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer.
- ⁶¹ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁶² Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 10. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁶³ *Economist*, “Weak Local Government Revenue Growth Raises Fiscal Concerns,” April 16, 2015. <http://country.eiu.com/article.aspx?articleid=1593066143&Country=China&topic=Economy&subtopic=Forecast>.
- ⁶⁴ McKinsey Global Institute, “Debt and (Not Much) Deleveraging,” February 2015, 82; Qu Hongbin, “Fiscal Surplus to Offset Slower Growth,” *HSBC*, May 21, 2015. <http://www.hsbc.com/news-and-insight/2015/fiscal-surplus-to-offset-slower-growth>.
- ⁶⁵ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 3. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁶⁶ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 17. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁶⁷ Li Keqiang, “Report on the Work of the Government” (Third Session of the 12th National People’s Congress, Beijing, China, March 5, 2015), 17. http://online.wsj.com/public/resources/documents/NPC2015_WorkReport_ENG.pdf.
- ⁶⁸ Deloitte, “Taxation and Investment in China 2015: Reach, Relevance, and Reliability,” 10. <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-chinaguide-2015.pdf>.
- ⁶⁹ State Council of the People’s Republic of China, *Central Committee of the Chinese Communist Party and the State Council Guiding Opinion on Deepening the Reform of State-Owned Enterprises*, September 13, 2015. Staff translation. http://www.gov.cn/zhengce/2015-09/13/content_2930440.htm.
- ⁷⁰ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 5–6. http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ⁷¹ Li Keqiang, “Report on the Work of the Government” (Third Session of the 12th National People’s Congress, Beijing, China, March 5, 2015), 4, 7, 15, 20–21. http://online.wsj.com/public/resources/documents/NPC2015_WorkReport_ENG.pdf.
- ⁷² State Council of the People’s Republic of China, “Li Keqiang Chairs the Executive Meeting of the State Council [李克强主持召开国务院常务会议],” January 24, 2016. http://www.gov.cn/guowuyuan/2016-01/24/content_5035749.htm; For an approximate English version, see State Council of the People’s Republic of China, “Quick View: The State Council Executive Meeting on Jan 22,” January 25, 2016. http://english.gov.cn/policies/infographics/2016/01/25/content_281475278290982.htm.
- ⁷³ Kevin Yao and Meng Meng, “China Expects to Lay off 1.8 Million Workers in Coal, Steel Sectors,” Reuters, February 29, 2016. <http://www.reuters.com/article/us-china-economy-employment-idUSKCN0W205X>; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 21. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁷⁴ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 25. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.

- ⁷⁵ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016), 28. http://online.wsj.com/public/resources/documents/NPC2016_WorkReport_English.pdf.
- ⁷⁶ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁷⁷ Kathy Chen, “China Sets Cap for Energy Consumption for First Time,” *Agweek*, March 6, 2016. <http://www.agweek.com/news/nation-and-world/3980574-china-sets-cap-energy-consumption-first-time>.
- ⁷⁸ Kathy Chen, “China Sets Cap for Energy Consumption for First Time,” *Agweek*, March 6, 2016. <http://www.agweek.com/news/nation-and-world/3980574-china-sets-cap-energy-consumption-first-time>.
- ⁷⁹ CICERO Center for International Climate and Environmental Research, “Chinese Coal Consumption Down but Not Carbon Dioxide,” March 29, 2016. <http://www.cicero.uio.no/en/posts/news/chinese-coal-consumption-down-but-not-carbon-dioxide-emissions>.
- ⁸⁰ CICERO Center for International Climate and Environmental Research, “Chinese Coal Consumption Down but Not Carbon Dioxide,” March 29, 2016. <http://www.cicero.uio.no/en/posts/news/chinese-coal-consumption-down-but-not-carbon-dioxide-emissions>.
- ⁸¹ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸² Kathy Chen, “China Sets Cap for Energy Consumption for First Time,” *Agweek*, March 6, 2016. <http://www.agweek.com/news/nation-and-world/3980574-china-sets-cap-energy-consumption-first-time>; Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸³ Kathy Chen, “China Sets Cap for Energy Consumption for First Time,” *Agweek*, March 6, 2016. <http://www.agweek.com/news/nation-and-world/3980574-china-sets-cap-energy-consumption-first-time>; Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁴ Kathy Chen, “China Sets Cap for Energy Consumption for First Time,” *Agweek*, March 6, 2016. <http://www.agweek.com/news/nation-and-world/3980574-china-sets-cap-energy-consumption-first-time>; Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁵ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁶ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁷ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁸ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁸⁹ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁰ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹¹ Greenpeace, “Clean Air Action Plan: The Way Forward,” February 2016. <http://www.greenpeace.org/eastasia/Global/eastasia/publications/reports/climate-energy/2016/Clean%20Air%20Action%20Plan,%20The%20way%20forward.pdf>.
- ⁹² Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹³ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁴ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁵ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁶ Deborah Seligsohn (University of California San Diego), interview with Commission staff, March 2016.
- ⁹⁷ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁸ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ⁹⁹ China Water Risk, “China’s 12th Five-Year Plan.” <http://chinawaterrisk.org/regulations/water-policy/12th-five-year-plan/>; Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ¹⁰⁰ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ¹⁰¹ Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.
- ¹⁰² Deborah Seligsohn, “How China’s 13th Five-Year Plan Addresses Energy and the Environment,” *ChinaFile*, March 10, 2016. <http://www.chinafile.com/reporting-opinion/environment/how-chinas-13th-five-year-plan-addresses-energy-and-environment>.

- ¹⁰³ Angel Hsu, “Soil Pollution in China Still a State Secret,” *Scientific American*, June 18, 2014. <http://blogs.scientificamerican.com/guest-blog/soil-pollution-in-china-still-a-state-secret-infographic/>.
- ¹⁰⁴ Lucy Hornby, “Chinese Environment: Ground Operation,” *Financial Times*, September 1, 2015. <http://www.ft.com/intl/cms/s/2/d096f594-4be0-11e5-b558-8a9722977189.html?siteedition=intl#axzz44bKniPzp>.
- ¹⁰⁵ Lucy Hornby, “Chinese Environment: Ground Operation,” *Financial Times*, September 1, 2015. <http://www.ft.com/intl/cms/s/2/d096f594-4be0-11e5-b558-8a9722977189.html?siteedition=intl#axzz44bKniPzp>.
- ¹⁰⁶ Lucy Hornby, “Chinese Environment: Ground Operation,” *Financial Times*, September 1, 2015. <http://www.ft.com/intl/cms/s/2/d096f594-4be0-11e5-b558-8a9722977189.html?siteedition=intl#axzz44bKniPzp>.
- ¹⁰⁷ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹⁰⁸ National Development and Reform Commission, “Report on the Implementation of the 2014 Plan for National Economic and Social Development and on the 2015 Draft Plan for National Economic and Social Development” (Third Session of the 12th National People’s Congress, Beijing, China, March 5, 2015). http://online.wsj.com/public/resources/documents/NPC2015_NDRC.pdf.
- ¹⁰⁹ Lea Shih, “Part 1: Ten Things to Note,” *European Voices on China* (MERICS Blog), March 23, 2016. <http://blog.merics.org/en/blog-post/merics-reads-the-13th-five-year-plan-for-you-part-1-ten-things-to-note-77.html>.
- ¹¹⁰ Li Laifang and Wang Jian, “Xinhua Insight: Why China’s 13th Five-Year Plan Deserves Attention,” Xinhua (English edition), March 4, 2016. http://news.xinhuanet.com/english/2016-03/04/c_135156001.htm.
- ¹¹¹ James McGregor et al., “The 13th Five-Year Plan: Xi Jinping Reiterates His Vision for China,” *APCO Worldwide*, 2016. <http://www.apcoworldwide.com/docs/default-source/default-document-library/Thought-Leadership/13-five-year-plan-think-piece.pdf?sfvrsn=2>.
- ¹¹² Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹¹³ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ¹¹⁴ James McGregor et al., “The 13th Five-Year Plan: Xi Jinping Reiterates His Vision for China,” *APCO Worldwide*, 2016. <http://www.apcoworldwide.com/docs/default-source/default-document-library/Thought-Leadership/13-five-year-plan-think-piece.pdf?sfvrsn=2>.
- ¹¹⁵ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹¹⁶ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ¹¹⁷ Wang Guan, “China Just Passed its 13th Five-Year Plan. Here’s What That Means,” *CCTV*, March 16, 2016. <http://www.cctv-america.com/2016/03/16/china-just-passed-its-13th-five-year-plan-heres-what-that-means>; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹¹⁸ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹¹⁹ Jun Yang, “An Examination of China’s New Urbanization Strategy,” *Urbanization and Global Environmental Change Viewpoint*, January 19, 2016. <https://ugecviewpoints.wordpress.com/2016/01/19/an-examination-of-chinas-new-urbanization-strategy/>.
- ¹²⁰ PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹²¹ James McGregor et al., “The 13th Five-Year Plan: Xi Jinping Reiterates His Vision for China,” *APCO Worldwide*, 2016. <http://www.apcoworldwide.com/docs/default-source/default-document-library/Thought-Leadership/13-five-year-plan-think-piece.pdf?sfvrsn=2>; U.S.-China Economic and Security Review Commission, *Monthly Analysis of U.S.-China Trade Data*, January 6, 2015, 5. http://origin.www.uscc.gov/sites/default/files/trade_bulletins/Jan%202016%20Trade%20Bulletin.pdf.
- ¹²² Open Source Enterprise, “Xinhua: China to Count Left Behind Children,” March 29, 2016. ID: CHR2016032948147132.
- ¹²³ Open Source Enterprise, “Xinhua: China to Count Left Behind Children,” March 29, 2016. ID: CHR2016032948147132; Emily Fung, “China to Survey Children Left Behind by Migrant Workers,” *New York Times*, March 29, 2016. <http://www.nytimes.com/2016/03/30/world/asia/china-left-behind-children-survey.html>.
- ¹²⁴ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹²⁵ PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf.
- ¹²⁶ PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf.
- ¹²⁷ James McGregor et al., “The 13th Five-Year Plan: Xi Jinping Reiterates His Vision for China,” *APCO Worldwide*, 2016. <http://www.apcoworldwide.com/docs/default-source/default-document-library/Thought-Leadership/13-five-year-plan-think-piece.pdf?sfvrsn=2>; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.

- ¹²⁸ PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf; Wang Guan, “China Just Passed its 13th Five-Year Plan. Here’s What That Means,” *CCTV*, March 16, 2016. <http://www.cctv-america.com/2016/03/16/china-just-passed-its-13th-five-year-plan-heres-what-that-means>.
- ¹²⁹ Bloomberg, “China’s 13th Five-Year Plan,” March 7, 2016. <https://newsletters.briefs.bloomberg.com/document/6bz1msqelpyz14s7soq/front>.
- ¹³⁰ James McGregor et al., “The 13th Five-Year Plan: Xi Jinping Reiterates His Vision for China,” *APCO Worldwide*, 2016. <http://www.apcoworldwide.com/docs/default-source/default-document-library/Thought-Leadership/13-five-year-plan-think-piece.pdf?sfvrsn=2>; Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹³¹ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ¹³² Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹³³ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹³⁴ Wang Guan, “China Just Passed its 13th Five-Year Plan. Here’s What That Means,” *CCTV*, March 16, 2016. <http://www.cctv-america.com/2016/03/16/china-just-passed-its-13th-five-year-plan-heres-what-that-means>; PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf.
- ¹³⁵ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm; Zeena Johar and Xue Ying Hwang, “Despite Their Economic Strides, China and India Lag on Health Care,” *YaleGlobal*, December 17, 2015. <http://yaleglobal.yale.edu/content/despite-their-economic-strides-china-and-india-lag-health-care>.
- ¹³⁶ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹³⁷ PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf.
- ¹³⁸ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹³⁹ Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.
- ¹⁴⁰ Dexter Roberts, “Chinese Education: The Truth Behind the Boasts,” *Bloomberg Business*, April 4, 2013. <http://www.bloomberg.com/news/articles/2013-04-04/chinese-education-the-truth-behind-the-boasts>; Yang Wanli, “Rural-Urban Income Gap Narrows,” *China Daily*, April 22, 2015. http://www.chinadaily.com.cn/china/2015-04/22/content_20509439.htm; PricewaterhouseCoopers, “Prosperity for the Masses by 2020,” March 2016. http://www.pwccn.com/webmedia/doc/635835257136032309_prosperity_masses_2020.pdf.
- ¹⁴¹ National Development and Reform Commission, “Report on the Implementation of the 2015 Plan for National Economic and Social Development and on the 2016 Draft Plan for National Economic and Social Development” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://online.wsj.com/public/resources/documents/NPC2016_NDRC_English.pdf.
- ¹⁴² Li Keqiang, “Report on the Work of the Government” (Fourth Session of the 12th National People’s Congress, Beijing, China, March 5, 2016). http://en.nhfp.gov.cn/2016-03/18/c_69571.htm.