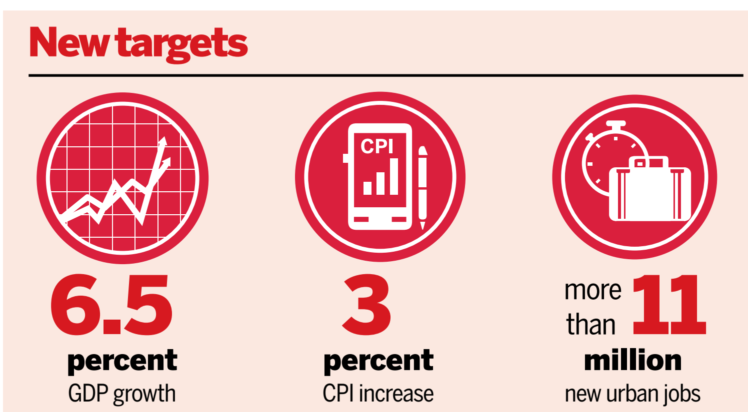
Premier Li Keqiang delivers the Government Work Report at the opening meeting of the first session of the 13th National People's Congress at the Great Hall of the People in Beijing on March 5. XU JINGXING / CHINA DAILY



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China can fully change its approach to growth.

"Despite a change in the orientation of long-run development heralded at the 19th Party Congress (in October), and despite much discussion about removing GDP growth targets or more substantially altering the approach to them, in reality GDP growth remains the most important economic target for now," said Louis Kuijs, Asia head of economics consultancy Oxford Economics.

Further opening-up and liberalization was a key point in Li's speech and is key to the path that China plans to take moving forward. Li used the words "bolder" and "all-around" to describe the new approach. Both set the country up to play an increasingly important role in the regional and global economies.

China will open doors wider to foreign investors this year by completely opening up its general manufacturing sector and expand access to a number of other sectors such as telecommunications, medical services, education, elderly care and new-energy vehicles, Li said during the speech.

Kerry Brown, professor of Chinese studies and director of the Lau China Institute at King's College in the United Kingdom, said: "Hints were given at having better investment opportunities available to foreign companies, and a more level investment and trade playing field."

This ongoing focus on opening-up should power China's growing influence as a regional and global economic leader, in no small measure due to the increased connectivity under Xi's signature Belt and Road Initiative.

Tony Nash, chief economist and CEO of data analytics firm Complete Intelligence in Singapore, said commitment to the Belt and Road is important.

"There have been some challenges and it's early days, so foreign investors will likely come in as Chinese efforts and Belt and Road projects demonstrate tangible success," he said. "The commitment underscored in the Work Report is one of many aspects of success needed by foreign investors."

The government plans to "expand industrial capacity cooperation with other countries" to enable the globalization of Chinese manufacturing and services.

But what is more likely to excite foreign investors is the government's loosening of restrictions on the share of foreign equity in sectors including banking, securities, fund management, futures and financial asset management, and enhancing the alignment with international business rules.

BMI noted that the policymakers' removal of foreign ownership caps is in line with a previous announcement in late 2017 on lowering shareholding restrictions for foreign investment in Chinese firms and reducing tariffs for certain products.

"Beijing's decision to liberalize the financial sector further will benefit the economy," said Tong Yiling, Asia analyst at BMI Research. "By loosening foreign shareholding restrictions for financial institutions, Beijing is attracting more capital inflows to counteract upward pressures on interest rates."

Also, this new policy is likely to encourage more foreign banks to purchase small Chinese banks, which will help reduce the financial risks since the smaller institutions will be stabilized with more capital.

In the regional context, China plans to put more efforts into securing regional economic partnerships and forging free trade zone areas with other Asian countries.

"The report also repeated China's support for economic globalization and protecting free trade, with a readiness to advance multilateral trade negotiations, conclude the Regional Comprehensive Economic Partnership and build the Free Trade Area of the Asia-Pacific and the East Asian Economic Community," said Kuijs from Oxford Economics.

Still, the central government remains concerned about off-balance-sheet borrowing by local governments.

Li stated that the government will forestall and defuse local government debt risk, announcing that 1.4 trillion yuan ($220.8 billion) worth of local government debt will be swapped. All forms of borrowing and debt underwriting that violate the law and regulations are also "strictly prohibited".

"Provincial-level governments should assume overall responsibility for debts incurred by local governments within their jurisdictions," said Li in the report. "Governments below the provincial level should live up to their own responsibilities, and all must take active, prudent steps to deal with outstanding debt."

Law, from the Chinese University of Hong Kong, told *China Daily Asia Weekly*: "In the past decade, local governments have been borrowing excessively to support local development, but this has caused financial burdens to the country and anxiety among global investors for the long term."

"Premier Li's intention to reduce local government debt" was clearly emphasizing stable financial development for China, Law said.

Brown from King's College was struck by several aspects of the Work Report, but jobs top the list. "One was the number of jobs China is planning to create," he said.

According to the Work Report, China aims to create more than 11 million new urban jobs this year. The government promises to strengthen public employment services, launch a large-scale vocational skills training initiative and use the Internet Plus model to create new kinds of jobs. It also included the surveyed unemployment rate as a new target to get a bigger picture of the situation.

"However, it's important to not just focus on creating jobs in bigger cities that already have congestion and environmental problems," said Law. "China is planning to create more jobs in the small to medium cities as well, so the country can grow as a whole."

Li also underscored the 68 million people that have been lifted out of poverty over the past five years, including a total of 8.3 million relocated from inhospitable areas. The poverty headcount ratio has dropped from 10.2 percent to 3.1 percent, and personal income has also increased by an annual average of 7.4 percent.

Xi reiterated the importance of poverty alleviation at a panel discussion after Li's speech on March 5, indicating that to build a moderately prosperous society in all respects, all rural poor people must be lifted out of poverty.

"According to the World Bank, China has 57 million people living below $1.9 a day, so this is an incredible pace of poverty alleviation and implies that well before the end of this decade, the country will have eradicated poverty," said Brown.

Li also touched on other subjects such as overcapacity cuts, the housing market and education, with all policies geared toward "building a beautiful future".

"A couple of areas that stand out for me are the focus on education and housing as well as the recognition of financial and economic risks," said Nash from Complete Intelligence.

"Key parts of the plan, like innovative industries and entrepreneurship, rely on well-educated and confident workers, while building a solid private sector is dependent on the risk environment. These areas of focus, along with key reforms, should continue to build strength into the foundations of the economy."

"Most of this seems to be a message of continuity," Brown said of the Work Report. "Nothing radical, with GDP growth targets still set at around 6.5 percent, though these will be phased up by 2020.

"China has a lot to implement in a short time, so this is a continuation of that story."

Additional reporting by Karl Wilson in Sydney