

1. Possible answers are diversifying ownership, promote productivity, removing redundant SOEs and more control over the use of resources.

Level 1: Identifies CCP's SOE reforms with source support without clear explanation. 1-2

Level 2: Explains one SOE reform with reference to the sources. Candidates will make a clear attempt to explain how this SOE can address challenges in the economy. 3-4

Level 3: Explains two SOE reforms with reference to the sources. Candidates will make a clear attempt to explain how this SOE can address challenges in the economy. 5-6

2. The benefits of reforms led to the increase in economic growth for China due to leaner and more productive SOEs. However, the existence of government intervention may be an obstacle to how long term the benefits can be. The role of the SOEs to provide for social welfare affects how far the reforms can go.

Level 1: Candidates provide weak, generalized responses which may lift information directly from the sources **AND/OR** own knowledge but which contain little development or explanation. 1-3

Level 2: Candidates make use of the sources **AND** own knowledge to address the question but candidates can only explain the benefits of SOE reforms. 4-6

Level 3: Candidates make use of the sources **AND** own knowledge to assess the benefits brought about by SOE reforms, drawing on a range of sources and which reaches a substantiated conclusion. 7-9

3. The obstacles are strong governmental intervention and SOE's role of providing for social welfare. These are deep-seated obstacles that may prove to be difficult to overcome in the long run due to political interests.

Recommendations to overcome can be to make the SOEs compete with private sector on an equal playing field, reduce redundancy in the SOEs, reduce political representation in the SOEs.

Level 1: Describes the obstacles to the reforms of SOEs without reference to sources. 1-3

Level 2: Explains the obstacles to the reforms of SOEs with reference to the sources **OR** own knowledge. 4-7

Level 3: Assesses the obstacles to the reforms of SOEs, and makes suggestions to overcome them with reference to the sources **AND/ OR** own knowledge. 8-11

Level 4: Assesses the obstacles to the reforms of SOEs, and explains suggestions to overcome them with reference to the sources **AND** own knowledge. 12-15