

NEW DRIVERS OF GROWTH GET ROUTE FOR SUCCESS



SHI YU / CHINA DAILY

Consumption boost will provide engine for further expansion and more choice

By HU YONGQI
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A more mature market will boost consumption of food, clothes, housing, travel and other services, and enhance residential consumption and nurture new economic growth drivers, according to a recent guideline.

The guideline strives to meet growing and diverse demand by ensuring economical and safe supplies for basic consumption, cultivating a mid- and high-end consumption market, and developing new drivers.

The guideline was adopted at a meeting of the Committee for Deepening Overall Reform of the CPC Central Committee on July 6 and released jointly by the general offices of the CPC Central Committee and the State Council, China's Cabinet, on Sept 20.

The document targets a smoother cycle in which the upgrading of consumption leads to supply innovation, which in turn will improve consumption growth to realize a better balance between supply and demand.

In the real estate sector, the rental market should be promoted, especially long-term rentals in large cities with a net inflow of population. Information and green consumption are also encouraged to increase quality and competitiveness of products and services — smart cars and service robots for example. Consumption quality should be improved and upgraded in culture, tourism, sports, healthcare, house maintenance and educational services.

Meanwhile, rural residents are encouraged to spend more in areas such as telecommunication, culture and entertainment and automobiles, while



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e-commerce services will expand their network in rural areas, where infrastructure will be improved to reduce logistics costs.

The document was the latest move to promote residential consumption, which contributed 58.8 percent of economic growth last year. The number was nearly 4 percentage points higher than that in 2013, according to the Government Work Report delivered by Premier Li Keqiang in March.

The economy has shifted from one focused on investment, export and consumption, to a mainly consumption-driven one, and the guideline provides guidance on what consumption should be promoted for the country's long-term and healthy development, said Zhu Lijia, a professor of public management at the Chinese Academy of Governance.

In the first half of this year, consumption expense per capita in urban areas hit 12,745 yuan (\$1,870), seeing an increase of 6.8 percent com-

pared with the same period last year, according to the National Bureau of Statistics. The average expense in rural areas was 5,806 yuan, up by 12.2 percent.

"When you see such increases in expenses and the guideline together, there is a great potential for China's individual consumption, which can be partially exemplified by the large amount of products bought from overseas and the rocketing box office for some superb movies," Zhu said.

Zhu said the marginal effect of investment has dropped over the past few years and that should be one of the reasons behind the guideline to boost consumption.

In the meantime, the economy is in a stable condition but also faces some challenges, such as trade protectionism, said Chen Fengying, a senior researcher at the China Institutes of Contemporary International Relations. In this sense, consumption could be an effective way to uphold the economic growth, she said.

In addition, growing residential leverage in recent years shrank the space for individual consumption. China's overall residential leverage rose to 51 percent in the second quarter of this year, two percentage points higher than at the end of last year, according to a report on China's deleveraging campaign released by the National Institution for Finance and Development last week.

The past several years saw a huge increase in mortgages. The balance of overall housing mortgages hit 21.6 trillion yuan in the second quarter of last year, 10 trillion yuan more than 2015, said the People's Bank of China, the central bank.

Therefore, the guideline set specific targets to boost the development of long-term housing rentals and emerging sectors, which can endow residents more extra money to buy things and also to improve the quality of China-made products and services to meet changing demands, said Zhu.

If all consumption drivers listed in the guideline can develop well, the document can integrate consumption with China's economic transformation to a mid- and high-end one, he added.

POLICY RESPONSE

Tourist payments, education in focus

By XU WEI
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A number of ministries, including the National Development and Reform Commission, the State Administration of Press and Publication, and the Ministry of Public Security, have responded to issues of public concern.

Oversight strengthened for scenic area payments



The central government will step up oversight over payment methods at scenic spots nationwide to punish the refusal to accept cash during transactions.

A notice jointly released on Wednesday by three departments, including the National Development and Reform Commission, said that more efforts should be made to ensure adequate cash supply at key tourists cities and scenic spots nationwide.

Financial institutions and non-banking payment organs are banned from promoting the use of non-cash payment methods through false advertising and large subsidies.

The notice also urged more to be done to accelerate the development of currency exchange services in key scenic spots, airports, hotels, major shopping malls and key tourists routes so that currency exchange demand from overseas tourists can be better met.

The number of ATMs should also be increased, and more will be done to ensure a smooth cash supply through such machines.

The quality of services for tourists should also be improved so that the payment demands for different types of tourists can be met. Scenic spots are also required to provide more secure and diversified payments methods, according to the notice.

School textbook inspections to be launched



The Ministry of Education said on Wednesday that it will launch a nationwide inspection targeting primary and middle schools that use textbooks from other countries or those that compile their own textbooks.

Schools that are part of the nine-year compulsory education system can use only textbooks approved by the ministry, and no adaptations or changes can be made, it said.

The ministry urged local education authorities to conduct a thorough inspection of all primary and middle schools within their jurisdictions by Oct 15.

In the meanwhile, textbook publishers are required to examine their contents based on their curriculum standards, and they must submit a report on the self-examination before Oct 10, it said.

The ministry said it will organize a panel of experts to come up with advice on revision to the textbooks, which can only be put to use after approval from the ministry.

It added that the use of textbooks containing arbitrary changes must be halted before the start of spring semester in 2019, and new textbooks should be adopted.

Crackdown targets obscene websites

Authorities closed more than 4,000 websites and online accounts during a three-month campaign targeting vulgarity and obscenity in online literature works.

The campaign, jointly launched by the National Office Against Pornographic and Illegal Publications and the State Administration of Press and Publication in May, also ordered the rectification of 230 online literature operators and removed 147,000 pieces of harmful information.

The campaign, targeting content in online novels that spread improper values, vulgarity or obscenity as well as those involving copyright infringement, included measures such as relevant website self-checks, inspections and criminal investigations.

Online dispute settlement for traffic accidents



China will promote the online settlement of disputes over damage caused in traffic accidents, according to a regulation joint released by the top court and three central government departments on Sept 20.

The regulation, jointly released by the Supreme People's Court and departments including the Ministry of Public Security and Ministry of Justice, said that parties involved in a dispute can access an online dispute settlement platform for a compensation estimation service or to file for requests of mediation and litigation.

Traffic management departments can also conduct the mediation of disputes through the platform. The court will also guide parties involved to use the platform to seek settlements in disputes.

The regulation will take effect in October.

Policy digest

Drug sector policies fine-tuned



China will further refine its essential drug sector with more efforts to fine-tune its policies regarding selection, production, circulation and usage of essential drugs, according to a guideline released on Wednesday.

The guideline, released by the State Council General Office, said more efforts will be made to ensure a safe and effective supply of drugs so that drug prices can be more reasonable and the supply more adequate.

The reform is also expected to provide more affordable healthcare to the public and spur the transformation and upgrading of the pharmaceutical sector.

According to the World Health Organization, essential drugs refer to those medicines that meet the basic medical needs of, and are fairly accessible to the people, as well as inexpensive and safe to use.

The catalogue of drugs in the essential drug sector will be adjusted dynamically so that clinical demands for common and chronic diseases and emergency treatment can be effectively met, the guideline said. The needs for special groups, such as children, as well as public health demands will also be prioritized.

The guideline also said that a national-level monitoring and early warning system for drug shortages

will be established in order to identify risks as early as possible, and provide due solutions to different problems.

The proportion of essential drugs used in public medical institutions should be stipulated by provinces, increasing the use of essential drugs in medical institutions, the guideline added.

Medical institutions should set scientific standards for the use of essential drugs in clinical departments and incorporate them into assessment, and the use of essential drugs should be linked with subsidies related to the essential drug system, it said.

Local governments are encouraged to prioritize essential drugs for chronic diseases such as hypertension, diabetes, and severe mental disorders, while ensuring efficacy, and minimizing drug costs for patients.

Red tape cut amid streamlining

The State Council urged greater efforts to streamline administration, reduce taxes and cut corporate fees at an executive meeting chaired by Premier Li Keqiang on Wednesday.

According to a statement released after the meeting, measures already taken to cut red tape and reduce corporate burdens should be implemented in full, and more supervision should be conducted to prevent actions that are delayed or falling short of expectations.

The social insurance policy shall remain stable during the process of institutional reform, and related government departments should conduct oversight to prevent arbitrary measures to seek final settlements with enterprises over historical arrears in their social insurance.

Violations should be corrected firmly, and legal and disciplinary violations should be held to account, the statement said.

Meanwhile, the government will step up efforts to carry out new schemes to reduce the rate for social insurance, which will be in parallel with the reform

of the social insurance collection scheme, it added.

Investments to be stabilized



China will make efforts to stabilize the growth of investments amid waning growth in fixed asset investments since the beginning of this year.

According to a statement released after a State Council executive meeting on Wednesday, stabilizing the growth of investment is an important measure to ensure normal growth, deepen supply-side structural reform and promote employment.

Related measures will focus on national plans and major strategies, and priorities will be placed on infrastructure, transport networks and water resources projects in impoverished areas.

Construction of key projects for ecological and environmental protection, technological innovation and elderly nursing will also be accelerated.

Financial institutions will be guided to support the development of projects that improve weak links, and local authorities are required to deploy the special bonds already raised to such projects at an early date, the statement said.

The partnership programs between government and social capital will be pushed forward in an orderly manner, and private capital will be encouraged to take part in such programs, it said.

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