

# Green light for key infrastructure projects

Transportation and water conservation among areas set for further development outlined in guideline to boost growth

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China will accelerate the construction of planned key infrastructure projects, including railways, highways, water conservation, energy and ecological protection, according to a recent guideline.

The document, disclosed this month by the General Office of the State Council, China's Cabinet, focuses on nine fields that still have shortcomings and will be boosted to support stable economic growth and improve public welfare, including infrastructure.

Specifically, intercity railways, the Beijing-Tianjin-Hebei integration, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area are priorities. The Beijing Daxing International Airport, another massive civil aviation project in the capital, will also be accelerated.

Noticeably, other fields closely related to people's livelihoods will also be promoted, such as education, medical care, culture, sports, elderly nursing and babysitting, to further promote universal public services.

The document also unveils 10 supportive measures, including faster pre-construction preparation, necessary financial support for uncompleted projects, active introduction of private capital into profitable projects

in transport, petroleum, natural gas and telecommunication, and diffusing the risks of local governments' hidden debt.

In the first three quarters, China's fixed asset investment hit 48.34 trillion yuan (\$6.95 billion). However, infrastructure investment saw a slower increase, particularly when the country faces new uncertainties in the international scenario and a new round of downward pressure on economic growth.

For example, fixed asset investment in railways nationwide hit 461.2 billion yuan in the first eight months, accounting for only 57.56 percent of this year's target.

From January to September, the volume of potential infrastructure investment went down by 34.1 percent, compared with the same period last year, according to the report on national fixed asset investment released two months ago by the National Development and Reform Commission. The investment volume in railways decreased by 44.1 percent compared to the same period in 2017.

Liu Shihu, deputy inspector of the Department of Fixed Asset Investment at the National Development and Reform Commission, said at a news conference in September that infrastructure investment went up by 4.2 percent from January to August, down

by 15.6 percentage points compared to the same period last year.

A slowdown in such investment led to a decrease of the nation's overall investment, Liu said, who also pledged to stabilize effective investment and expand investment in infrastructure, especially areas that need to be strengthened.

Entering the fourth quarter, infrastructure projects are being approved at a much faster pace nationwide. The NDRC approved several railway and water transport projects, including a railway connecting Shanghai, Suzhou in Jiangsu province and Huzhou in Zhejiang province, which is designed with investment of 36.7 billion yuan. The high-speed railway from downtown Chongqing to the city's outlying Qianjiang district, at cost of 53.5 billion yuan, was among them.

Meanwhile, several provinces such as Shandong released their long-term transportation plans, showing great potential for expressway and railway construction.

Wei Jigang, director of industrial economics of the State Council's Development Research Center, said infrastructure is a pillar for promot-

ing economic development and modernization. Therefore, more investments in such areas can help achieve stable economic growth, he said.

Wang Zhigang, a macroeconomics researcher at the Chinese Academy of Fiscal Sciences, echoed Wei. He said these infrastructure investments were set to overcome shortcomings in sub-areas, instead of blind expansion in all fields, while targeted support will be provided rather than massive fiscal stimulus.

To help improve people's livelihoods and boost development, such inputs in infrastructure are necessary, Wang said. It needs the endeavor of the government and market entities, whose enthusiasm should be invigorated when the government creates a better investment environment and an effective cooperation mechanism to achieve a strong public-private partnership, he said.

However, financial and debt risks should be curbed by conducting compliance reviews for financing of some projects, which can prevent risks arising from unregulated financing, Wang added.



## Policy digest

### Campaign targets defaults

The central government has vowed to prevent defaults in payment to private businesses by government departments and major State-owned enterprises, according to a statement released after a State Council executive meeting on Friday.

According to a decision at the meeting chaired by Premier Li Keqiang, the General Office of the State Council will lead a targeted campaign to prevent defaults in payments to private businesses by the public sector.

The statement said there will be zero tolerance for defaulters and those found to have committed severe violations will be put on a blacklist and held accountable.

Local authorities and government departments will be subject to punishments including deductions in their treasury deposits.

The cash deposit that is required in the engineering construction sector will be further standardized, and the cost for commercial debt defaults will be raised by a large margin, the statement said.

The Friday meeting also underlined the importance of better leveraging government-managed guarantee funds to make more financial resources available to micro and small companies.

The statement said that supporting agricultural and rural development as well as small companies should be the priority of all government-managed guarantee and re-guarantee institutions. Small and micro-firms as well as entities engaged in agricultural and rural development with a guarantee volume of up to 5 million yuan (\$720,000) per entity will the primary beneficiaries.

The statement said that the State Financing Guaranty Fund should not set its guarantee fee rate higher than provincial institutions. Risks should be shared, with both the State Financing Guaranty Fund and financial institutions shouldering no less than 20 percent of the risk.

### Business red tape to be cut

China will continue to cut red tape and widen the market access as part of measures to improve the business environment, according to guideline released by the State Council General Office on Thursday.

The guideline highlighted the importance of launching more reforms to facilitate private and foreign investment and create a more enabling market environment.

It recognized a number of weak links and problems in the country's business environ-



ment, including corporate burdens that are yet to be reduced and difficulties faced by small and micro businesses in their financing procedures.

As part of efforts to improve the business environment, more measures to widen the market access will be rolled out. Restrictions for foreign investment outside the negative list will be cleared across the board before March, the guideline said.

Local authorities and government departments are required to select a slew of high-quality projects in areas including civil aviation, railways, road transport and telecommunications to attract social capital.

More targeted measures will be unleashed to solve the funding problems for private businesses, with the China Banking and Insurance Regulatory Commission urged to come up with measures to encourage financial institutions in the banking sector to step up credit support for such businesses.

The government will further cut licensing red tape for businesses, with more measures adopted to cut the time needed to start a business.

The time required to start a business in major cities will be cut to 8.5 days before the end of this year, and online access for such services will be further promoted. Product categories requiring official licensing for production will be further cut, and the time required for patent registration will be shortened to six months, the guideline said.

A special oversight campaign will be conducted regarding the equal treatment of foreign-invested enterprises in areas such as government procurement, subsidies and required qualifications. Local authorities are also required to establish a provincial-level mechanism for filing complaints for foreign-invested enterprises.

More measures will be adopted to protect property rights, including intellectual property rights. Authorities are urged to step up law enforcement in online shopping, import and export sectors targeting intellectual property rights infringements.

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## POLICY RESPONSE

# Battery bikes among key issues

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Several ministry-level departments, including the Ministry of Industry and Information Technology, the Ministry of Justice and the China Meteorological Administration, have responded recently to issues of public concern.

### Electric vehicles under scrutiny



China will step up efforts to control the production capacity of low-speed electric vehicles, the Ministry of Industry and Information Technology said on Thursday.

The ministry said in a notice jointly released with another five central government departments that a targeted campaign will be launched nationwide to step up the management of low-speed electric vehicles and auto rickshaws.

The increase in the production capacity of such vehicles will be put under strict control, the notice said.

The notice said the market of such vehicles has hugely expanded, with more than 100 producers nationwide and a total production volume of more than 1 million vehicles.

Such vehicles were responsible for 830,000 traffic accidents over the past five years, which resulted in the deaths of about 18,000 people and injured approx 186,000 others, the notice said.

Authorities will step up quality checks for producers and sellers of such vehicles and ban products that fail quality standards from the market, it said.

Authorities will no longer make or

release policies that encourage the development of such vehicles, and increase in the production capacity is disallowed.

A long-term oversight mechanism will be established, and more measures will be rolled out to encourage the replacement or abandoning of such vehicles, the notice said.

### More observatories to be set up

More national observatories will be established in China to monitor climate change, an official with the China Meteorological Administration said on Nov 6.

With climate change a worldwide concern, it is necessary for China to conduct comprehensive observations of the climate system, said Zhang Zuqiang, director of the emergency relief and public service department of the administration.

The national observatories will function as integrated meteorological stations to carry out long-term, consecutive and all-around monitoring of the multi-layered climate systems and the interactions among different layers, he said.

The administration will establish national climate observatories in 16 critical areas in the climate systems that are sensitive to interactions among distinctive layers and exchanges of mass and energy, Zhang said.

In 2007, five meteorological observation stations in the Inner Mongolia autonomous region and provinces of Anhui, Guangdong, Yunnan and Gansu had been chosen as the pilot areas for establishing the climate observatories.

### Business environment improved

The Ministry of Justice has vowed to improve legal services and law enforcement in areas that are related to private companies as part of efforts to improve the business environment, a senior official said on Sunday.

The ministry will push forward the revision and annulment of laws and regulations that have proved unfavorable to private businesses, thus enabling them to have equal access to government investment grants and subsidized loans, said Fu Zhenghua, minister of justice.

Suggestions by private businesses should be fully considered when drafting

and reviewing laws and regulations concerning the interests of private businesses, he said.

The ministry has released a regulation requiring judicial organs at various levels to provide quality legal services and create a sound legal environment for private enterprises.

The regulation aims to reduce the burden on private businesses, create a fair competition environment, improve law enforcement and protect the legal interests of private businesses.

Fu said the ministry will conduct standardized and transparent administrative law enforcement, abandon arbitrary inspection, as well as overlapped examination and punishments targeting private businesses.

### Online quality checks launched



China's market regulator stepped up quality checks of consumer products sold online prior to the Singles Day shopping gala on Sunday.

The State Administration of Market Regulation said in a statement on Saturday that it has conducted random checks of 564 batches of products from seven categories, including ricecookers, electric water boilers and indoor heaters.

The quality check, covering 11 e-commerce platforms, including those owned by Alibaba and JD.com, found 44 batches of products that failed the country's compulsory quality standards, including 12 batches of toy products, 10 batches of baby clothes and eight batches of rice cookers, the authority said.