

# SOE MATTERS

POWERING AHEAD

## Certification firm gets nod as central SOE

CCIC to accelerate market-oriented reform and bolster innovation efforts

By ZHONG NAN  
zhongnan@chinadaily.com.cn

The number of China's centrally administered State-owned enterprises has now reached 97 after the central government approved and transferred the assets of China Certification and Inspection Group to the supervision of the State-owned Assets Supervision and Administration Commission of the State Council, according to the country's top State asset regulator.

With its new status as a central SOE, CCIC is expected to accelerate market-oriented reform, boost innovation and set the goal of becoming one of the world's major inspection, testing and certification service providers, SASAC said in an online notice on June 5.

Previously supervised by the State Administration for Market Regulation, CCIC is an independent third-party certification and inspection company dedicated to providing inspection, verification, certification and testing services. Its main job is to ensure that standards set by the Chinese government for various products, commodities and materials are met and relevant safety, health and quality issues are addressed.

After the transfer, CCIC will pay closer attention to strengthening and optimizing its core business, adopting more digital solutions and landing more projects in global markets to further compete with established foreign rivals, said Weng Jieming, SASAC's vice-chairman.

Xu Zengde, CCIC's chairman, said that with its new start, the company will adapt to the requirements of State-owned assets management as soon as possible, adequately add service lines and laboratory layout, seek merger and acquisition opportunities and closely follow global market trends as well as deploy more resources into scientific and technological innovation.

Xu said internet-connected technologies, supply-side structural reform as well as industrial and consumption upgrades will present more opportunities for testing, inspection and certification services in China.

Under its plan, the firm will build more labs in China's inland areas and pilot free trade zones as domestic companies' demand for both imports and digital technologies has surged in recent years.

Established in 1980, the Beijing-based company has played a significant role in trade and economic development in the country. Supported by over 20,000 employees, the group runs regional branches, offices and labs at main ports, cities and distribution hubs in more than 30 countries and regions such as the United

States, Germany, South Korea and Japan, as well as at several hundred self-operated and jointly run labs around the world.

CCIC's clients include export-oriented companies, international organizations, governments and individuals in sectors including petroleum, chemicals, mining, agricultural products, industrial products, consumer goods, foodstuffs, vehicles, construction, logistics and retailing.

Its inspection services cover product and commodity quality, quantity, weight, packaging and labeling, pre-shipment certification of imported recyclable materials as well as testing of petrochemical products, minerals and agricultural by-products. It has more than 100,000 clients around the world including BP plc, Royal Philips, Dell, BMW, Samsung, Siemens, Canon, Shell, Hissense and Haier.

"As China is eager to build a group of world-class SOEs that lead in high-quality development, the central government is not only accelerating the pace of restructuring central SOEs having similar industrial structure and products, but also supporting selected SOEs in certain sectors under the supervision of other government branches to enrich the industrial structure of its central SOE family," said Zhou Lisha, a SASAC researcher.

This is an important move in deepening SOE reform, and the earning power, layout and structure of State-owned capital will be further optimized, Zhou said.

Apart from providing testing and certification services for consumer electronics products, refined petroleum and grains, CCIC's business has entered the field of consumer and industrial goods in China, including automobiles, clothing, toys and foodstuffs, as well as non-physical products such as software and other digital solutions.

Cai Jin, vice-president of the China Federation of Logistics and Purchasing, said that rising incomes, rapid urbanization and diversified food options in China are further driving demand for safer foods and industrial products, in particular quality consumer goods such as passenger cars and cosmetics.

Attracted by China's market scale, more manufactured and consumer goods are now produced and sold in China than anywhere else, Cai said.



Weng Jieming, vice-chairman of SASAC

CARING HANDS



China Southern Airlines employees prepare to load cargo onto an aircraft at Guangzhou Baiyun International Airport in Guangdong province in early May. PROVIDED TO CHINA DAILY

## China Southern expands fleet to boost cargo operations

By ZHONG NAN

China Southern Airlines, the country's largest carrier by passenger volume, added two Boeing 777 cargo aircraft to its fleet and pledged to enhance its cargo capacity via retrofitted passenger aircraft to bolster the country's insufficient airfreight capacity caused by the COVID-19 pandemic.

With the two new aircraft added in late May, the total size of the centrally-administrated State-owned airline's cargo plane fleet now stands at 16, and the number of scheduled international all-cargo flights is now capable of reaching 56 per week. They will be deployed on air routes between Guangzhou and Frankfurt; Shenzhen, Guangdong province and Chicago; and Guangzhou and London.

This will enhance China's air cargo capacity in the global market and better respond to the government's call to help fix and prevent disruptions to the world's supply chains caused by the pandemic, as well as support the growth of the Guangdong-Hong Kong-Macao Greater Bay Area, said Wu Mingfeng, deputy director of network planning at China Southern's freight division.

To maintain solid economic fundamentals, the government emphasized the importance of focusing on the "six priorities" of safeguarding employment, people's livelihoods, the development of market entities, food and energy security, the stable operation of industrial and supply chains and the smooth functioning of society.

After the extended Spring Festival

“The central government's new policy measures announced in late May will help stabilize global supply chains and enable civil aviation firms to upgrade their international cargo handling capacities.”

Wu Mingfeng, deputy director of network planning at China Southern Airlines' freight division

val holiday, the Guangzhou-based group had operated more than 1,000 cargo missions — many by retrofitted passenger aircraft — from Chinese cities including Urumqi, the Xinjiang Uygur autonomous region; Guangzhou and Shenzhen in Guangdong province; Beijing and Shanghai to fly 11,200 metric tons of medical supplies, parcels, industrial goods and daily necessities to 22 countries and regions across Europe, the Asia-Pacific, the Middle East and Africa as of May 20, Wu said.

"The central government's new policy measures announced in late May will help stabilize global supply chains and enable civil aviation firms to upgrade their international cargo handling capacities," he added.

According to the new rules, air-

lines can receive back 80 percent of the costs involved in converting passenger aircraft into cargo aircraft from the government and they are encouraged to fly international cargo flights during the COVID-19 prevention and containment period.

As a number of countries have shut down their ports or borders during the pandemic struggle, air cargo has become increasingly critical in the world's COVID-19 fight amid surging demand for medical supplies, said Feng Hao, a researcher at the National Development and Reform Commission's Institute of Comprehensive Transportation.

Feng said the new policy will provide financial support for air transportation companies to cushion against COVID-19 impact and maintain smooth operation of global supply chains via stable cargo deliveries.

Apart from commissioning 185 international cargo flights weekly to restore its operational presence, China Southern officially started operations of its Daxing China Southern Airlines City in late April as part of an expansion of its aviation and land-based business in the country's capital.

The centrally administrated State-owned enterprise said its development focus in Beijing has shifted from Beijing Capital International Airport to the new Beijing Daxing International Airport, which started operations last year. The first phase of this big-ticket project comprises floor space of more than 360,000 square meters, allowing 17 operating units to function.

After the relocation, China

Southern's three largest projects in Asia will be put into operation gradually, offering guaranteed flights and providing better services to passengers at the new airport, include Asia's largest transportation control center, the largest single hangar and the largest production base for in-flight food.

The group started its major move to Beijing Daxing International Airport in mid-April despite the COVID-19 pandemic. It expects to complete 60 percent of the move during the second and third quarters of this year. The airline plans to have more than 200 aircraft operating at the new airport in 2025, with more than 900 flights taking off and landing daily.

In addition to its nine full cargo aircraft, Eastern Air Logistics Co — the freight unit of Shanghai-based China Eastern Airlines and peer of China Southern — has decided to retrofit 14 wide-body passenger aircraft into cargo aircraft to better develop its long-distance cargo business, creating the largest passenger aircraft-converted widebody fleet in China.

Backed by 860 passenger and cargo aircraft, sales revenue of China Southern reached 154.32 billion yuan (\$21.59 billion) in 2019, up 7.45 percent year-on-year, while China Eastern recorded revenue of 120.86 billion yuan, up 5.16 percent year-on-year and Air China's top line hit 136.18 billion yuan, dropping by 0.43 percent year-on-year, said the State-owned Assets Supervision and Administration Commission of the State Council.

PROJECT WATCH

## Gezhouba inks \$1.62b EPC deal in Indonesia

By ZHONG NAN

China Gezhouba Group Corp, a Wuhan-based engineering and infrastructure project provider, signed an 11.52-billion-yuan (\$1.62 billion) EPC (engineering, procurement and construction) contract for a hydropower station project in Borneo, Indonesia, late last month to further enlarge its presence in the Southeast Asian market.

The power plant in North Kalimantan province will have an installed capacity of 1,200 megawatts. CGGC, a subsidiary of China Energy Engineering Group Co — a centrally administrated State-owned enterprise, will build the phase one of Data Dian plant project, owned by PT Indonesia Dafeng Heshun Energy Industri.

The main works include the design, procurement, construction,

commission and trial operations of several core aspects of the project. CGGC will conduct trial runs before handing control over to the owner, which is part of the five-year agreement.

CGGC Chairman Chen Xiaohua said the deal is a significant step for the company to actively participate in the tangible growth and cooperation opportunities brought by the Belt and Road Initiative, as well as support Indonesia's Global Maritime Fulcrum.

Chen said the project will give full play to the abundant advantages of hydropower assets and rich mineral resources in Kalimantan and on surrounding islands.

It will also provide power supply for the construction of industrial parks with advanced metal smelting as the leading industry in such areas as Tanjung Selor, making North



China Gezhouba employees check the exterior at the Amur natural gas processing plant in Russia on May 5. PROVIDED TO CHINA DAILY

Kalimantan province Indonesia's energy and mining portal, and promoting local trade, social and economic development, he added.

As Indonesia is an important fulcrum to promote BRI growth, CGGC said it will adhere to the principle of extensive consultation, joint contribution and shared benefits, build infrastructure projects related to

the BRI with high quality and continuously participate in big-ticket projects and further investments in various fields such as water conservancy, hydropower, thermal power, highways, ports and industrial parks in Indonesia.

To mitigate the impact caused by the COVID-19 pandemic, CGGC has implemented strict epidemic pre-

vention and control measures while focusing on production and operation, strengthening the monitoring of peripheral environments and the international situation, boosting worker confidence and actively working with innovative methods.

In addition, the company said its team has ushered in the peak period of construction for the P1 section of the Amur natural gas processing plant project in Russia.

"Despite the pandemic, all of the works, including concrete pouring, pipeline welding, large equipment hoisting, steel structure hoisting, cable laying, were carried out by our team in an orderly manner," said Zhao Hua, CGGC's chief engineer at the Amur project.

Because nearly 30,000 builders and engineers from more than 40 countries such as the Netherlands, Russia, Italy, Turkey and Serbia are working together at the Amur project, and many works demand a large number of people, construction and machinery — as well as solid coordination between various parties — all of the company's managers and engineers have to pass a

language test and be able to resolve multiple issues, Zhao said.

CGGC signed a 10-billion-yuan contract with Russian industrial giant Gazprom in 2017. The Chinese firm is responsible for building all the facilities and installing equipment including natural gas condensate and re-injection nitrogen devices within the plant, and providing all provisional operation and maintenance, debugging and performance-testing services. The total construction period for CGGC is 81 months and the work will be completed by March 2024.

Located in Amurskaya oblast about 200 kilometers from the Heihe River in Northeast China's Heilongjiang province, the plant is the source of the east line of the China-Russia Natural Gas Pipeline.

Once completed, the plant will have an annual natural gas processing capacity of 42 billion cubic meters and annual helium production capacity of 6 million cubic meters, which will make it the largest natural gas processing plant in Russia and one of the largest in the world.