

# POLICY REVIEW



SHI YU / CHINA DAILY

## Cabinet supports struggling exporters

Domestic market opportunities to help sector that employs close to 200 million

By **XU WEI** in Beijing and **HU MEIDONG** in Fuzhou

The State Council has ramped up support to exporters wanting to explore the potential of the domestic market amid shrinking global trade, as part of broader government efforts to help businesses engaged in foreign trade survive the COVID-19 pandemic and stabilize the job market.

The Cabinet said after its executive meeting on June 9 that it will support exporters' efforts to sell products domestically, while continuing to offer them incentives to expand their international business.

The move is intended to support the many Chinese businesses in the foreign trade sector, which employs close to 200 million people, it said.

The government will streamline certification and tax services to facilitate the sale of products and encourage e-commerce platforms and large commercial businesses to sell products previously intended

for the international market.

It also pledged to encourage financial institutions to offer more credit, with measures to enable businesses to use receivables, inventories and orders as collateral for loans. Large e-commerce platforms will be urged to be conduits for more direct loans to small and medium-sized enterprises in the foreign trade sector.

In the first five months of the year, China's foreign trade volume fell 4.9 percent year-on-year to 11.54 trillion yuan (\$1.63 trillion), with exports down 4.7 percent and imports dropping 5.2 percent, the General Administration of Customs said.

Ye Yifeng, chairman of Fujian Dafang Sponge Technology, a mattress producer in Quanzhou, Fujian province, said the company has been hit hard by the global downturn caused by the COVID-19 pandemic.

"The whole international market is more than sluggish, and we are left with few orders except from some old customers," he said. "Some

The Chinese market is huge, with such a large population, and we estimate that our types of products only take up about 4 to 5 percent of the mattress market."

Ye Yifeng, chairman of Fujian Dafang Sponge Technology, a mattress producer in Quanzhou, Fujian province

overseas clients are also very particular about products and try to push down prices."

The global recession, coupled with factors related to trade frictions, had even seen the company making losses on some deals, Ye said.

"We are having a hard time dealing with returned products," he said. "We still have several batches of cargo in the United States that we are unable to dispose of."

Ye said the company started to switch its focus to the domestic mar-

ket last year, and has taken orders from some name brands in the furniture sector as an original equipment manufacturer. However, the domestic market was highly competitive, with some other exporters also seeking to explore it.

"The Chinese market is huge, with such a large population, and we estimate that our types of products only take up about 4 to 5 percent of the mattress market," he said. "There is still enormous room for market exploration."

The Cabinet's latest measures have boosted Ye's confidence, and he said he looked forward to more detailed aid measures from the government.

Ministry of Commerce spokesman Gao Feng told a news briefing in April that exporters faced hurdles in sales channels, different product standards and branding as they sought to tap the domestic market.

Many exporters lacked domestic sales channels and were unfamiliar with rules on market access, sales and account settlement, he said, adding that some had to adjust their production lines because of the different quality

standards in the Chinese and foreign markets.

"For some exporters, the design, technology and patterns of some exported products belong to their foreign clients," Gao said. "And thus it would require authorization to sell them domestically."

Tu Xinquan, director of the China Institute for WTO Studies at the University of International Business and Economics in Beijing, said the domestic market was even more important for China now because the COVID-19 pandemic was hitting international trade hard.

The latest measures adopted by the Cabinet will help foreign trading businesses survive the pandemic and further shore up economic growth and the job market, he said.

The government should prioritize efforts to make the domestic market more open and standardized, discourage regional protectionism, industry barriers and monopolies, and promote fairer competition to help more exporters switch to the domestic market, he said.

Yang Jie contributed to this story.

Contact the writers at [xuwei@chinadaily.com.cn](mailto:xuwei@chinadaily.com.cn)

### Policy digest

#### New mechanism to direct funds to counties

China will set up a special transfer payment mechanism to ensure that fiscal funds directly benefit businesses and people, an executive meeting of the State Council decided on June 9.

The mechanism will see the central government increase transfer payments to local governments, and arrange for transfer payments from government-managed funds, according to a statement released after the meeting.

The mechanism will ensure that funds go straight to prefecture and county governments in a timely manner, it said.

The meeting was told that taxes and fees payable by enterprises will be cut by another 2.5 trillion yuan (\$353 billion) this year, substantially easing the pressure on businesses, especially small and medium-sized ones.

But that will put local governments under financial strain, and, in response, the central government will provide 2 trillion yuan of fiscal funds to ensure the implementation of supportive measures at the primary level, the statement said.

The meeting decided that the funds should be used to support businesses and people hit hardest by the COVID-19 epidemic, and to strengthen public health facility and anti-epidemic efforts.

It also required local governments to give priority to poverty reduction efforts when arranging the distribution of central fiscal funds to ensure that absolute poverty is eliminated this year.

#### First national survey of disaster risks launched



The first national survey of natural disaster risks will better prepare the country for potential disasters, according to a notice published by the General Office of the State Council on June 8.

The survey, to be carried out from this year to 2022, is aimed at discovering hidden hazards across the country and getting a clear picture of the ability of key regions to respond to natural disasters so that governments at all levels can make informed disaster-control decisions, the notice said.

The survey will investigate and assess the factors that lead to major natural disasters and also assess the country's disaster-relief capabilities.

As the survey will cover a range of areas that involve many departments, the State Council has set up a temporary leading group to be responsible for it.

Government departments should strengthen coordination to ensure the implementation of the survey, the notice added.

Xinhua contributed to this story.

MO JINGXI

### POLICY RESPONSE

## Guideline details measures to boost distribution of agricultural produce

By **MO JINGXI** [mojingxi@chinadaily.com.cn](mailto:mojingxi@chinadaily.com.cn)

A number of ministry-level departments, including those responsible for national development and reform, finance, and commerce, have responded recently to issues of public concern.

#### Power cheaper for food storage in rural areas

China will adopt a series of measures to support enterprises, including private ones, as part of efforts to promote the development of the fresh agricultural produce distribution industry, according to a guideline published on June 8.

The guideline, jointly issued by the National Development and Reform Commission and 11 other ministries, included 12 policies and measures covering five aspects of the industry.

To reduce enterprises' operating



costs, electricity prices will be lowered for power used to operate food preservation and storage equipment built in rural areas by family farms, agricultural cooperatives and related companies, the guideline said.

Banking institutions will be encouraged to provide loans to all kinds of companies, including privately owned ones, to allow them to invest in the building or expanding of key infrastructure used for distributing agricultural produce, it said.

The guideline also said local

authorities should regard the construction of fresh agricultural produce distribution facilities as important projects related to people's livelihoods and provide government support in building supporting facilities.

#### Rust-belt cities' industrial heritage protected

China will beef up efforts to protect and make use of industrial heritage in old industrial cities to facilitate urban renovation and explore a new path for their transformation and development, according to a notice published on June 9.

The National Development and Reform Commission and four other ministries have jointly issued an implementation plan that outlined several key tasks for turning rust-belt cities into livable ones, the notice said.

The plan said a mechanism to investigate, evaluate and recognize

different levels of industrial heritage will be set up in order to protect and effectively make use of it.

Cities with industrial heritage will be encouraged to build national cultural relic protection demonstration areas and establish museums focused on industrial heritage or traditional industry, it said.

It also called for efforts to renovate industrial heritage sites and transform them into urban cultural parks open to the public.

#### Minister urges more supervision of funding

Central government funds given to primary-level governments should be used for the benefit of all companies, especially small firms, Minister of Finance Liu Kun said on June 8.

The funds should also benefit people reliant on social security schemes, subsistence allowances, unemployment benefits, old-age support and those living in diffi-

culty, he said at a meeting in Beijing.

Liu urged the early establishment of a mechanism to advance the implementation of related fiscal and taxation measures.

Financial departments at all levels should deliver the funds to areas experiencing financial difficulty, he said.

He also noted that supervision and monitoring of the funds should be strengthened to avoid any tardiness or embezzlement.

#### Domestic work's poverty alleviation role bolstered

The Ministry of Commerce and nine other ministries have jointly introduced more than 20 measures to give full play to the domestic service industry's contribution to the country's poverty alleviation efforts, according to a notice published on Wednesday.

It said various programs, including a campaign to promote

migrant workers' vocational skills, will be offered to train poor people for employment in the domestic services sector, and that basic training courses for those willing to work in the sector should be guaranteed.

Domestic service companies that offer preferential recruitment to the impoverished will be able to receive one-time subsidies from local governments, and people who left home to work in the sector during the COVID-19 epidemic will be able to receive subsidies for travel and living expenses, it said.

