

# POLICY REVIEW



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## Cabinet highlights role of private sector

Premier says making sure businesses survive will help protect the job market

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The State Council has pledged continuous efforts to level the playing field for private firms, rolling out steps to broaden market access for private businesses and support their participation in the construction of major railway projects.

The Cabinet highlighted the important role of private businesses in creating jobs when it adopted the decision at its executive meeting on Thursday.

It vowed quicker steps to enable power grid operators to shed services such as equipment manufacturing and better focus their businesses, allowing subsidiaries to stand on their own or be sold off. Oil and gas infrastructure will be opened to businesses of various types of ownership, and private businesses will also be encouraged to take part in the construction and operation of passenger and cargo transport terminals, according to a statement released after the meeting.

The government will make key

national research infrastructure more accessible to the private sector and speed up measures to accredit national-level technology centers in private businesses, the statement said. It will also be easier for employees at private firms to obtain professional titles.

Smaller private firms will be allowed to form partnerships to participate in the tendering and auction of land for industrial use, while local authorities will be encouraged to establish risk-sharing mechanisms for loans made to micro-sized, small and medium-sized companies.

Premier Li Keqiang emphasized the private sector's key role in job creation at the meeting, citing figures that showed private businesses contributed to over 90 percent of newly created jobs in China.

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market with measures to ensure the survival of private businesses."

Li also highlighted the importance of creating more room for the development of private firms to allow them to give play to their strengths and blossom.

The private sector contributed more than 50 percent of tax revenue, more than 60 percent of GDP, more than 70 percent of technological innovations and more than 80 percent of urban employment, and accounted for more than 90 percent of the enterprises in China.

Analysts at Central China Securi-

ties said in a research note that the measures rolled out at the meeting will further energize the economy, open up more monopolistic sectors to private capital, and encourage private investment in the research and development of fundamental technologies.

The latest policies will benefit sectors including oil and gas services, electrical equipment, 5G telecommunications and semiconductors, they said.

Liu Xiaochun, vice-president of Shanghai Finance Institute, said it is important to adhere to a principle of competitive neutrality and ensure private businesses enjoy equal status in market competition with their State-owned counterparts.

Ensuring resources are allocated by the market will increase the competitiveness of all market players, he said.

With private businesses still facing major hurdles in obtaining financing, Liu said the government must encourage the financial sector to establish a long-term mechanism to support the private sector.

Thursday's meeting also called for concrete measures to carry out the three-year action plan for the reform of State-owned enterprises, saying that all SOEs must be

relieved from commitments to fund social programs by the end of this year.

The mixed-ownership reform of SOEs will be deepened, and the establishment of modern corporate systems will be pushed forward to refine their market-oriented operating mechanisms, the Cabinet said.

It also pledged support to SOEs in stepping up fundamental research and innovation and to bolster research and development on key technologies, saying that SOEs must focus on their main business portfolios and give up nonessential business.

The meeting also decided on steps to improve electricity supply services for residents and small and micro-sized businesses. Individuals and smaller firms will only need to apply for such services online starting from next year, and the amount of time required for approvals will be shortened to five workdays for residents and 25 workdays for smaller businesses.

By 2022, all small private businesses applying for access to low-voltage electricity will be exempt from making investments, the Cabinet said, adding that the move is expected to save them a total of 130 billion yuan (\$19.2 billion).

### Policy digest

#### Clampdown on illegal occupation of farmland

A strict clampdown on activities that encroach on arable land is needed to protect the foundation of the country's food production, a notice published by the General Office of the State Council said on Sept 15.

In recent years, China has put in place a series of policies and measures to protect arable land, but it is still being occupied illegally in some places, the notice said.

To feed the 1.4 billion people in China, governments at all levels should strengthen supervision and take effective measures to protect the country's arable land, it added.

Illegal occupation of arable land for afforestation, landscaping and nonagricultural purposes should be strictly prohibited, it said, and ongoing illegal occupation should stop immediately.

Occupation of arable land without authorization in the name of river, wetland and lake improvement is also prohibited.

Governments should crack down on the illegal occupation of arable land and other illegal land use such as building wide green belts and expanding nature reserves at the expense of arable land, the notice said.

Land use for construction projects that fail to meet planning requirements and land management laws, regulations or national industrial policies will not be approved.

The State Council required governments at all levels to organize complete inspections of the protection of arable land under their jurisdiction, investigate and penalize illegal occupation and demand timely corrections.

#### Access to services to span provinces

China will take measures that help provide interprovincial access to high-demand government services that are key to the growth of businesses and people's daily lives, an executive meeting of the State Council decided on Thursday.

Some 58 service items, including market entity registration, pension scheme portability, verification of professional certificates and notarization of diplomas and driver's licenses, will be made accessible across provinces by the end of this year, according to a statement released after the meeting, which was presided over by Premier Li Keqiang.

Another 74 service items, including industrial production licensing, filing of records on the settlement of medical bills, social security card applications and household registration relocations, will be made available across provinces by the end of next year.

Online access will be optimized to make interprovincial services more convenient and user-friendly. Meanwhile, the needs of a smaller number of people still requiring on-site access to such government services will be fully met, the meeting said.

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### POLICY RESPONSE

## Village projects and medical insurance on government agenda

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A number of ministry-level departments, including those responsible for rural affairs, healthcare security, culture and civil aviation, have responded recently to matters of public concern.

#### Simpler village project approvals to cut costs

Project approvals will be simplified in small villages to improve efficiency, cut costs and accelerate



implementation in order to build beautiful rural areas and realize the goal of building a moderately prosperous society in all respects, a guideline published on Sept 15 said.

The guideline, jointly issued by the National Development and Reform Commission, the Ministry of Natural Resources and the Ministry of Agriculture and Rural Affairs, said there are many such projects — usually related to villagers' living environment, rural water supply, village roads and cultural and sports facilities — but the scale of investment they require is usually quite small.

The approval process will be simplified for projects with relatively simple technical and construction requirements, it said, but not for relatively complicated projects involving large investments or house building and energy projects that affect people's lives and property.

#### Data sharing will help identify the uninsured

In an effort to expand health insurance coverage, information about people with basic medical insurance will, from next year, be shared nationwide, updated dynamically and be able to answer real-time inquiries, according to a guideline published on Sept 11.

The guideline, jointly issued by the National Healthcare Security Administration, the Ministry of Finance and the State Taxation Administration, called for efforts to ensure that basic medical insurance coverage rises steadily in the next four years and that public satisfaction with it continues to increase.

A mechanism that enables data sharing between healthcare departments at all levels and other departments in areas such as public security, civil affairs and human

resources, should be further improved to precisely identify those not insured, it said.

The guideline also required the adoption of targeted insurance policies for different groups, including registered poverty-stricken households, students, newborn babies and those who temporarily stop making insurance payments.

#### Foreign investment in performing arts wanted

China will take a series of measures to boost its performing arts market, including improving the efficiency of cultural project approvals and lowering barriers to market access for foreign investment, the Ministry of Culture and Tourism said in a notice published on Wednesday.

The measures are aimed at improving the business environ-



ment for performing arts groups and better meeting the public's diverse needs for cultural and intellectual products, it said.

The ministry encouraged local authorities to procure performing arts products and services and issue vouchers to promote consumption of cultural and tourism products.

The notice said supervision of the performing arts market should adapt to the characteristics of new businesses to stimulate market vitality.

#### Cap on flights lifted to allow more flexibility

A cap on the maximum number of flights by Chinese carriers each week has been lifted as part of efforts to boost the aviation market in the wake of the COVID-19 pandemic, the Civil Aviation Administration of China said on Sept 15.

The measure will allow airlines greater flexibility in arranging passenger flights involving airports in Beijing, Shanghai and Guangzhou, along with other busy air travel hubs, Jin Junhao, deputy director of the administration's transportation department, said at a news conference in Beijing.

Restrictions on regional airlines' use of three major airports in Beijing, Shanghai and Guangzhou were also eased.

China's civil aviation industry continued to recover last month, data from the administration showed, with 45.35 million domestic passenger trips — the highest monthly volume this year.