SOE MATTERS

RIGHT TRACK

Northeast may see innovation surge

Experts urge State firms to boost restructuring efforts, revitalize regional economy

By **ZHONG NAN** in Beijing and **LIU MINGTAI** in Changchun

China FAW Group employees work on an assembly line in Changchun, capital of Jilin province, in September. ZHANG NAN / XINHUA

Centrally administered State-owned enterprises and provincial-level State-asset regulators in China's northeastern region will be encouraged to focus on technology innovation and learn from previous experiences in order to promote regional revitalization, government officials and business leaders said.

SOEs in this part of the country will be encouraged to learn from the experience of China Merchants Group, a Hong Kong-headquartered central SOE.

CMG is known for its success in reorganizing its entire group of subsidiaries. Liaoning Port Group in Liaoning province is part of the group. The reorganization exercise improved the group's industrial layout, promoted the quality of constituents' operations, and strengthened coordination among their internal departments.

This helped evolve a new development pattern that revitalized associated enterprises as well.

In the third quarter of this year, CMG started China-Europe freight train services between Shenyang, capital of Liaoning province, and the Berelast Logistics Center, about 70 kilometers from Moscow's Red Square.

In recent months, CMG added more container shipping services to connect ports in Liaoning with other destinations in Japan, South Korea and markets of the Association of Southeast Asian Nations.

Innovations are due in areas like technology and business as part of reforms at SOEs in the country's northeastern region, said Weng Jieming, vice-chairman of the State-owned Assets Supervision and Administration Commission of the State Council.

Enterprise systems and modern management capacity should also be valued to improve companies' core competitiveness, he said at a conference in Dalian, Liaoning province, late last month.

Cui Fenglin, Liaoning's vice-governor, said that apart from creating a more flexible environment for private and foreign companies, the province will learn from the successful market economy experiences of other regions. Emphasis will not be placed on simply bringing in big-ticket projects.

In the early days of the People's Republic of China, a heavy industry-centered industrial base with a complete industrial system was formed in the country's northeastern region.

> "We will form more partnerships with research institutes and companies in other sectors to upgrade the product range, amid the wider industry shift toward developing intelligent connected vehicles."
>
> **Xu Liuping,** chairman of China FAW Group

The base greatly contributed to the country's economic development from the 1st Five-Year Plan (1953-57) to the 1990s.

However, the pace of regional economic growth slowed later due to a series of systemic problems as well as what was seen as an anachronistic economic structure of enterprises in the industrial base. Such problems were sought to be addressed through the implementation of the reform and opening-up policy.

That helped keep the industrial base strong, thereby creating a fresh development opportunity for the region now, said Weng from the SASAC.

The government will help the SOEs in the region to adjust and upgrade their industrial structures so as to be on a par with world-class standards.

In order to narrow the gap between themselves and the SOEs in China's Yangtze River Delta and Pearl River Delta, central SOEs in northeastern region have introduced products based on their latest technological breakthroughs. In this context, Heilongjiang province-based Harbin Electric Corp and Liaoning province-based Ansteel Group Corp Ltd stand out.

Among the outstanding products of northeastern SOEs are impulse water turbines and special steels, which are used in the manufacture of various industrial goods.

Northeastern SOEs have also been seeking to make their operations market-oriented and vigorously promote mixed-ownership reform.

In Changchun, Jilin province, last month, CRRC Changchun Railway Vehicles Co, a subsidiary of China Railway Rolling Stock Corp, the country's largest rolling stock manufacturer by production volume, announced it has developed a new generation of high-speed trains that can adapt to different track gauges, or widths, and climatic conditions.

The new type of train is designed to reach a top speed of 400 kilometers per hour. It can run on international railways with different track gauges and varying power supply standards.

Various global rail track gauges have been one of the stumbling blocks to cross-border railway interconnections among different rail routes, said Wang Feng, the company's president.

There are currently four main types of gauges in the world: the 1,435-millimeter standard gauge, the 1,520-mm Russian broad gauge, the 1,676-mm European broad gauge and the 1,067-mm narrow gauge.

When regular trains pass through countries with different gauges, the train cars have to be lifted so that their wheel assemblies can be replaced at border stations, which takes at least two hours, not including the time and effort needed to work out any other problems, said Wang.

Since the new train has variable-gauge wheel assemblies, it enables the cars to be pulled along a different gauge track at reduced speed, which improves the efficiency of rail services and facilitates the smooth flow of traffic, he said.

The train also features increased adaptability to environmental changes. It can operate in temperatures between -50 C and 50 C, the company said. The train's new technologies mean it can be used on about 90 percent of the railway networks globally.

Supported by intelligent sensors and big data and operational monitoring technologies, the train can conduct intelligent evaluations, diagnose problems and provide early warnings to ensure safety, according to the company.

China FAW Group Co Ltd, a Changchun-based State-owned automaker, plans to invest 110 billion yuan ($16.2 billion) in new technologies and products such as new energy, connected and smart vehicles during the 14th Five-Year Plan period (2021-25).

"In response to the country's dual-circulation development pattern, and its call to take control of key and core technologies, we have decided to increase digitalization of our products. We will form more partnerships with research institutes and companies in other sectors to upgrade the product range, amid the wider industry shift toward developing intelligent connected vehicles," said Xu Liuping, the group's chairman.

Contact the writers at zhongnan@chinadaily.com.cn

Construction work begins on CRCC18 Guinea rail project

By **ZHONG NAN**

$1.2 billion
total investment of the Dapilon-Santou railway project in Guinea


Employees of China Railway Eighteenth Bureau Group Co lay railway track for the Dapilon-Santou railway project in Guinea on Sunday. PROVIDED TO CHINA DAILY

China Railway Eighteenth Bureau Group Co, or CRCC18, a subsidiary of State-owned China Railway Construction Corp Ltd, began to lay track for a part of the Republic of Guinea's first modern railroad on Sunday to further upgrade the African nation's infrastructure facilities.

Located in the Boke and Kindia regions in Guinea's northwest, the Dapilon-Santou railway is a new 112.3 kilometer-long project. It is designed to connect Santou mining zone and the port of Dapilon.

With a total investment of $1.2 billion, the entirety of the railway will feature 23 bridges, two tunnels and six depots. It is expected to be operational in June 2021 and provide the necessary infrastructure to serve bauxite mining companies along its route. It will also create an agricultural development corridor to promote the exploitation of fertile land that surrounds the area.

By using Chinese standards and technologies, CRCC18 is responsible for building 47.1 km of the Dapilon-Santou railway project including relocation, reconstruction, culverts and other aspects.

Chen Ertao, project head of CRCC18 in Guinea, said the company and its workers overcame many adverse difficulties such as the African country's long rainy season, the lack of locally made building materials and transportation difficulties.

Because COVID-19 has delayed travel and shipping schedules of many Chinese technicians and equipment such as construction machinery, the company had to optimize its construction plan and resources allocation, as well as train more local workers to enrich their knowledge in engineering and field operations, Chen said.

In addition to implementing the "three shifts" in some of its work units to ensure timely completion of certain key parts of the project, the company also actively coordinated the use of local equipment and materials to promote various construction and production work. It completed preparation work for the future railway building project 30 days in advance, providing a solid guarantee for the construction of track laying and ancillary facilities.

Chen said building this railroad will promote the modern railway network in Guinea and the further development of the railway network in West Africa, therefore promoting economic and social development of the entire continent.

In addition to Guinea, CRCC18 also delivered a two-lane road to a client in Uganda late last month.

With a designed top speed of 90 km per hour, the 104-km Musita-Lumino-Busia-Majanji road, linking the eastern part of the country to the border district of Busia in Kenya, will shorten travel time from Busia to Jinja from the original five hours to two hours, effectively alleviating the material transportation problem in eastern Uganda, according to the country's Ministry of Works and Transport.

Modern transportation infrastructure facilities can help African countries ship their agricultural and industrial products to other parts of the country as well as neighboring countries efficiently, and accommodate imports such as medical materials, daily necessities, machine tools, chemicals, factory equipment and construction machinery at lower costs from ports either within their country or in surrounding nations, said Luo Renjian, a researcher at the National Development and Reform Commission's Institute of Transportation Research.

Luo said continued foreign and domestic investment in infrastructure like new ports, roads and airports will be key elements in supporting economic growth in Africa, at least over the next decade. This will create favorable conditions to boost trade and people-to-people exchanges in this massive market.

Liu Xingguo, a researcher at the China Enterprise Confederation, said enlarging procurement and service activities in foreign countries can help Chinese companies win local support and provide timely maintenance services, as well as access more markets in other parts of the world.

To prevent infection risks from COVID-19, the Chinese government and business associations have urged companies operating overseas to prepare enough protective materials and make emergency plans, as well as maintain close communication with host countries, according to information released by the Beijing-based China International Contractors Association.

Clean power main focus of energy company

By **ZHONG NAN**
zhongnan@chinadaily.com.cn

State Power Investment Corp, one of China's top five power generators, plans to raise its installed power capacity to more than 220 gigawatts by 2025.

Of that, more than 60 percent would be clean energy, said its top executive.

China has pledged to reach its peak carbon dioxide emissions by 2030. It is also striving to achieve carbon neutrality by 2060. So, SPIC will build a stable, safe and economical clean energy system based on complementary multi-energy mix of hydropower, wind power, photovoltaic and energy storage in China for the long run, said Qian Zhimin, chairman of the Beijing-headquartered group.

As a number of nuclear power plants of SPIC are either under construction or already in operation across China, the company will continue to deploy resources and manpower to provide clean, safe and economical power to the nation, he said last week during the Global Smart Energy Summit in Nanjing, Jiangsu province.

Smart energy network would mean user-side growth has bright prospects. Such networks will further enrich China's "new infrastructure" development, which can help offset the negative impact of the COVID-19 pandemic on the industry and explore new economic growth engines, Qian said.

The core of new infrastructure includes 5G networks, artificial intelligence, the internet of things, data centers, ultra-high-voltage power grids and cleaner transportation vehicles, and will use technologies to make existing infrastructure more intelligent and connected.

In the past, Chinese energy companies, including power suppliers, mainly generated electricity for the power grid, and distributed power directly from the power grid to the user side, said Qian.

He also noted that such companies will enter the user side and benefit millions of households in the future. They will provide economical and safe electricity to communities, schools, hospitals, and public facilities directly, as well as combine smart energy solutions for water, electricity, heat and gas to improve energy efficiency, reduce the use of land resources and cut users' power cost.

In addition to building a comprehensive intelligent energy network in Wuxi, Jiangsu province, SPIC will provide 2,000 hydrogen-powered buses to serve athletes, coaches and spectators during the Beijing 2022 Winter Olympics.

As decarbonization of the energy systems is a challenge that every country must face, SPIC signed a cooperation deal late last year with Germany's Siemens Energy to develop green hydrogen technologies and comprehensive utilization, to leverage the complementary advantages of both parties.

By expanding its energy markets at home and abroad, the State-owned enterprise aims at becoming a world-class innovative and integrated energy group with a global footprint and a modern SOE, which is driven by innovation of nuclear power and other advanced energy technologies, with focus on clean energy development. Eventually, that would make it a State-owned investing or holding company.

To date, the company has presence in 41 countries and regions such as Japan, Australia, Malta, India, Turkey, South Africa, Pakistan and Brazil.

Ding Rijia, a professor specializing in energy economies at the China University of Mining and Technology in Beijing, said with more smart energy solutions, China's ability in cost control, in terms of unit production cost, will continue to provide companies with an advantage, if they bid for projects in overseas markets.

Ding said the terminal electricity prices in many countries remain relatively high, and the development of renewable energy sources like solar and wind power offers competitive alternatives.