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# P@LICY REVIEW











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# Incentives unveiled to boost spending

The government is promoting a raft of measures designed to maintain and accelerate economic growth

By XII WEI

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he central government has unveiled a package of new incentives to encourage consumer spending on key products including vehicles, home appliances and furniture, and bolster consumption in the catering sector and in rural areas.

The measures were laid out in a policy document published by 12 government bodies, including the ministries of commerce, industry and information technology and the National Development and Reform Commission, on Jan 5.

To further unleash the potential of the auto market, the government pledged to adjust caps on vehiclepurchasing policies to make more license plates available to urban residents and accelerate steps to develop more parking lots and charging stations for new energy vehicles.

Eligible gas stations will be encouraged to provide services including car maintenance, washing and decoration, while highway service areas will be helped to offer services and higher-quality products.

In promoting consumer spending on home appliances and fixtures, the document said eligible areas will be encouraged to offer subsidies for the purchase of environmentally friendly white goods and furniture.

It added that the development of recycling systems for waste materials, including those empowered by the Internet Plus strategy, will receive stronger policy support.

The government's move came after the country's annual tone-setting Central Economic Work Conference, held last month, underlined the expansion of domestic demand as a strategic underpinning for growth.

It pledged to tap into the consumption potential in counties and rural townships and cancel administrative rules that restrict consumer spending.

The move also stressed the need for demand-side management to  $unleash\,the\,household\,consumption$ potential.

In a recent research note, Tommy Wu, lead economist at Oxford Economics, a think tank in the United Kingdom, said the top leadership's emphasis on boosting domestic demand is noteworthy, and China

may focus on resolving structural issues such as income inequality, gaps in social safety nets, and the need to rebalance the share of income from businesses to households this year.

According to the National Bureau of Statistics, China's retail sales, a key gauge of consumption, grew by 5percent year-on-year in November, compared with 4.3 percent for the previous month.

Nevertheless, retail sales for the January-November period declined 4.8 percent year-on-year, an indication that consumption remained a drag on the country's growth drivers.

Demand for services remained weak, with nominal restaurant sales dropping 0.6 percent year-on-year in November, according to the NBS.

### **Credit support**

To further shore up the catering sector, the document said more measures will be rolled out to improve service standards in restaurants and widen the range of dishes. It added that businesses will be encouraged to step up cooperation with online platforms

It pledged to continue with aid

packages, including rent reductions and cuts in power bills, for smaller businesses. Financial institutions will continue to scale up support in the form of unsecured loans to small and micro businesses and the selfemployed.

Credit support will also be bolstered for consumers purchasing new energy vehicles, green and smart home appliances and watersaving devices, the document said.

Liang Si, from Bank of China's research institute, said continuous support for smaller companies, a policy stance stressed during the Central Economic Work Conference, is important as the economy is still in the recovery stage and many businesses still face operational difficul-

He noted that consumption of vehicles and home appliances are key underpinnings for the nation's retail sales, and the latest document has rolled out targeted policy measures to contribute to the shaping of an enabling environment for con-

sumer spending.
Policymakers also highlighted the significance of tapping into the rural market, including steps to enable better integration between rural commercial and trading enterprises with e-commerce and to reduce transportation costs.

Retail sales in rural areas accounted for just 14.7 percent of the national total in 2019, according to the Ministry of Commerce.

The government will accelerate the development of services in rural townships and step up law enforcement targeting counterfeit products and price fraud in rural areas to protect consumer rights, the document

Zhao Jinxin, a macroeconomic researcher with the think tank at China Minsheng Bank, said the latest policy document underlines the need to promote the consumption upgrade in rural areas from spending on goods to greater outlay on ser-

"However, a fundamental solution to the lack of momentum in rural consumption would be to increase rural residents' disposal income. That would hinge on factors such as a rise in the level of urbanization, the capitalization of rural production elements and improvements in consumer finance coverage," he said.

### **Policy Digest**

### Law revision advance

Preparations for an update of a kev law on tackling infectious diseases were high on the agenda at an executive meeting of the State Council, China's Cabinet, on Friday, as the country works to perfect its institutions and better respond to unknown viruses and illnesses that may spread rapidly.

The Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases was enacted in 1989.

Premier Li Keqiang presided over the meeting, which urged the advancement of the revision in accordance with the legislative schedule and also recommended work to bolster the revision of relevant laws and regulations.

The members pointed out that the task of strengthening the prevention and management of infectious diseases is important to the lives, safety and health of the general populace, and is of vital interest to national security and social stability.

The people and their lives are always the top priority, and the relevant laws should be revised in a timely manner in line with the practices of fighting the COVID-19 epidemic, the meeting said.

The goal, therefore, is to provide a stronger legal guarantee for the prevention and treatment of infectious diseases.

After amending and perfecting the law, and listening to the opinions of the various parties concerned, the update will be submitted to the Standing Committee of the National People's Congress for review, according to the meeting.

The prevention and control of infectious diseases should focus on perfecting the operating mechanism, early detection, reporting, isolation and treatment. Improvements should be made to the systems for early warning, reporting and the release of information, the meeting said.

It is necessary to improve regulations on identifying the category of an infectious disease and management measures for urgent situations, improve the epidemic treatment system, strengthen the construction of the network of medical and treatment services for infectious diseases, and strengthen punishments for illegal acts, the meeting said.

## Hotlines streamlined

Local government hotlines that provide help for residents should be further optimized by the merger of many different numbers into a single hotline, according to a circular released by the General Office of the State Council.

The guideline, released on Wednesday, targets growing complaints about the difficulty of remembering numbers for specific hotlines, as well as the problem of the wide dispersal of administrative resources because of the large number of hotlines.

In recent years, some areas have taken the lead in merging such hotlines, consolidating them to provide a range of services on one number, which the circular said has "greatly facilitated local enterprises and solved local residents' problems".

With the exception of emergency hotlines such as 119, all local government service hotlines, including those established by State Council departments and operated at the local level, should be merged with the local 12345 government service hotline by the end of the year, the guideline said.

Rarely called numbers will be disconnected, while busy and well-known numbers will be retained and managed by the 12345 system, it said.

People will be able to use the 12345 hotline to seek advice and assistance, report complaints and make suggestions regarding topics such as economics, market supervision and public services.

The circular urged local authorities to establish a hotline management system, an information sharing mechanism to improve connectivity between the 12345 platform and other departments. and a supervision, evaluation and accountability system.

A 24-hour manual service channel should be provided through the 12345 hotline, and training of staff members should be strengthened to improve services, the circular said

**POLICY RESPONSE** 

# Yangtze environment and mining safety improved

By ZHANG YUNBI

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A slew of ministry-level departments, including those responsible for the environment, earthquake warnings, coal mines and industries, have responded recently to matters of public concern

### Quality of water in Yangtze River rises after measures

China will roll out comprehensive plans to improve the Yangtze River environment, including antipollution campaigns and expected breakthroughs in the green development of key industries, in addition to the conservation and restoration of the river basin, officials said.

As China has prioritized the restoration of the environment along the country's longest waterway and its



water quality during the past five years, officials said at a news conference on Jan 5.

The country categorizes surface water quality in five grades, ranging from Grade I, the highest, to Grade V, Last year, no samples taken in the Yangtze River Basin were lower than

Grade V, Luo Guosan, an official with National Development and Reform Commission, said. In 2016, samples rated as Grade V or

lower in the river basin accounted for 3.5 percent of the total. The number fell to 0.6 percent in 2019, Luo said. Meanwhile, the proportion of sam-

ples with relatively good quality (at or above Grade III) rose to 96.3 percent as of November, compared with 82.3 percent in 2016, Luo added.

### Earthquake early-warning

systems near completion In June, several areas will complete construction of an earthquake earlywarning system that will provide information within seconds of a temblor occurring.

The Beijing-Tianjin-Hebei cluster in North China, plus the southwest-

upper reaches, the entire river has ern provinces of Sichuan and Yunseen a significant improvement in nan, will take the lead in establishing Beijing on Friday, Zheng Xingzhou, a their early-warning systems, the China Earthquake Administration said on Friday.

The administration said the early-

warning and instant seismic intensity reporting system will cover five of the country's most earthquake-prone areas by 2023. The system, aimed at improving

quake mitigation, will send alerts through various outlets including TVs, mobile phones and dedicated warning terminals. It will also report the seismic intensity of an earthquake within a minute of it hitting.

The early-warning information service has already been piloted in parts of Sichuan, Yunnan and Fujian provinces, as they are home to some of the country's most active quake

#### Number of explosions in coal mines declines

The number of accidents, such as explosions, in coal mines declined noticeably last year, despite a slight rise in coal output, after the sector stepped up monitoring of gas levels,

At a national works conference on

safety inspector with the National Mine Safety Administration, called for further efforts to boost monitoring of accidents.

Coal mine gas can be explosive when mixed with air, and has given rise to safety risks in mining operations nationwide. From 2002 to 2019, deaths result-

ing from gas explosions accounted for roughly one-third of all fatalities associated with accidents in coal mines, according to the administra-

Last year, seven such explosions and 30 related deaths were reported, but there were no major gas explosions in coal mines, the administration said. It was the first year that no such major event had occurred in the country since the founding of the People's Republic of China in 1949.

#### Further cuts in carbon emissions planned

China will deepen efforts to cut carbon emissions in the industrial sector and roll out plans for key sectors to achieve the goal of peak emissions, Xiao Yaqing, minister of Industry and Information Technology, said.



The country has announced that it will work to peak carbon dioxide emissions before 2030 and achieve  $carbon\ neutrality\ before\ 2060.$ 

It will also take steps to strictly control new production capacities in the heavy and chemical industries, and cut crude steel output to ensure it declines every year, Xiao said in an interview with Xinhua News Agency published on Jan 4.

A road map for the auto sector will be developed to meet the goals, promote the development of electric vehicles and boost recycling of batteries for new energy vehicles, Xiao said.

China has put a green manufacturing system in place, with 2,121 green factories and 171 green industrial parks built in the past five

The country will encourage industrial companies and parks to build green microgrids and prioritize the use of renewable energy, Xiao said.