POLICY REVIEW

Guideline to boost private investment

Experts hope for surge as China optimizes rules for COVID-19

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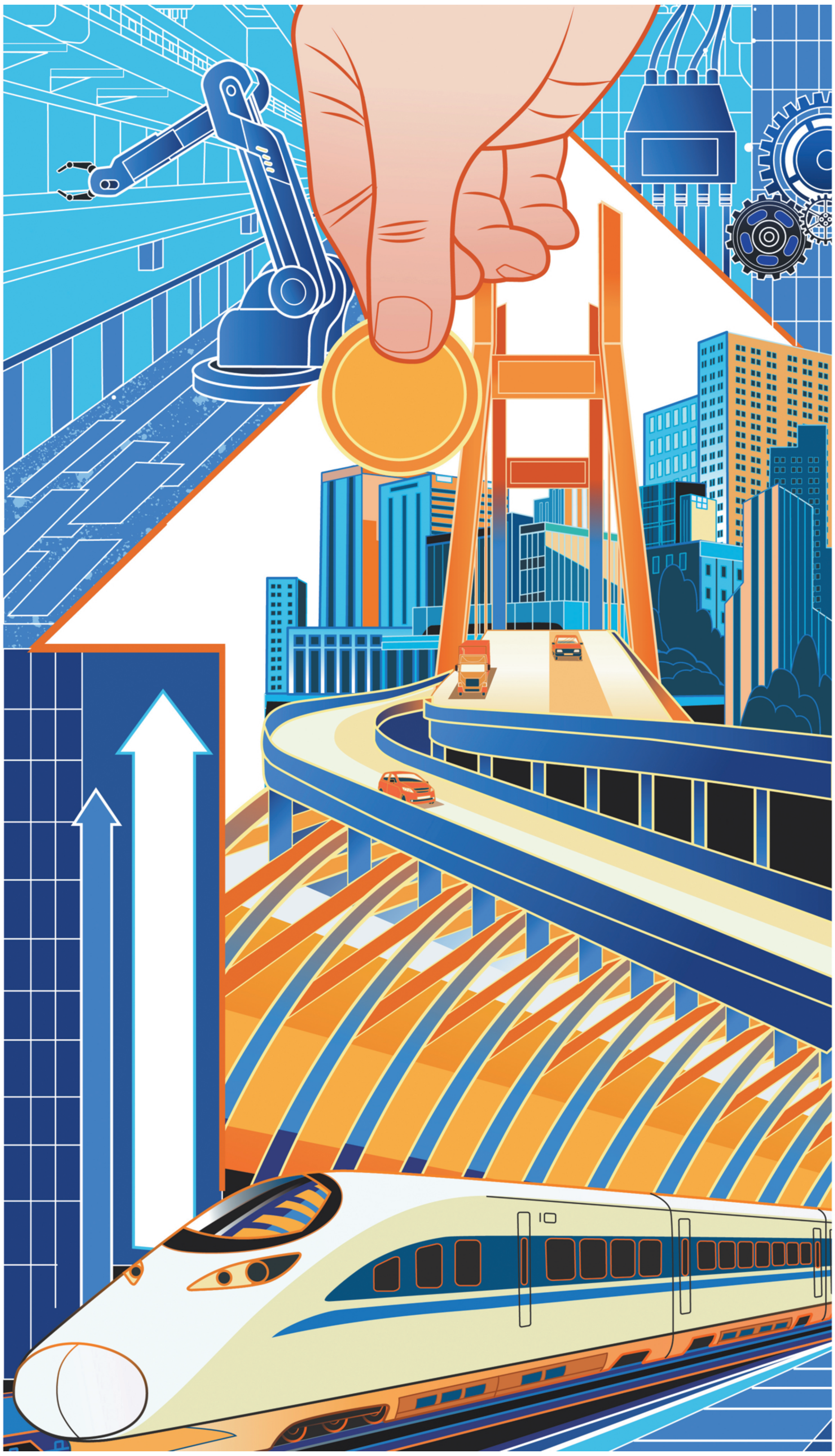

SHI YU / CHINA DAILY

The recently issued guideline on boosting private investment is expected to play an integral role in energizing markets and help China shore up growth during the fourth quarter and next year, officials and experts said.

On Nov 7, the National Development and Reform Commission, the country's top economic planner, issued a guideline containing 21 measures designed to encourage private investment in key areas and infrastructure projects such as railways, highways and ports.

According to the guideline, the government will support individuals and private businesses in the efforts to facilitate scientific and technological innovation, as well as those helping to steady critical supply chains.

The government will use pro-market and reform measures to boost the vitality of private businesses, adding that this will help mobilize more stakeholders in investment, stabilize market expectations, increase employment, promote economic development and help achieve Chinese path to modernization.

Boosting effective investment is seen as key to maintaining growth amid the challenging and evolving epidemic situation, and has so far worked fairly well despite waves of outbreaks across the country, experts said.

However, a new guideline encouraging investment from social and private means at this time of the year is particularly meaningful.

Liu Baokui, a researcher at the Institute of Spatial Planning and Regional Economy at the NDRC, said that private investment is an indicator of economic vitality and the new measures come at a critical time, as the relaxation and optimization of COVID-19 regulations is expected to embolden previously timid private investors.

"Private investment was hampered during the first outbreak in early 2020, but quickly recovered in the latter half of that year and throughout last year, laying a solid foundation for economic recovery," Liu said. "However, private investment waned due to the evolving global situation, the resurgence of COVID-19 in some cities and the country's lethargic property market."

He said that the new guideline comes as China is optimizing epidemic prevention and control policies to better coordinate management of COVID-19 and economic development, and it will make incentives to boost private investment even more effective.

"Private investment now accounts for more than 55 percent of overall investment, making it a key driving force in bringing the economy back on track," he added.

The guideline also emphasized the importance of protecting the property rights of private businesses and the legal rights and interests of entrepreneurs, thus creating an enabling environment for business and investment.

Wang Qing, chief analyst at Golden Credit Rating International, said in an interview last month that the guideline will not only encourage a rapid ramping up in private investment, but will also contribute to economic growth.

Notably under the new guideline, the government will encourage private businesses to invest in manufacturing.

The recovery of the manufacturing sector has been bumpy due to the evolving COVID-19 situation. Figures from the National Bureau of Statistics on Nov 30 showed that China's official manufacturing purchasing managers' index came in at 48 for that month against 49.2 for the previous month, making it the lowest figure in seven months. The 50-point mark separates contraction from growth.

This comes against the backdrop of a weakening property market and dwindling global demand.

"Manufacturing investment is an integral area in overall investment, and private investment in manufacturing takes up more than 80 percent of total investment in manufacturing," said Liu. "Promoting private investment in manufacturing will not only help generate growth next year, but will also help private manufacturers strengthen their resilience."

He added that streamlining investment procedures for private manufacturers, as noted in the new guideline, will help private businesses temper market expectations and help the sector shake off the disruptions caused by COVID-19.

Yang Yinkai, deputy secretary-general of the NDRC, told a news conference last month that the efforts to implement the guideline and encourage private investment in manufacturing have already begun.

"The government will make sure to treat private investors equally," he said. "Various types of funding, such as investment subsidies and interest discounts, will also be made widely available to eligible private investment projects."

Policy Digest

Campaign targets medical cosmetology

Authorities have been conducting a special nationwide campaign since September to crack down on illegal activities in the medical cosmetology sector, the State Administration for Market Regulation said in a notice on Dec 8.

The campaign was launched together with 10 other government agencies to deal with problems including dubious product claims, the sale of fake products, illegal medical practices and price gouging.

During the campaign, individuals and institutions providing illegal medical cosmetology services or misusing drugs or medical devices will be severely punished.

Meanwhile, efforts will be made to support the development of medical cosmetology institutions and to improve the quality of the sector by optimizing supervisory regulations, the notice said.

The administration also revealed cases that authorities have investigated and prosecuted.

China No 1 in number of motor vehicles, drivers

China had approximately 415 million motor vehicles and more than 500 million licensed drivers by the end of November, both ranking first in the world, according to statistics released by the Ministry of Public Security on Dec 8.

Among licensed drivers, 463 million drive cars, the official data showed.

In recent years, automobile ownership in China has increased by more than 20 million vehicles annually, reaching 318 million by the end of last month, the ministry said.

The number of licensed Chinese drivers has increased annually by 25 million on average since 2014.

Currently, one in two Chinese adults holds a driver's license. The number of drivers under age 25 is 54.48 million, accounting for 10.9 percent of the national total.

The number of licensed drivers in rural areas has also grown rapidly in recent years, with an annual increase of more than 13 million.

About 289 million rural residents have obtained driver's licenses, accounting for 57.8 percent of all drivers nationwide, the ministry said.

At the same time, the number of motor vehicles in rural areas is 208 million, of which 140 million are cars, accounting for 50.2 percent and 44.1 percent of the country's total, respectively.

Nation to set up TCM IT system by 2025

The National Administration of Traditional Chinese Medicine has unveiled a plan to promote the role of information technology in the development of TCM during the 14th Five-Year Plan (2021-25) period.

According to the plan published on Dec 5, a TCM IT system that works in conjunction with China's healthcare mechanism will be created by 2025, with the aim of bringing greater benefit and convenience to the public.

The plan encourages the establishment of smart TCM hospitals around the country and the promotion of online TCM pharmacies and medical services.

Flexible inter-hospital patient transfers, mutual recognition, the sharing of lab and examination reports and other services will also be enhanced among TCM hospitals, the plan said.

XINHUA-CHINA DAILY

Provincial-level governments working to lure social capital to fund projects

By ZHANG YUE

Given the notable role that it plays in China's economic development, measures to help boost private investment have been consistent over the past decade, and especially since the COVID-19 epidemic began in 2020, causing long-lasting disruptions to the market.

Since July, shortly after a wave of outbreaks hit Shanghai and its surrounding provinces leading to a monthslong lockdown, provincial-level governments have been actively working to develop new guidelines to encourage private investment.

For example, Shanghai has proposed further expanding the number of sectors eligible for private investment, attracting more social capital to contribute to major construction projects such as urban railways and new infrastructure.

During the first half of this year, Beijing's municipal government successfully promoted 155 private investment projects that attracted 145.6 billion yuan ($20.9 billion) in funds, the highest volume of investment both in terms of the number of projects and capital.

Liu Baokui, a researcher at the Institute of Spatial Planning and Regional Economy at the National Development and Reform Commission, noted that expanding the number of sectors open to private investment and implementing a "competition neutral" principle are two things China needs to work on to help boost economic growth.

"There are still some invisible thresholds for private investors in gaining market access that need to be lifted and addressed in the long run," he said, adding that traditionally, investors need to meet stringent requirements before they can put their money into certain industries.

Liu stressed that considerable effort is still needed to ensure that private investors are treated equally, especially when it comes to some government investment funds and developmental finance projects.

He said that he also expects the new guideline to open investment windows for private firms in some new sectors, such as clean energy, modern agriculture, food and the culture sector.