

Cabinet takes steps to bolster economy

Central Bank to reduce amount of cash banks must hold in reserve

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The central government has beefed up measures to stabilize the economy, including cutting the amount of cash banks must hold in reserve, with experts saying the moves show the resolve of policymakers to ensure stable growth.

The State Council said in a statement after an executive meeting on Wednesday that more steps will be adopted to ensure the stability of employment, the financial sector, foreign trade, foreign investment, domestic investment and market expectations.

It called for better use of countercyclical policy tools and quicker implementation of measures to reduce real borrowing costs, saying that monetary policy will continue to be prudent and subject to anticipatory adjustments and fine-tuning as necessary.

The People's Bank of China, the central bank, announced on Friday that the reserve requirement ratio for all banks will be cut by half a percentage point from Sept 16.

The reserve ratios for some city commercial banks will then be cut by another 1 percentage point in two steps, on Oct 15 and Nov 15.

The cuts will release 900 billion yuan (\$126.32 billion) of liquidity, the central bank said, adding that the cuts would not flood the economy with stimulus and its prudent policy stance had not changed.

Premier Li Keqiang, who presided over the executive meeting, said the government's priorities are to strengthen weak areas, improve public livelihood and give growth sustained momentum.

He urged efforts to further expand effective investment and better coordinate the government's proactive fiscal policy and prudent monetary policy.

The Cabinet statement said the external environment has become more complicated and challenging, and the economy is faced with mounting downward pressure.

China's GDP growth slowed to 6.2 percent year-on-year in the second quarter, its slowest pace in the 27 years since quarterly record keeping began.

Shen Janguang, chief economist at digital technology company JD Digits, said the measures adopted by the Cabinet showed the resolve of policymakers to stabilize

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Hua Changchun, analyst with Guotai Junan Securities

economic growth with stronger countercyclical policies.

He said trade frictions between China and the United States remained the largest source of uncertainty for the Chinese economy, and major economic indicators in July, such as industrial output and retail sales, were below satisfactory levels.

“It is more than necessary to inject liquidity through the cutting of reserve ratios to support the real economy,” he said.

Li underlined the need to stabilize the job market, the government's top priority.

He called for quicker implementation of policies already rolled out, including steps to expand enrollments in vocational colleges by 1 million and using 100 billion yuan from the surplus in unemployment insurance funds to boost technical training for workers.

The meeting also highlighted the need to stabilize commodity prices, with measures to ensure stable pork supply and prices.

To stabilize investment, the Cabinet called for the issuance of

local government special bonds to be completed before the end of this month so that the funds can be channeled to projects before the end of October.

Hua Changchun, an analyst with Guotai Junan Securities, said the bond issuance and liquidity injection policies exceeded market expectations and showcased the central government's resolve to stabilize growth.

“First, the policies are intended to bolster support to the manufacturing sector, and a key goal is reduce its financing costs,” he said.

“So there is a possibility that the interest rates of medium- to long-term loans to manufacturing businesses will be further cut.”

The second goal, Hua said, is to boost support to investment in infrastructure.

Growth in infrastructure investment has been sluggish since the beginning of this year, and the special bonds and newly injected liquidity will help fuel investment in the area.

He said the Cabinet's decision at the meeting to allocate part of the special bonds designated for next year to investment in areas such as railways, rail transit and parking

lots will also help boost infrastructure investment, thus helping stabilize growth.

Policy digest

Special bonds to fund transport infrastructure

China will allocate part of next year's special bonds quota to meet local needs for the construction of key projects, an executive meeting of the State Council decided on Wednesday.

The scope for the use of such bonds will be expanded, with a focus on transportation infrastructure including railroads, metro lines and urban parking lots, energy projects like power grids and natural gas pipeline networks in urban and rural areas, and ecological projects in agriculture, forestry and water conservancy as well as urban sewage and waste disposal, a statement released after the meeting said.

Services related to people's livelihoods such as vocational education, healthcare, elderly care, child care and urban utilities will also be prioritized, it said.

The meeting said funds raised from the special bonds should not be used in areas related to land reserves and real estate, for debt swaps, or for industrial projects that could be fully developed commercially.

The funds raised from the bonds should be readily available at the start of next year, it said.

The meeting also urged greater efforts in project management and preventing “half-finished projects”.

The statement said funds raised from special bonds will be allocated to projects as required and will first go to well-prepared projects that have completed approval procedures.

Regions with a good track record of bond issuance and use and suitable conditions for construction this winter and next spring will be given favorable consideration, it said.

Data from the Ministry of Finance showed that 2 trillion yuan (\$280.8 billion) of special bonds were issued in China in the first eight months of this year, accounting for 93.3 percent of this year's planned quota.

Outline sets three goals for sports by 2050

China plans to develop into a modern sports power by 2050, according to an outline published on Sept 2 that set three strategic goals to be achieved in stages from 2020 to 2050.

The outline on building a leading sports nation, issued by the General Office of the State Council, said that by 2020, a new sports development mechanism adapted to the building of a moderately prosperous society should be established.

By 2035, 45 percent of the population should be involved in regular exercise, the sports area per person should reach 2.5 square meters, and the sports industry should become one of the pillars supporting China's economic development.

To encourage wider public engagement in sports, efforts will be made in such areas as improving public services, building more sports facilities and organizing more national sports activities, the outline said.

It also targets better competitive sporting performances, a stronger sports industry, a more vibrant sporting culture, and enhanced sports exchanges.

A modern sports competition system should be established to promote professional sports and raise the level of competitive sports in a bid to help Chinese athletes perform better on the global stage, according to the outline.

China is expected to participate in all events during the Beijing 2022 Winter Olympics and achieve its best winter games results, it said.

According to the outline, efforts will be made to speed up integration of the internet, big data and artificial intelligence with the sports-related real economy in order to promote the upgrading of sports-related manufacturing and improve the quality of services related to sports.

The outline also said government departments need to set individual goals and tasks to ensure the three strategic goals are completed on time.

MO JINGXI

POLICY RESPONSE

100b yuan line of credit to boost village tourism

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Several ministry-level departments, including those responsible for culture and tourism, veterans affairs, and education, have responded recently to issues of public concern.

Villages offered help to develop tourist resources

A line of credit of up to 100 billion yuan (\$14 billion) will be used to help Chinese villages develop tourism in the next five years, according to a notice published on Wednesday.

The notice, jointly issued by the Ministry of Culture and Tourism and Agricultural Bank of China, said the line of credit will be used to help major tourist villages across China develop their cultural and tourist resources, conserve the environ-

ment and traditional culture, and improve public services and tourist facilities.

It will also be used to develop and promote cultural and tourist products and services such as village homestays, farming experiences and rural cuisine, it said.

A series of measures, including expanding credit supply, promoting product innovation, strengthening policy guarantees and stimulating rural consumption, will be adopted to push forward the high-quality development of village tourism, the notice said.

Veterans get better access to vocational training

China will increase retired soldiers' access to vocational education to improve their ability to find jobs and start businesses and ensure the full employment of veterans, a notice published on Thursday said.

The notice, jointly issued by the ministries of education, veterans affairs, and finance, said retired soldiers will be encouraged to apply for places at vocational colleges and separate enrollment quotas and entrance examinations will be provided for them.

While veterans can be exempted

from academic testing, they will still have to take interviews or skill tests, it said, adding that retired soldiers can be accepted by secondary vocational schools without taking entrance exams.

Schools and colleges should also organize entrepreneurship education for veterans they have accepted and encourage them to start businesses, it said.

Government departments at all levels will be required to coordinate with schools and enterprises to appropriately solve problems that might appear, the notice said.

Guideline sets rules for apps used in schools

The filing of records related to internet applications used at schools should be completed by the end of this year to regulate their development, the Ministry of Education said on Thursday.

A guideline, jointly issued by the ministry and seven other departments, requires app providers to establish a mechanism covering procedures including the collection, storage, transmission and use of data, and ensuring the data's security.

The apps' collection of personal



information should be made known in an explicit way and approved by the app users or their guardians, it said.

Lei Chaozi, director of the ministry's Department of Science and Technology, said the rapid development of education apps in recent years has caused some problems such as the spread of hazardous information and excessive advertising, which troubled teachers, students and parents.

According to the guideline, education authorities and schools should ask the opinions of students, parents and teachers before introducing applications to students.

Schools should not charge any fees for apps for teaching and student management, and the apps should not contain any commercial advertisements or games, it said.

