

# POLICY REVIEW



SHI YU / CHINA DAILY

## Loan aid extended for smaller businesses

Enterprises can postpone their principal, interest repayments beyond first quarter

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The State Council, China's cabinet, has pledged to extend loan assistance for smaller businesses next year, allowing them to defer loan payments past the first quarter of next year as needed as part of broader efforts to maintain the consistency, stability and sustainability of macro policies.

The State Council announced a slew of measures aiming to channel more support to small and micro-sized businesses at its executive meeting on Dec 21, highlighting the necessity for continuous support for the businesses that are still faced with difficulties in their operations.

Under a decision adopted at the meeting, smaller businesses will be greenlighted to further postpone their principal and interest repayments on inclusive loans beyond

the first quarter of next year. Inclusive loans granted to small and micro-sized businesses will be extended as much as possible in line with market principles and upon consultations between enterprises and banks.

The government will offer incentives that are equivalent to 1 percent of the loan principal to local banks that provide inclusive loans for small and micro-sized enterprises with a deferred repayment period of no less than six months, the State Council said.

At the meeting, Premier Li Keqiang highlighted the importance of stimulus measures targeting smaller firms that can alleviate funding pressure on businesses, protecting market players and stabilizing the job market.

"We cannot attain the positive growth of the economy this year without support from financial institutions to smaller businesses," he said.

China's gross domestic product

grew 0.7 percent in the first three quarters of this year, and a number of international financial institutions, including the World Bank, projected the country's economic growth to reach 2 percent.

Data from the State Council suggested that the stimulus policies rolled out during the height of the pandemic have benefited over 3.1 million small and micro-sized firms.

With economic performance gradually returning to normal levels, the premier said that extending stimulus policies will help smaller firms better respond to changes in their domestic and external environments and restore their production and operations.

The State Council's measures followed a policy stance adopted by the Central Economic Work Conference earlier this month, which stressed the need to maintain necessary support for economic recovery next year, ensure relief measures are more targeted and effective and avoid sharp U-turns in policies.

Policymakers at the conference said a prudent monetary policy must be pursued in a more flexible, tailored and appropriate way next year, with steps to ensure a stable macro leverage ratio and replenish the capital of banks via multiple channels.

The State Council meeting also vowed to extend the inclusive loan support program beyond the end of this year, without providing exact time frames. It added that eligible local banks will also be offered funding support for their issuance of inclusive credit loans to micro and small enterprises.

Wen Bin, chief analyst with China Minsheng Bank, said it is important for the government to weigh the effect of support policies, the demand from market players and social effects in deciding whether, when and how to withdraw stimulus policies in response to COVID-19.

As for the support policies targeting smaller firms, he noted that the government should consider whether the withdrawal of such policies

will cause large-scale defaults and whether smaller banks can continue to obtain support through monetary policies to better help the development of smaller firms.

Liang Si, a researcher with the research institute of the Bank of China, said the decision from the State Council to extend stimulus policies for smaller firms will help alleviate their financial burdens and avert risks of loan defaults.

He noted that the nonperforming loan ratio of commercial banks in the third quarter has reached 1.96 percent, the highest level in recent years.

"Even though the most difficult period of the economy is behind us, the foundation of the economic recovery is not yet stable, and many businesses have not shaken off their predicaments," he said.

The latest policies have also offered banks greater autonomy, encouraging them to negotiate details of debt deferrals that will increase the flexibility of asset management of banks and reduce financial risks, he said.

### POLICY RESPONSE

## Grain output and building of 5G stations on target

By **ZHANG YUNBI**  
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A slew of ministry-level departments, including those responsible for agriculture, culture and tourism, health and technologies have responded recently to matters of public concern.

### Grain output to remain steady next year

China will work to ensure that its total grain output remains above 650 million metric tons next year as maintaining the level of production is a top policy priority for the country.

The total area of crop producing land will remain above 116.67 million hectares next year, Chen Youquan, an official with the Ministry of Agriculture and Rural Affairs, told a news

conference on Thursday. China saw its 17th consecutive year of good harvests this year, with grain output reaching nearly 670 million tons, a year-on-year increase of 0.9 percent, according to the ministry. It also marks the sixth consecutive year that the country's total grain production has exceeded 650 million tons.

The current food supplies are expected to be enough for the upcoming Lunar New Year and Spring Festival holidays, a peak consumption period, with adequate stockpiles of rice and wheat and stable output of fruit and vegetables, the ministry said.

To improve food security, efforts will be stepped up to optimize planting and to increase supplies of less plentiful agricultural products, Chen added.

### 4.3 billion yuan spent to develop poor areas

Nearly 4.3 billion yuan (\$656 million) has been funneled into boosting tourism and culture as part of the nationwide drive to eradicate extreme poverty.

The funds went into supporting cultural development and promot-

ing tourism in impoverished rural areas during the 13th Five-Year Plan period (2016-20), Li Qun, vice-minister of the Ministry of Culture and Tourism, told reporters on Wednesday.

The grants were used to fund opera performances, purchase facilities for cultural centers in rural areas and to support tourist projects in impoverished regions, he said.

Li added that more than 10,000 cultural specialists had been trained to work in poverty-stricken areas and another 132,000 cultural had been deployed in such places.

More than 700 special training classes were conducted to train workers in the cultural and tourism sectors in order to empower rural poor areas and help villagers rise above poverty, Li said.

### Boys and girls taller due to better nutrition, says report

Chinese boys and girls are taller than they were five years ago thanks to better nutrition, the National Health Commission said on Wednesday.

Boys aged between 6 and 17 were 1.6 centimeters taller on average than

in 2015, while girls in the same age group were 1 cm taller.

Similarly, the average height of men age 18 to 44 has edged up 1.2 cm to 169.7 cm and women 0.8 cm to 158 cm over the past five years, said Li Bin, deputy head of the commission, at a news conference.

Li was delivering a report on the nutritional condition of Chinese people and the development of chronic diseases in the population

The prevalence of growth retardation in children under 6 has fallen below 7 percent, with a more conspicuous drop in rural areas, he said.

Improvement was also registered in the intake of trace elements among Chinese minors, Li noted.

The prevalence of anemia in children and adolescents aged between 6 and 17 has been reduced to 6.1 percent, a steep reduction from the figure in 2015, Li said.

### 580,000 5G base stations added this year

With an eye on developing 6G telecommunications technology, China has built around 580,000 5G base stations this year as it further advanced



infrastructure development.

Domestic shipments of 5G mobile phones reached 144 million units in the first 11 months of this year, with 199 new models hitting the market, Wen Ku, spokesperson for the Ministry of Industry and Information Technology, told reporters on Thursday.

The number of 5G users is growing rapidly, as the total number of mobile terminals connected to 5G networks has exceeded 200 million in the country, Wen said.

The country has accelerated 5G development this year, expanding its network while encouraging a variety of 5G applications. All prefecture-level cities are now covered by the 5G network, he added.

The ministry will continue to build high-quality 5G networks and data centers while promoting the applications of 5G technology in fields including manufacturing, energy, and transport, Wen said.

### Policy Digest

#### Transportation law enforcement to improve

The State Council General Office issued a circular on Wednesday to make sure that transportation law enforcement officers will further avoid abuse of power, fulfill their duties and issue penalties in accordance with the country's relevant laws and regulations.

The circular required localities and departments involved to align their practices with the updated requirements offered by a recently approved guidance list for comprehensive administrative law enforcement targeting transportation.

Approved earlier by the State Council, China's Cabinet, the list standardizes means by which regulators can dole out administrative penalties and handle compulsory administrative matters in the field of transportation in accordance with laws and administrative regulations.

It clearly defines the responsibilities of law enforcement agencies, and it aims to make sure the regulations are honored with no partiality across the country.

Further, it stresses the need to promote reform in administrative law enforcement in the transportation field, holistically plan and allocate administrative law enforcement functions and resources.

Officers are asked to follow the list to mitigate the problem of unnecessary, overlapping law enforcement by various departments over the same specific case, and to make their actions standardized, fair and civilized.

The list provides categories for administrative punishments and compulsory administrative matters stipulated in laws and regulations in the transportation sector.

Subject matters no longer supported by laws and no longer eligible for administrative law enforcement should be annulled, the circular said.

Investigation in terms of legality, reasonability and necessity in accordance with related laws should be conducted for subject matters that have been prepared to be added or retained, according to the circular.

For matters on the list, law enforcement should also be streamlined, the circular said.

When designing procedures for such law enforcement, potential ambiguity or discrimination should be mitigated or avoided to make sure misbehaviors of the same nature and conditions receive impartial punishment, the circular said.

Cooperation and coordination among departments should be reinforced, and as the reform advances, administrative law enforcement actions, processes and results should be traceable in the future, it said.

#### Interministerial system for youth sports gets nod

A proposal to introduce an interministerial conference focused on promoting sports among youth has been approved by the State Council, according to a circular issued by the State Council General Office on Tuesday.

The conference serves to strengthen the overall planning, coordination and guidance over sports among children, and it aims to promote the development of sports and education in China.

The conference will be led by the General Office of the State Council, the Ministry of Education and the General Administration of Sport of China.

Member agencies of the conference also include the Publicity Department of the Communist Party of China Central Committee, the National Development and Reform Commission and the Ministry of Finance.

Under the moderation of the conference, departments will help perfect the development trajectories of youth sports, enhance the fulfillment of responsibilities undertaken by governments at various levels and address problems and institutional barriers. They are tasked with studying how to support and promote youth sports, set out necessary policies and measures or propose policy suggestions and coordinate the implementation of policies.

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