

POLICY REVIEW

Manufacturing to get a major boost

Guideline touts need for strong sector during COVID-19 epidemic

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China is rolling out new efforts to nurture a number of manufacturers that specialize in niche sectors and specific industries.

Such policy efforts will help enhance and stabilize the country's manufacturing and supply chain, contributing to both the Chinese and world economies in the post COVID-19 era, experts and industrial insiders said.

Earlier this month, six ministries — including commerce, industry and information technology, and science and technology — jointly issued a guideline on scaling up efforts in building the country's manufacturing sector.

China will strive to cultivate 10,000 small giant companies with high growth potential, advanced technologies and a strong market competitive edge before 2025, according to the guideline.

Large groups will also be guided to become globally competitive leaders. Such a "gradient pattern" in manufacturing is also expected to be formed by 2025.

Favorable policies, including incentives for technological innovation and some offering businesses financial assistance, will be put in place.

Experts and industrial insiders hailed the policy effort as "timely". China's economic transition is moving into a critical stage while the evolving COVID-19 epidemic has added to the significant need for a strong, high-end manufacturing sector to help a country's economy stay afloat during these difficult times.

Jiang Feitao, an associate researcher at the Institute of Industrial Economics at the Chinese Academy of Social Sciences, said he believes developing high-end manufacturing with strong, self-innovation capacity is now a "must" for the growth of the sector.

China is still in the process of its economic transition from relatively low-end manufacturing to high-tech-driven manufacturing, he said, while the rampaging pandemic has, in the past year, severely disrupted global supply chains and heavily impeded international logistics.

"Self-innovation capacity in high-end manufacturing will be critical for the nation's recovery in the post COVID-19 era," he said.

Jiang said that since last year, China has been taking the lead in recovering from the pandemic, and many multinational businesses are racing to move their manufacturing bases from other Asian countries to China.

Domestic manufacturing companies are thus taking more orders. These businesses have served as a key driving force for global supply chains.

"Yet, most of them still cluster in low-end manufacturing, and they will eventually move out of China when the pandemic tapers off. A sense of urgency is needed for our manufacturing businesses to improve," Jiang said.

Investment in manufacturing rose 19.2 percent year-on-year in the first half of this year, figures from the National Bureau of Statistics show.

Wang Yiming, vice-chairman of the China Center for International Economic Exchanges, told a forum in June that China is now equipped with a certain global



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competitiveness in areas of nuclear power, high-speed rail, construction machinery and other tertiary products.

Yet, technological upgrades of key components of these sectors are occurring more rapidly. Enhancing the innovation capability of key technologies in these areas is thus crucial for China's industry chains.

The new guideline noted that research breakthroughs and applications of basic components and software, raw materials and integrated circuits will be enhanced.

The government noted in a statement accompanying the guideline's release that compared with developed countries, China's self-innovation capacity of manufacturing businesses still needs improvement. Synergized growth of large, medium and small-sized enterprises will be scaled up, and efforts to develop management talent will be made. It was made clear in the guide-

line that technology resources at the State level will be further opened to businesses. More platforms will be created to trigger cooperation between giant manufacturers and smaller ones.

China is now the world's largest manufacturer, with industrial value-added reaching 31.3 trillion yuan (\$4.83 trillion) last year. It is also the world's only economy to have all industrial categories listed by the UN, according to the Ministry of Commerce.

Financial support for manufacturers will be increased. The new guideline urged local and regional governments to better leverage the guiding role of government-backed funds. Private funding will be encouraged to create a fund to nurture high-quality manufacturing businesses.

Jiang said he noted that the clogged financing channel for manufacturers is hampering their growth, as their operating costs are high.

This is acutely felt by private and smaller manufacturing businesses.

To mitigate this problem, a State-financing cooperation platform has been implemented, the new guideline said. It urges financial institutions to provide targeted, well-calibrated and effective financial support to manufacturers.

Existing financing channels will be better utilized, particularly in supporting the high-quality growth of specialized medium and small-sized manufacturing companies.

Song Xiangqing, deputy dean of the School of Government at Beijing Normal University, suggested financial institutions can develop multipronged financing channels to help manufacturers.

Cooperation between industry and finance in recent years has been an effective way to help financial institutions better serve the real economy, he said, and this can be further leveraged to boost the growth of the manufacturing sector.

Loan opportunities increasing in light of new policy

By ZHANG YUE

More intensified, well-calibrated financial support for China's manufacturers through industry-specific manners, a move encouraged in a recent policy guideline, is likely to give these businesses a strong boost, particularly in niche areas, said Shi Yinghua, director of the research center for macroeconomics at the Chinese Academy of Fiscal Sciences.

Shi said that in recent years, policy support for manufacturers has been notably intensified. The Peo-

ple's Bank of China, the nation's central bank, has increased the number of mid- and long-term loans offered to manufacturers, and efforts to improve inclusive financing have made borrowing more affordable and accessible for them, she said.

By the end of last month, the number of outstanding mid- and long-term loans offered to manufacturers grew by 41.6 percent year-on-year.

The new guideline has made it clear that a national platform to help financial institutions adapt to

better serve the needs of industries will be better leveraged, and venture loans will be further encouraged.

"While conventional financial policies usually work to impact the overall amount of liquidity flowing to manufacturing, more efforts are needed to make sure that financial product supply can better serve the demands of manufacturing businesses," Shi said.

She also suggested that funding channels for manufacturing businesses will be more diversified and become more innovative to better

serve smaller manufacturers' needs.

"Small and medium-sized firms make up over 80 percent of manufacturing businesses, so there should be more types of financing products to serve their needs. Smaller businesses often find it relatively difficult to get loans due to a lack of collateral. Financial innovation for them will help reduce their dependence on collateral and free up more funds for technological breakthroughs," she said.

Shi said she believes financial support is of critical importance to

manufacturers looking to upgrade their businesses, as most of them are likely to face liquidity constraints while transforming themselves into high-end companies.

To that end, the new guideline has also made it clear that more efforts will be made to encourage qualified, high-quality enterprises to go public and issue bonds.

"Financial reform will be further deepened to bring down interest rates for manufacturing businesses to cut their borrowing costs," she said.

"Moreover, the role of social capital will be brought into full play and incentivize the capital market to better help finance these firms."

Policy digest

Shortage of skilled professionals looming

A shortage of highly skilled professionals is looming in the emerging sectors, according to a quarterly ranking released by the Ministry of Human Resources and Social Security.

According to the list of the 100 most in-demand jobs during the second quarter, nearly half the 30 new professions on the list were related to sectors such as software, manufacturing and information technology.

The ministry said these occupations have "a high degree of specialization".

In particular, there has been a growing shortage of technicians in fields such as smart manufacturing engineering, communication engineering and automatic control engineering, the list shows.

Official data show that China's surveyed urban unemployment rate stood at 5 percent last month, 0.7 percentage points lower than the same month last year.

In the first half of this year, 6.98 million new urban jobs were created, accounting for 63.5 percent of the national annual target.

High demand remains in the service sector for sales representatives, catering staff, security guards, cleaners and marketing specialists, among others.

The ranking is based on data collected from 102 public employment service agencies monitored by the ministry.

Construction to begin on regional health centers

This year, construction will begin on 16 regional health centers in an attempt to ease the surging demand for doctors' consultations, rectify complaints about the imbalanced distribution of medical resources and provide easier access to quality medical services.

The central government has already established regional health centers in eight provinces.

"By doing so, the services provided by regional medical centers will generally cover all provincial-level regions by next year," Li Bin, deputy head of the National Health Commission, told a July 24 conference on the reform on medicine and the healthcare system in Hefei, Anhui province.

In addition, the country will push forward the establishment of national medical centers and national research centers for clinical medicine, Li said.

The efforts are in line with a requirement from the State Council, China's Cabinet, as outlined in a May circular aimed at balancing the distribution of medical resources and improving the tiered diagnosis-and-treatment system.

The major task of the country's medical reform during the 14th Five-Year Plan period (2021-25) is to ensure that patients with major and serious illnesses receive proper medical services without having to leave their native provincial-level regions, said Xu Shuqiang, an NHC official.

Departments focus on platform workers' rights

In light of growing calls for the protection of the rights of workers in emerging sectors and occupations, a guideline aimed at strengthening such rights was released on July 22 by eight ministry-level departments.

The document stressed that platform companies should shoulder their due responsibilities in protecting their employees' lawful rights and interests, according to the Ministry of Human Resources and Social Security, one of the bodies involved.

With the rapid development of the platform economy, there has been a massive rise in the number of people engaged in new occupations, such as online car-hailing drivers and internet marketing specialists, said the guideline, which noted that such workers face new situations and problems in protecting their rights and interests.

It also called for efforts to improve policies to regulate the labor market and ensure equal job opportunities, improve the guaranteed minimum income system and safeguard employees' rights to rest.