

QUOTABLE

"If the number of staff members working on budget approval could be increased by 100, many billions of yuan will be saved each year. I think people will agree with the idea."

XIONG WENZHAO, a professor at Minzu University of China, suggested on Saturday more staff members working in the top legislature could result in better inspections of government departments' budget reports. As the Budgetary Affairs Commission of National People's Congress Standing Committee has limited staff, it cannot finish the proposed budgets in a short time. The second reading of the draft amendments to the Budget Law had received more than 300,000 suggestions as of Saturday night.

THE NUMBER

28.01

BILLION YUAN

By the end of June, 28.01 billion yuan (\$4.39 billion) had been invested in 1,228 reconstruction projects in Yushu, in Northwest China's Qinghai province, local authorities said on Sunday. The main reconstruction projects could be completed by the end of this year. Yushu was struck by a 7.1-magnitude earthquake on April 14, 2010, leaving more than 2,700 people dead.

ON THE WEB

Highlights from chinadaily.com.cn



Culture: Pingfeng, elegant Chinese folding screens, are an ancient invention and an essential part of traditional Chinese furniture. The earliest common use of a pingfeng dates back to the Han Dynasty (206 BC-AD 220).

Slideshow: Ding Jiangshan, a 56-year-old farmer in the Ningxia Hui autonomous region, has devoted 30 years to exploring green energy. Among his inventions are an automatic rope-making machine, a solar-powered sweeper and an exercise bicycle that generates electricity.

Video: The latest edition of *The Week* looks at the best (read: worst) medal-winning celebration at the Olympics, as well as a man who lost his hand and found a heap of trouble, and a wacky animal adventure.

On China Forum

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Pictures: The cutest couples at the London Games.

Discussion: Is China a society ruled by *guanxi*, close connections?

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Concern increases over local stimulus

Private investment must have dominant position, expert says

By LAN LAN
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Major stimulus plans, announced by local governments, have sparked worries over rising debt and poor returns on investment.

Zhang Changchun, director of the Institute of Investment at the National Development and Reform Commission, said that "social capital", instead of government spending, should play a dominant role in any stimulus.

Private investment, in particular, should be encouraged, he said.

His remarks came after a number of cities and provinces unveiled stimulus programs, ranging from investment projects to purchases of subsidized housing.

With growth in the world's second-largest economy hitting 7.6 percent in the second quarter, the lowest in three years, the market is eagerly expecting a new round of stimulus.

Changsha, capital of Central China's Hunan province, took the lead late last month by announcing an 829 billion yuan (\$130 billion) stimulus program. The money will go to 195 projects, including airport, subway and urban infrastruc-

ture facilities, the local government said.

The provincial government of Anhui, East China, also announced 81 major projects with a planned investment of up to 45.7 billion yuan.

These programs, and others, have been dubbed the "local stimulus", a reference to the 4 trillion yuan stimulus that was rolled out by the central government in 2008 to ward off the impact of the global crisis.

But questions are being asked about the financial sources to pay for the stimulus with a property market slowdown and curbs on financing vehicles, a form for local governments to raise cash.

"This year's fiscal budget has been set", indicating that any fiscal stimulus in 2012 will be

limited, Zhang said.

The government has cut its budget deficit by 150 billion yuan to 550 billion yuan in 2012.

Local governments are legally banned from directly issuing bonds. But the central government can issue bonds on behalf of local governments this year.

These bonds will be around 150 billion yuan, 50 million yuan more than last year.

Local government debt was 10.7 trillion yuan at the end of 2010, according to official auditors. Only 300 million yuan of local government debt was added in 2011 as banks tightened lending to financing vehicles.

Xiao Jincheng, director of Land Development and the Regional Economy Research Institute under the NDRC,

said local officials should not overreact to slowing growth.

"The economic slowdown was due, in part, to the tightened monetary policy adopted earlier to ease inflation and the real estate bubble," Xiao said.

But the central bank has eased monetary policy and asked commercial banks to relax lending, so the economy could pick up quickly, Xiao said.

Programs announced by Changsha will help develop central and western areas but such plans are not necessarily suitable for eastern areas.

But Ma Guangyuan, a researcher at the Chinese Academy of Social Sciences, said that local stimulus plans

pose a bigger risk to the economy than any economic slowdown as they could increase

bank debt levels and burden future generations.

Some cities are already saddled with relatively high debt levels after the 2008 stimulus.

Zhang said money used to finance local stimulus should come mainly from State-owned enterprises, as well as private and foreign companies.

Investment should be "pragmatic, efficient, and market-oriented", he said.

To bolster growth, interest rates were cut in June and July and the government unveiled policies to encourage private investment in the energy, health and defense sectors.

The moves will help private companies gain larger market access in areas that have long been dominated by State-owned enterprises.

around china

NINGXIA

Four poisoned to death at landfill

The bodies of four workers were pulled from a well on Saturday after the men were allegedly poisoned to death by toxic gas while working at a landfill in Northwest China's Ningxia Hui autonomous region.

Zhang Lei, director of the Dawukou Landfill in the city of Shizuishan, conducted a routine check about noon on Saturday at an observation well. He reportedly discovered that something was wrong with a gas valve and entered the well with another worker to repair it, according to a statement from the city government issued on Sunday.

When the two did not return, two other workers went into the well around 4:30 pm. Local fighters later entered the well and found the bodies of the four men.

ANHUI

Explosion claims three, injures four

Three people died and four others were injured in an explosion in Fengyang county, East China's Anhui province, on Saturday, local authorities said.

One person was killed after the blast occurred at 4 pm in a farmer's house, in Lingquan village of Fengyang county, on Saturday. More than 20 buildings were damaged by the blast. Two others died on the way to hospital, local media reported on Sunday.

A rescue team was sent to the village on Saturday and four slightly wounded were sent to No 123 hospital in Bengbu city, Anhui province. The cause of the explosion is still under investigation.

GUANGDONG

Official suspended for role in scandal

A discipline official in Zhongshan city of South China's Guangdong province has been suspended from his post for his role in a public servant exam fraud, the city's commission for discipline inspection said on Sunday.

Liang Guoying, a discipline official with Zhongshan Bureau of Human Resources and Social Security, is accused of helping his son change the score he received on a writing test for a public servant exam so his son would get the post, according to a statement from the city's commission for discipline inspection.

The statement said Liang's post was suspended and relevant officials will be punished for the fraud. The employment of Liang's son was canceled.

Ship container leaks toxic gas

A chemical container on an 80,000-ton cargo ship parked at Yantian Port in Shenzhen, Guangdong province, leaked toxic gas at around 8:38 am on Sunday, according to a Xinhua News Agency report.

Ten fire engines and 75 firemen were



BREASTFEEDING IS BEST

PHOTO BY LI ZIYUN / FOR CHINA DAILY

More than 30 mothers breast-feed their babies for one and a half minutes to promote World Breastfeeding Week in a shopping mall in Wuhan, Hubei province, on Saturday. World Breastfeeding Week begins on Aug 1 every year.

sent to the port and dropped 800 kg of dry ice to lower the temperature of the container from 70 C to 30 C. The container was then transported to a dangerous goods disposal area east of the port. The accident did not cause any casualties or damage to the environment, the report said.

The report said the cargo ship's registered country is Panama, and the goods belong to a trade company in Kunshan of Jiangsu province.

BEIJING

Country clarifies land ownership

Ownership of about 78 percent of China's collectively-owned rural land had been clarified by the end of June in a government campaign to protect farmers' land rights, the country's land watchdog said on Sunday.

Local authorities should step up their efforts to certify ownership of all collectively-owned land in the countryside by

the end of 2012 as planned, the Ministry of Land and Resources said in a statement on its website.

Vice-Minister Hu Cunzhi warned that authorities should not approve the expropriation or transfer of collectively-owned rural land that remains unidentified as of the end of this year.

SHANGHAI

Man arrested for killing agent

A 38-year-old man in Shanghai's Qinqpu district has been arrested for allegedly killing his housing agent, Shanghai Evening Post reported on Sunday.

The man killed his agent because he regretted selling his house years ago when the price was only about one-sixth of current price, according to the report.

In 2004, the man, whose name was not revealed, sold his house for 450,000 yuan (\$71,000) to a man who operated a precision instrument enterprise through

an agent. Years later, the price of the house quintupled or sextupled, which made the man extremely upset, the report said.

In a rage, he killed the agent on May 11, the report said, citing procuratorate sources.

Nurse busted for running on debt

A nurse who run away after she failed to pay back a 365 million yuan (\$57 million) loan was arrested in Shanghai in July, local media Modern Express reported on Sunday.

The nurse, surnamed Wang, previously worked at Taixing People's Hospital in Jiangsu province and became involved with an automobile decoration business and real estate investment.

She borrowed money at an extremely high interest rate to invest in real estate, but failed to pay back the loan in full, police said.

HUNAN

Women sentenced for disrupting order

The mother of a forced prostitution victim in Central China's Hunan province was sentenced to 18 months of re-education through labor on Thursday for disrupting public order, police said on Sunday.

Two criminals were sentenced to death, four received life imprisonment and another received 15 years in jail, according to the ruling made by Hunan High People's Court on June 5.

Tang Hui, the girl's mother, protested the sentences, saying all of the convicts should be executed. Her protests severely disrupted public order and court proceedings, the Yongzhou public security bureau said in a statement on Sunday.

XINHUA-CHINA DAILY

China accuses US of stirring up tension in S. China Sea

By LI XIAOKUN in Beijing and TAN YINGZI in Washington

Three Chinese officials, in the space of 24 hours, slammed US criticism of Beijing's decision to set up a military garrison in the South China Sea, a gesture analysts said showcases Beijing's determined stance over the territory.

Inside

The US, trying to take advantage of the worsening South China Sea situation, may damage ties

between the world's two largest economies, experts said.

Assistant Foreign Minister Zhang Kunsheng called in Robert Wang, the US embassy's

deputy chief of mission on Saturday, the Foreign Ministry said in a statement on its website.

US State Department spokesman Patrick Ventrell said on Friday that China had raised tension in the region with the announcement last month that it had established a city and garrison in the South China Sea.

Zhang said that US State Department remarks "completely ignored the facts, deliberately confounded right and wrong, and sent a seriously wrong signal, which is not conducive to the efforts safeguarding the peace and stability of the South China Sea and the Asia-Pacific region."

"We urge the US to correct

its mistake and respect China's sovereignty."

Also on Saturday, Qin Gang, spokesman for the ministry, accused the US of "selective blindness" as "certain countries" escalated disputes by opening oil and gas blocks, threatening Chinese fishermen, and illegally appropriating territory.

Tensions in the South China Sea have increased in the past few months with Philippine naval action near China's Huangyan Island.

The Philippines also recently offered oil and gas exploration contracts in Chinese territory in the South China Sea and Vietnam has passed a law falsely claiming Chinese islands.

"And why has the United

States chosen to speak out all of a sudden to stir up trouble at a time when countries concerned in the region are stepping up dialogue and communication to resolve disputes and calm the situation?" Qin asked.

On Sunday, Vice-Minister of Foreign Affairs Fu Ying said in an interview with Xinhua News Agency that China is ready to enter into discussions with the Association of Southeast Asian Nations on a code of conduct in the South China Sea when conditions are ripe and that the issue should be addressed and solved only by parties directly concerned.

Bonnie Glaser, China security expert at the Center for Strategic and International Studies

in the US, said that the US State Department statement came after Washington became concerned about escalating tension over the past month.

The South China Sea has recently become a prominent topic in US-China discussions, and "it will undoubtedly continue to be on the agenda."

Jia Xiudong, a senior researcher on international affairs at the China Institute of International Studies, said he believed the US statement was aimed at hyping the South China Sea issue to "catch fish in troubled waters", an approach, he said, that Washington has followed in the past two years.

Robert Manning, a senior fellow at the Atlantic Council

and former US government strategist, wrote in an essay that China might have set up the garrison as a way to counter the recent US military focus on Asia.

Despite the fierce dispute, the US does not want to see other nations further provoke China, Maurice Fermont, from the London School of Economics and Political Science, said at a seminar on the US role in East Asia at the University of International Business and Economics in Beijing on Sunday.

"I think the US considers its relations with China as something incredibly important and an issue like this, which involves so many different countries,

should be managed very carefully," he said.

David Arase, professor of politics at the Center for Chinese and American Studies, jointly run by Johns Hopkins University and Nanjing University, said the latest dispute between Beijing and Washington is a "troubling development."

"Both countries should step back and think about their roles as responsible leaders in this region. If it ends with conflict, it will be in nobody's interests."

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