

# Plan aims to stimulate consumption

Automobiles, household appliances and online shopping among sectors targeted for boost

By HUYONGQI  
huyongqi@chinadaily.com.cn

China has decided to stimulate domestic consumption in automobiles, household appliances, online shopping and other sectors, which is expected to keep the economy stable in the wake of downward economic pressure the country started to face last year.

That is the goal of an implementation plan released by the National Development and Reform Commission and other nine departments to encourage consumption in certain areas, including online shopping in rural regions.

The plan offers 24 supportive measures in six aspects.

In the car-making sector, the subsidy for new energy vehicles will be optimized and rural residents will be encouraged to buy new cars. The secondhand car market will also be promoted.

In rural areas, the plan aims to

unleash the potential of online shopping and tourism consumption. Local governments are encouraged to work with e-commerce companies in this field.

The document also promotes the use of green and smart household appliances in urban and rural areas. In high-quality consumption, the plan aims to accelerate the commercial use of fifth-generation mobile communication licenses and support television stations' adoption of 4K high-definition programs.

Infrastructure will be improved to overcome shortcomings in highways, energy, telecommunication, logistics, and charging facilities for new energy vehicles.

The plan is China's latest move in promoting consumption following last year's release of a guideline on boosting residential consumption and an action plan to improve the consumption mechanism by 2020.

In recent decades, the Chinese

**\$148.31 billion**

revenue earned by retailers and restaurants during the Spring Festival holiday, up by 8.5 percent compared with the holiday last year

economy has shifted from an export and investment-driven model to one led by consumption.

Retailers and restaurants earned revenue of more than 1 trillion yuan (\$148.31 billion) during the Spring Festival holiday, from Feb 4 to 10, up by 8.5 percent compared with the holiday last year, the Ministry of Commerce said on Sunday.

Consumption made a greater contribution to China's economic growth last year, with final consumption expenditure contributing 76.2 percent of overall

GDP growth, Ning Jizhe, head of the National Bureau

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contribution consumption expenditure made to China's economic growth last year

of Statistics, told a news conference hosted by the State Council Information Office last month.

Per capita consumption expenditure hit 19,853 yuan in 2018, a nominal increase of 8.4 percent year-on-year, the National Bureau of Statistics said. The increase was 1.3 percentage points higher than in 2017.

But last year also saw the first decrease in car sales in 28 years, and the stock prices of 23 of the 24 Chinese automakers listed in the A-share market fell by half or more.

Deducting inflation, retail sales of social consumer goods rose by a 10-year low of 6.5 percent —

almost at the same pace as real disposable income — Yan Se, a business management professor at Peking University, told the Sohu Think Tank.

The implementation plan targets short- and long-term consumption, and focuses on stabilizing large-scale products while also cultivating new drivers, said Wang Yun, a researcher at the China Academy of Macroeconomic Research, which is affiliated to the NDRC.

The document is expected to optimize policies concerning automobiles, housing and household appliances, and also nurture new consumption such as information consumption represented by the 5G network, smart appliances and other services in line with China's population structure, Wang said.

China is estimated to have about 140 million families — around 400 million people — with annual incomes of 100,000 to 500,000 yuan

that can afford cars, housing and travel, the NBS' Ning said. Consumption potential can be further unleashed by increasing residential incomes and improving product quality to build a strong domestic market, he said.

Ning also said the service sector, including education, child care, nursing for the elderly, medical services and tourism, will be promoted. In the meantime, residential incomes will be increased to boost the affordability of consumption, he said.

Investment has contributed less to economic growth since 2012, and consumption is expected to contribute more than 80 percent of the country's GDP growth this year, said Guo Xiaobei, a researcher at the Research Institute of China Minsheng Bank.

In the future, mid- and high-end consumption will play an increasingly vital role in domestic consumption as the middle-income group grows, Guo said.



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## POLICY RESPONSE

# Employment, private kindergartens and small business taxes addressed

By XU WEI  
xuweix@chinadaily.com.cn

Several ministry-level departments, including those for human resources and social security, civil affairs, and finance, have responded recently to issues of public concern.

### Employment survey to help job seekers

The Ministry of Human Resources and Social Security has launched an online survey in an effort to improve services to job seekers.

In a notice posted on its website on Feb 2, the ministry invited members of the public to fill in an employment questionnaire and give it a better understanding of the employment situation after the Feb 4-10 Spring Festival holiday.

The survey is open to the public until Feb 20. Respondents can access the questionnaire by scanning a QR code on the screen of their cellphones or logging on to the ministry's website.

The ministry also surveyed employers and job-seekers last year to find out more about employment needs after Spring Festival.

### Ministry urges lower organization fees

The Ministry of Civil Affairs has urged national-level industrial organizations and chambers of commerce to lower membership fees and refrain from imposing unreasonable charges to reduce the burden on businesses.

The ministry said in a statement on Feb 3 that it will conduct the annual examination of national-level social organizations, and such

organizations are also expected to report fee adjustments in their annual reports.

The lowering of membership fees will be an important criteria for the ministry in evaluating national organizations. Other criteria include whether the organizations have imposed charges against regulations or been found to have misused funds. Those who fail the evaluations will be disqualified, the ministry said.

Social organizations found to be engaged in activities that harm national reunification, national security, ethnic unity or jeopardize the national interest will also be disqualified and punished according to law, the ministry said.

A third-party will conduct random on-site verification of information submitted, it added.

### Private kindergartens 'still supported'

The Ministry of Education said on Feb 2 that it will continue to boost support for private kindergartens and encourage them to provide inclusive services.

The ministry said media reports that the country will no longer allow the development of private kindergartens were misleading, and it will continue to encourage investment in kindergartens.



As of 2017, about 63 percent of kindergartens nationwide were run by private entities, among which 43 percent were deemed to be providing inclusive services, the ministry said.

It added that it will encourage more private kindergartens to provide inclusive services. In the meantime, private kindergartens will be allowed to remain profit-oriented to meet public demand.

### Tax benefit to boost small businesses

Chinese authorities have decided to grant a three-year tax benefit to encourage self-employment and hiring by small businesses.

The decision was jointly announced on Feb 2 by the Ministry of Finance, State Taxation Administration and two other government departments.

According to the decision, people in need who start a business can have 12,000 yuan (\$1,790) a year deducted from their families' annual taxes over three years.

The preferential treatment will target four groups: those registered as members of poverty-stricken groups; people who have been jobless for more than half a year; those living on subsistence allowances; and recent graduates from higher education institutions.

Businesses that have hired individuals from the four groups and paid social insurance for them can also enjoy tax deductions of 6,000 yuan per person a year for three years.

Local governments at the provincial level can lift the tax relief by 30 percent at most, according to local conditions.

## Policy digest

### Action on payments to private businesses

The central government has urged greater efforts to prevent delayed payments to private businesses, according to a statement released after a State Council executive meeting on Jan 30.

The meeting, chaired by Premier Li Keqiang, also called for the establishment of a long-term mechanism to prevent delayed payments to private businesses from government departments and State-owned enterprises.

Greater strides will be made in the area so that the salary payments for migrant workers can be delivered in full before the Spring Festival holiday.

Bonds newly issued by local authorities should be primarily used to solve back pay problems. Funds withheld by government departments and large SOEs for several years must be paid at least by half before the end of this year, the statement said.

The meeting also urged central SOEs to pay debts owed to private businesses before the end of this year, with other SOEs also urged to expedite the process.

More work will be done to strengthen spot checks, oversight and special audits, and the identities of local authorities and departments performing unsatisfactorily will be publicized, along with cases with severe social impacts.

The meeting also urged the accelerated establishment of a long-term mechanism to prevent back pay to private businesses. The authorities will be strictly forbidden from requiring advance payments from businesses in exchange for government contract projects.

Revisions to laws and regulations will also be made to prevent new back payments, the statement said.

### Property registration procedures sped up

China will further cut the time required for immovable property registration to make it easier for the public to access government services, the State Council executive meeting on Jan 30 decided.

As part of efforts to improve the business environment, the reform of government functions must be deepened to address public complaints about the long time and tedious process required for real estate registration, a statement released after the meeting said.

An interagency information pooling and sharing mechanism will be established so that information related to immovable property registration, including household registration, business licenses, tax payments and transactions, can be shared by the end of this year, the statement said.

The meeting also called for efforts to streamline registration processes, with one-stop interagency services to be made available.

An Internet Plus immovable property registration model will be promoted so that applications, their review, and government feedback can all be made online. It will only take applicants a single trip to a single office to have application materials checked and see the registration completed, the statement said.

The time required for general registration will be cut to no more than 10 working days by the end of this year, and that for mortgage registration to no more than five

working days. The time required for general registration will be reduced to no more than five working days before the end of next year, the statement said.

### 55 indicators for public hospital assessments



China will beef up performance assessment for its public hospitals to promote better efficiency and income distribution, according to a guideline published on Jan 30.

The guideline, issued by the General Office of the State Council, also aims to encourage public hospitals to emphasize quality and efficiency rather than expansion.

According to the guideline, the performance assessment of public hospitals will start this year, establishing an evaluation system. It will be further refined by 2020, so that the management of hospitals can be further standardized and the efficiency of medical services can be improved.

The performance assessment consists of 55 indicators, in categories including medical standards, operational efficiency, sustainable development, and customer satisfaction.

China has a three-tier system to grade its public hospitals, which offer the largest number of beds and provide comprehensive medical services.