

Cross-border e-commerce a trade priority

Customs pledges to maintain accommodating approach to sector

By XU WEI
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When Hangzhou Kaite Electrical Appliance, a producer of power strips, sockets and plugs, launched sales on online retail giant Amazon in the United States two years ago it was looking to boost its business.

Despite recent trade frictions, those hopes have been borne out, with cross-border e-commerce sales through Amazon now raking in \$10,000 a day on average, company vice-president Ma Gaodong said.

The US market still accounted for 70 percent of the company's exports in the first half of this year, down from at least 90 percent two years ago.

"We expect the sales volume (through cross-border e-commerce) to double this year," said Ma, who is in charge of sales at Kaite, which is based in Jiande county, Zhejiang province.

The State Council, China's Cabinet, has made cross-border e-commerce a priority in its efforts to stabilize foreign trade.

At an executive meeting on Wednesday, it again called for efforts to accelerate the growth of the new business model. A week earlier it said more cities would be encouraged to launch cross-border e-commerce pilot zones, on top of the 35 existing zones nationwide.

The government has also decided to exempt retail goods exported from the pilot zones from value-added tax and to simplify the verification and collection of corporate income tax.

During an inspection trip to Zhejiang province last month, Premier Li Keqiang called for

greater policy support and innovations in government oversight to shore up the growth of cross-border e-commerce.

He underlined the role of cross-border e-commerce in enabling more businesses to sell products overseas, saying the business model is a major trend for the future development of international trade.

China's foreign trade in the first half of the year increased by 3.9 percent year-on-year to 14.67 trillion yuan (\$2.16 trillion), with exports growing by 6.1 percent year-on-year, the General Administration of Customs said on Friday. Imports rose 1.4 percent during the same period, while trade with the US was down by 9 percent.

Customs administration spokesman Li Kuiwen told a news conference on Friday that the country is facing a series of challenges in achieving stable foreign trade growth.

However, he said most Chinese businesses remain confident about their prospects, and the country has sufficient policy tools and new measures to further optimize its foreign trade structure.

The customs administration will continue to adopt a prudent and accommodating approach in its oversight of the cross-border e-commerce sector, Li added.

Statistics from the administration show that the total volume of imports and exports from cross-border e-commerce reached 134.7 billion yuan last year, up 50 percent year-on-year.

“The key is to help businesses build their core competitiveness in the international market and to stimulate their vitality through the policies.”

Bai Ming, researcher at the Chinese Academy of International Trade and Cooperation

Exports were up by 67 percent, and imports increased by 39.8 percent. The sector maintained doubled-digit growth in the first half of this year, according to the Ministry of Commerce.

Ma said the business model could give rise to a large number of start-ups.

"It frees us from the constraints of retailing chains overseas and ena-

bles us to sell our products directly to our customers," he said. "We can also pitch our new products more quickly."

Meanwhile, the streamlining of retailing procedures also gives the company more say in the pricing of products, he said.

Despite the higher tariffs on exports to the US, Ma said Kaite can still fine tune the price of its prod-

ucts to maintain an edge in the market.

The State Council meeting on Wednesday also came up with measures to make it more convenient to use yuan in cross-border settlement, which Ma said would protect businesses from fluctuating exchange rates.

Bai Ming, a researcher at the Chinese Academy of International

Trade and Cooperation who focuses on the international market and trade policies, said the State Council has prioritized support to businesses in its latest measures to boost foreign trade.

"The key is to help businesses build their core competitiveness in the international market and to stimulate their vitality through the policies," he said.

POLICY RESPONSE

Government takes action on healthcare for poor and creates opportunities for graduates

By XU WEI

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

Rural access to medical services improved



The National Health Commission will adopt measures to ensure all rural residents have access to basic medical services by the end of this year, it said on July 9.

The measures, part of the country's ongoing poverty reduction campaign, are designed to make sure all poor people, especially those living in impoverished areas, can enjoy basic medical services, He Jinguo, an official with the commission's poverty reduction office, said at a news conference.

The commission wants patients with common and chronic diseases to be able to receive diagnosis and treatment at healthcare institutions at the primary level, he said.

Around 14.35 million poor patients with serious and chronic diseases have received basic treatment and health management services, according to the

commission. It added that poor patients only need to pay an average of about 10 percent of their total medical fees.

More residency rights for graduates

China has scaled up measures to help college graduates find jobs and start new businesses with measures to relax residency restrictions and facilitate the establishment of startups, according to a notice released on Friday.

The notice, jointly issued by the Ministry of Human Resources and Social Security and four other government departments, said efforts will be made to expand employment channels for college graduates. Incentives will be offered to small and micro-sized enterprises if they hire people who have been unemployed for two years after graduating from college.

College graduates will no longer face restrictions in obtaining *hukou* — registered permanent residence — in non-first-tier cities, including provincial capitals, with the registration process for graduates to be simplified.

Agencies engaged in illegal activities, including those that



post fake recruitment information and lure graduates into debt traps and pyramid schemes, will be targeted.

Training and internship opportunities will be expanded, and the government will help arrange internships for college graduates and unemployed young people, the notice said.

The authorities will also boost measures to encourage graduates to start new businesses and make it easier for them to apply for startup loans. Graduates will also be offered incentives to start businesses in their hometowns or in rural areas.

China is expected to see 8.34 million students graduate from college this year, 140,000 more than last year.

Inspections target summer schools

The Ministry of Education has launched a special inspection targeting wrongdoing by nonschool training institutions during the summer vacation.

Local education departments have been told to inspect all such institutions in their administrative areas, the ministry said on Wednesday.

It called for local authorities to accelerate the establishment of long-term oversight mechanisms and respond to public complaints in a timely manner.

The ministry has ramped up supervision of after-school training institutions in the past year in an effort to curb extracurricular programs that put children under too



much pressure and cause unnecessary competition among students.

Pledging IPR for loans to be encouraged

The National Intellectual Property Administration said on July 9 that it will enable more small and micro-sized businesses to obtain financing by using their intellectual property rights as collateral.

Zhao Meisheng, an official with the administration, said at a news conference that financial institutions will be encouraged to establish and improve mechanisms for obtaining loans by pledging intellectual property to ease the financing difficulties faced by small and micro-sized businesses.

The banking sector will establish a credit approval system and interest rate pricing mechanism in line with the characteristics of IPR.

Zhao said more businesses have obtained financing through pledges of intellectual property, easing capital constraints and accelerating the commercialization of their IPR. In the first half of this year, newly pledged patents and trademarks helped businesses obtain financing of 58.35 billion yuan (\$8.48 billion), up by 2.5 percent year-on-year.

Policy digest

State-owned equity to top up social insurance

The State Council has called for full implementation of its policies to reduce employers' contributions to social insurance schemes to lighten corporate burdens and ensure pensions are paid on time and in full.

In a statement released after an executive meeting on Wednesday, the Cabinet said social insurance funds are operating steadily and are able to ensure payments on time and in full, despite fee reduction measures.

The authorities must gain first-hand information on delivery of the policies and corporate feedback, and promptly address problems as they arise, the statement said.

China unveiled measures to cut corporate contributions to the social insurance scheme in March as part of tax cuts and fee reductions totaling 2 trillion yuan (\$290.9 billion).

The statement said the measures delivered notable effects in the first half of the year, with companies' spending on workers' basic pensions, unemployment insurance and work-related injury insurance down by over 128 billion yuan.

The meeting also called for consistency in payment formats. The share borne by employers for workers' basic aged-care insurance must be kept at no higher than 16 percent.

For provincial areas with varying payment rates and bases, no policy adjustment will be made this year.

It also urged local authorities to shoulder their pension payment responsibilities and make sure no pensioners are left behind.

To make social security funds more sustainable, Cabinet members decided to roll out measures to replenish social security funds through the injection of State capital.

More transparency in budget management

The State Council has urged rectification of problems found during the auditing of budget enforcement and fiscal revenues and expenditures last year.

Local authorities and government departments must amend the problems, and report the amendments to the State Council before the end of October, the Cabinet said after an executive meeting on Wednesday.

The State Council also urged more transparency and constraint of power in budget management, adding that arbitrary spending must be phased out through the use of performance assessments.

As the government tightens its belt, more fiscal spending must be directed to ensure growth and public livelihood, and tax cuts and fee reduction policies must be implemented fully.

Legal aid coverage to be expanded nationwide

China will speed up the development of a public legal service system with measures to expand the reach of legal aid, according to a guideline published on Wednesday.

The guideline, jointly released by the general offices of the Communist Party of China Central Committee and the State Council, set a target of developing modern public legal service system that is convenient, efficient and accessible in urban and rural areas before 2022.

Noting that public legal services are an important measure to improve people's living standards, the guideline called for efforts to establish public legal services in less developed areas.