

POLICY REVIEW

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The State Council has pledged to bolster support for the platform economy, a new growth engine powered by the rapidly expanding internet sector whose ability to create jobs has been hailed by experts and business leaders.

At its executive meeting on Wednesday, the Cabinet decided to introduce another basket of measures to beef up the sector's growth, including steps to scrap restrictions on private sector access, and others to improve the business environment.

The move came as the country's GDP growth slowed to 6.2 percent year-on-year in the second quarter, its slowest pace in the 27 years since quarterly record keeping began.

The platform economy, as a new way of organizing production and a new growth engine, has contributed to the optimization of resources, the upgrading of industries, the expansion of consumption and the creation of jobs, a statement released after the meeting said.

The total market value of China's top 20 internet platform businesses, including Alibaba, Tencent and Baidu, exceeded \$1.38 trillion by the end of last year, according to a report by the China Academy of Information and Communications Technology.

"The platform economy has become a core business model for the internet sector," Li Qiangzhi, a senior analyst with the academy, said. "Innovative businesses that are structures in platform models are reshaping industries in sectors such as finance, tourism, logistics, transport, medical care and education."

"Some have even become industry leaders."

A guideline issued by the Ministry of Commerce and 11 other departments in February said the country will facilitate the development of the platform economy by fostering a number of 100 billion yuan (\$14.5 billion) commodity markets by 2020.

To further drive growth of the platform economy, the State Council said more measures will be implemented to promote the development of the Internet Plus service industry.

Internet Plus is the central government's strategy to integrate mobile internet, cloud computing and big data with traditional industries. The strategy, unveiled in 2015 and included in the 13th Five-Year Plan (2016-20), aims to turn China into a digital powerhouse.

The Cabinet said private businesses will be encouraged to invest in sectors such as medical



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Cabinet offers support to platform economy

Private investors encouraged to make more high-quality services available to public in range of sectors

care, education, nursing, domestic services and sports to make sure more high-quality services can be made available to the public. The development and application of industrial internet platforms will be accelerated, and

the sharing of data and manufacturing resources will be stepped up, it added.

Zhang Tao, the CEO of Beijing-based business-to-business platform Yeebee, which offers services to small and medium-sized service

buyers and providers, said the State Council's decision was as a major boost to the company.

"The platform economy will definitely reshape the service sector in the near future," he said. "It could enable buyers and providers to

strike deals more quickly and more conveniently."

Zhang said businesses could obtain services more cheaply through internet platforms, thanks to greater transparency during the deal-making process.

“More people could become self-employed or freelancers with the rapid rise of the platform economy.”

Li Qiangzhi, senior analyst with China Academy of Information and Communications Technology

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The development of 5G mobile communication technology will also transform the trade in services, largely facilitated by the platform economy, he said.

The State Council also vowed to improve the business environment, with measures to make business registration easier and simpler procedures for setting up branches. It also called for streamlined approvals and better services, with data sharing between platform companies and government departments set to be enhanced.

Financial institutions will be encouraged to provide support to the platform economy, and the government will continue with its prudent and accommodating oversight, the statement said.

The meeting also called for the responsibilities of platforms to be defined more clearly and for measures to ensure that those engaged in wrongdoing — including online fraud, the leaking of users' information and unfair competition — can be held accountable.

Li, the analyst, said it is important for the authorities to adopt different oversight strategies for different sectors.

The rise of the platform economy has profoundly changed the job market, he said, with a large number of individuals becoming freelancers, posing challenges to the social security system.

"More people could become self-employed or freelancers with the rapid rise of the platform economy," Li said. "To cope with the new situation, it is imperative that the authorities are forward thinking."

Another issue is to ensure that individual workers have enough say when disputes with platforms occur, he said.

"That is why it is necessary for platforms and the authorities to establish mechanisms for laborers to file complaints and demand rulings and enforcement," Li said.

POLICY RESPONSE

Curbs on after-school classes, social credit repair, and easing exit of 'zombie' companies on agenda

By MO JINGXI
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Several ministry-level departments, including those responsible for education, development and banking, have responded recently to issues of public concern.

Rules for off-campus online education



China will take a series of measures to regulate off-campus online education programs in an effort to ease the burden of extracurricular studies on primary and middle school students, according to a notice released on July 15.

The notice, jointly issued by six government departments including the Ministry of Education and the Ministry of Public Security, listed five priorities for the regulation of training institutions that provide online courses, including the quality of content and faculty.

Each class should last no longer than 40 minutes and the intervals between two courses should be no

less than 10 minutes, the notice said.

It also requires that all live-streaming training activities for schoolchildren should be finished before 9 pm.

Institutions that fail to correct irregularities by the end of June next year will be put on a blacklist and receive punishment, the notice said.

Market exit of 'zombie' SOEs to be encouraged

China will speed up the exit of State-owned "zombie" companies from the market to create a better business environment, the National Development and Reform Commission said on Tuesday.

According to guidelines jointly released by NDRC and a number of other government departments, related parties should not use means such as illegal government subsidies or loans to hinder the exit of bankrupt State-owned companies from the market.

The establishment of a personal bankruptcy system was also proposed in the guidelines, with a focus on resolving the joint liabilities of natural persons resulting from business bankruptcy.

The exit of all types of market entities, including financial institutions and State-owned "zombie companies", should be in line with market principles and the rule of

law, according to the guidelines.

The reform of the exit system for market entities will help advance the country's supply-side structural reform and enable its bankruptcy system to better adapt to economic and social development, Meng Wei, a spokeswoman for the NDRC, said at a news conference on Tuesday.

Microcredit funds meant to aid poor families

China will further regulate the management of microcredit for poverty alleviation as part of efforts to win the tough battle against poverty, according to a notice published on Thursday.

The notice, jointly released by the China Banking and Insurance Regulatory Commission and three other government departments, said microcredit for poverty alleviation should be used only to help poverty-stricken households engage in production.

Its use for unproductive purposes such as getting married, building houses or purchasing



household objects is prohibited.

It should also not be used to fund government financing platforms or support the production and operation of enterprises, according to the notice.

Microcredit for poverty alleviation provides loans of less than 50,000 yuan (\$7,268) for a period of less than 36 months without the need for guarantees or collateral.

Social credit repair mechanism mooted

The National Development and Reform Commission said on Thursday that China will explore ways to establish a social credit repair mechanism.

Lian Weiliang, deputy head of the NDRC, told a news conference that repair will be based on the premise that parties with discreditable records have completely corrected their discreditable behaviors and accepted their legal liabilities.

Punishment can only be removed when the discreditable parties have received credit education, and promised to keep faith and fulfill their social responsibilities, he said.

Lian said social credit repair is by no means a simple "whitewashing of discredit records".

It should be a limited rectification process with preconditions and procedures, he added.

Policy digest

Monetary penalties for IPR violations to be increased

The State Council called for better protection of intellectual property rights and concrete efforts to protect the legitimate rights of all types of market entities at an executive meeting chaired by Premier Li Keqiang on Wednesday.

The country will intensify IPR-related law enforcement and ensure equal protection of the rights of all market players, a statement released after the meeting said.

The government will speed up efforts to formulate and improve the criteria for determining, checking and verifying infringements of patents, trademarks and copyrights. Special campaigns targeting IPR violations will be carried out, and severe punishment involving hefty fines will be meted out to combat infringements. International cooperation on IPR protection will be enhanced to make it easier for companies to register and protect intellectual property rights overseas, the statement said.

The government will push forward with revisions to the Patent Law, the Copyright Law and the Trademark Law, and monetary penalties for breaches of the laws will be raised significantly.

The meeting also called for continuous efforts to improve the quality and efficiency of IPR examination, with measures to accelerate the development of the smart system of patent examination and trademark registration. The time required for reviewing applications of high-value patents will be shortened to no more than 17 and a half months by the end of this year, and the average review

period for trademark registration to no more than five months.

Economic audits for SOE managers, officials

China will beef up oversight of the responsibilities of government officials and State-owned enterprise managers to promote economic growth and prevent major economic risks, according to regulation published on July 15.

The regulation on the auditing of the economic obligations of officials and SOE managers was jointly issued by the general offices of the Communist Party of China Central Committee and the State Council.

The auditing will cover all government and Party officials from the township level up, as well as legal representatives of SOEs and enterprises, including financial institutions, in which State-owned capital holds a controlling or dominant position.

Economic responsibilities listed in the regulation include carrying out economic policies, promoting economic and social development, managing public funds, State-owned assets and State-owned resources, and preventing and controlling major economic risks.

Officials will be held accountable for acts resulting in the loss and waste of public funds, assets and resources, and those that harm the environment or otherwise damage public interests.

An accountability system will be established, and the auditing will serve as a reference in the evaluation, promotion, rewarding and punishment of officials.