

POLICY REVIEW



SHI YU / CHINA DAILY

Illegal fees on businesses to be remedied

State Council urges better oversight of intermediary services market

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The State Council has stepped up efforts to remedy illegal fees levied on businesses, with experts calling for the establishment of long-term mechanisms targeting such charges.

Local authorities must take the responsibility to remedy illegal fees levied on businesses, and government departments are forbidden from transferring their own expenses to businesses, the Cabinet said in a statement released after an executive meeting on Wednesday.

The measures are designed to ensure the full implementation of large-scale tax and fee cuts, to develop a business environment in line with the rule of law and to better energize market entities, the statement said.

Industry associations and government-affiliated institutions are strictly prohibited from using their administrative powers to levy charges, the statement said. Fees that have been collected illegally must be returned within a given time period, and those responsible must be held accountable, it added.

Premier Li Keqiang said in this year's Government Work Report that the country would overhaul surcharges on electricity prices, lower electricity costs in manufacturing, and cut the average electricity price for general industrial and commercial businesses by 10 percent.

A number of railway and port charges would be abolished or lowered, and the government would launch an initiative to address the collection of charges by intermediary organizations, he said.

"We will make the collection of charges open and transparent and leave unauthorized charges no place to hide," he said.

Chen Sheng, a professor with the School of Public Affairs at Chongqing University, said illegal charges on businesses not only increase corporate costs but also damage the credibility of government.

“It is important to make sure that all fees are collected in line with laws and regulations, and to step up law enforcement against illegal charges.”

Chen Sheng, professor at Chongqing University

"It has long been a problem troubling businesses," he said. "Thus it would require a fundamental solution."

The government must make it mandatory that all charges levied on business be made public, Chen said.

"All fees must be compiled into a list, and those outside the list can be deemed illegal," he said. "It is important to make sure that all fees are collected in line with laws and regulations, and to step up law enforcement against illegal charges."

At its executive meeting, the State

Council also vowed to crack down on fees illegally levied by bank branches and to establish a mechanism that accepts reports on violations, conducts random checks and punishes wrongdoers.

It also urged local authorities and departments to accelerate the compilation of a list of third-party services that businesses must resort to for things like certification, and to make the pricing standards public.

The measures will be integrated with the reform to streamline administration, enhance compliance oversight and improve government services, with steps to promote the decoupling of intermediary agencies and government departments, the statement said.

It also called for better oversight of the intermediary services market, with measures to address problems of monopolized and forced services and unreasonable charges.

Local authorities must ensure funding support after the charges are scrapped so that related administrative services will not be affected, the State Council said.

Liu Junguo, a researcher with China Enterprise Confederation,

said the key to overhauling illegal fees to businesses lies in the establishment of a long-term mechanism that enables public supervision and allows businesses to file complaints.

"On the one hand, the government must conduct a complete overhaul of illegal charges. On the other hand, the government must establish an unimpeded system for the public to make complaints and step up punishments for violations," he told Xinhua News Agency.

In the first half of the year, the government's nontax income increased by 21.4 percent year-on-year to 1.54 trillion yuan (\$223.7 billion), according to the Ministry of Finance.

Liu Jinyun, an official with the ministry, told a news briefing on July 16 that most of the increase was due to the authorities working to replenish government revenues with State-owned funds and capital, rather than increasing the fees levied on businesses.

The government's administrative charges were down by 0.5 percent to 208.5 billion yuan in the first half of this year, he said, after falling by 20.6 percent year-on-year in the first half of last year.

POLICY RESPONSE

Veterans' pensions and campus bookstores addressed

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

10% pension increase for disabled veterans

China will increase pension allowances and subsidies for groups such as disabled veterans and families of martyrs, according to a notice released on Wednesday.

The notice, jointly issued by the Ministry of Veterans Affairs and the Ministry of Finance, said pension allowances for disabled soldiers, police officers, state officials, and militia members as well as family members of martyrs and deceased soldiers will increase by



10 percent from Aug 1 — Army Day.

After the adjustment, the yearly pension allowances for veterans disabled in war will be 88,150 yuan (\$12,827) and the amount for those disabled while on duty will be 85,370 yuan. Living subsidies for Red Army veterans will also be raised.

It is the 26th time China has increased pension standards for disabled veterans since 1978 and the 29th time it has increased those for Red Army veterans and families of deceased soldiers in the same period of time.

The previous adjustment was made in August last year.

Universities urged to embrace bookstores

Every college or university in China should have at least one physical bookstore on campus whose variety of books and size should suit the school's characteristics, the Ministry of Education said in a guideline released on Wednesday.

Despite progress in recent years, some campus bookstores still faced operational difficulties due to the challenges posed by digital reading and online booksellers, the guideline said.

It said colleges and universities



should consider bookstores in their overall campus construction plan and provide them with space to operate in an appropriate location. They are also encouraged to offer bookstores concessions and exempt them from rent and utilities charges.

Campus bookstores should conduct various kinds of cultural activities such as reading clubs and academic salons to build themselves into multifunction venues, it said.

The guideline also encouraged college and university libraries and publishers to share information and resources with the bookstores to better meet the needs of students and academic staff.

New casting capacity banned in key areas

The construction of new casting capacity, except for high-end, more

environmentally friendly projects, will be forbidden in key areas in 11 cities and provinces including Beijing and Shanghai in an effort to improve China's air quality, according to a notice released on Thursday.

The notice, jointly issued by the Ministry of Industry and Information Technology, the National Development and Reform Commission and the Ministry of Ecology and Environment, said the key areas should forbid the construction of new casting projects.

Related departments and organizations should strictly carry out regulations and not provide services such as the supply of land and the approval of environmental impact assessments to such projects, it said.

The notice listed several requirements concerning the construction and operation of high-end casting



projects, including the installation of efficient collection and processing devices to deal with all particulate matter generated.

CSRC clarifies role of overseas representatives

The China Securities Regulatory Commission has revised measures dealing with the administration of representatives of overseas stock exchanges in China and expanded them to cover representatives of overseas futures exchanges.

The new measures are based on ones focused on representatives of overseas stock exchanges in China that took effect in 2007.

According to the new measures, representatives of overseas stock and futures exchanges in China will be established through after-event record-filing instead of approval, as previously required.

A notice released by the CSRC on Friday said the measures also clearly defined the scope of activity for the representatives as "engaging in non-profit activities such as liaison, investigation and survey."

The measures also specified and clarified the legal liabilities the representatives will face if they violate any law or regulation in China.

Policy digest

Financial reforms aim to lower interest rates

China will press ahead with pilot regional financial reforms to effectively bring down real interest rates, according to a statement released after a State Council executive meeting on Wednesday.

It said positive progress has been achieved in some areas in inclusive finance, green finance and more opening up in the financial sector.

It is important to employ multiple tools in a coordinated way to support the development of small and medium-sized banks, and lower financing costs for businesses, especially for micro-sized, small and private firms, it said, adding that local governments should fulfill their responsibilities while averting financial risks.

Innovation in regional financial reform must be in line with macroeconomic policies, the Cabinet said.

The meeting also underlined the need to set clear objectives and take a coordinated approach in promoting regional financial reforms and innovations.

Authorities will prioritize financial support for major national strategies for regional development, the agricultural sector, technological innovation and further financial opening up.

Proven practices in the pilot reforms will be rolled out to areas where conditions are met.

A working mechanism for regional financial reforms will be established, allowing dynamic adjustments to enhance follow-up evaluation and third-party assessment of the reforms.

It is important to promptly rectify or halt any pilot reform that delivers few concrete results, or seriously deviates from the reform objectives, the statement said.

The State Council said that regions where pilot reforms have met their objectives and delivered notable outcomes will be encouraged to explore new reforms and their practices that can be replicated will be applied in wider areas at a faster pace.

Interministerial body to boost consumption



The central government has established an interministerial joint conference to boost domestic consumption and drive economic growth, according to a notice released by the General Office of the State Council on Tuesday.

The joint conference, comprising 26 central government departments, will work under the leadership of the Communist Party of China Central Committee and the State Council and enable better coordination of the country's efforts to promote consumption, the notice said.

It will also coordinate efforts to analyze and monitor consumption trends and come up with relevant policy suggestions, promote the implementation of consumption-related policies and measures, and solve the problems that arise during the process.

The joint conference should hold meetings as needed, record the minutes, and deliver the printed minutes to related departments, the notice said.

He Lifeng, head of the National Development and Reform Commission, will serve as convener of the conference. Its office, located at the NDRC, will be in charge of the conference's regular work.

Consumption has played a major role in driving China's economic growth in recent years. In the first half of the year, consumption contributed 60.1 percent of China's economic expansion, according to the National Bureau of Statistics.