

POLICY REVIEW

Hurdles removed for manufacturers

State Council eases policies and says sector has crucial role to play in maintaining economy

By XU WEI
xuwe@chinadaily.com.cn

The State Council has pledged greater support for the manufacturing sector by removing policy barriers hindering further opening-up and increasing preferential credit policies.

At its executive meeting on Jan 3, the Cabinet said the manufacturing sector has a fundamental role to play in maintaining major indicators of the economy, within a proper range.

It is important to take reforms and measures in line with market principles to spur the vitality of market players and harness the momentum of growth, it said.

Premier Li Keqiang said at the meeting that the role of private businesses and small and medium-sized enterprises must be emphasized in stabilizing the investment of the manufacturing sector, and all types of unreasonable access restrictions must be canceled.

"A key step to promote the growth of the manufacturing sector is further opening-up. We must see clearly that the sector can only become stronger through more competition in the international market," he said, adding that businesses must be encouraged to compete globally and seek cooperation opportunities.

To further promote opening-up, the State Council meeting decided on measures to refine policies on planning, use of land and maritime space, as well as energy consumption. It said the central and western regions and the northeast must intensify efforts to facilitate transfers of industries and attract foreign investment.

China has already opened up its manufacturing to foreign investors, with the removal of foreign ownership caps for sectors such as car manufacturing.

The country rolled out tax cuts and fee reductions that totaled over 2 trillion yuan (\$290 billion) last year, with manufacturers the primary beneficiaries. Their value-added tax rate was cut from 16 to 13 percent.

However, the mounting downward pressure on the economy, coupled with weak domestic demand and trade frictions with the United States, has weighed down manufacturers.

Profits of industrial businesses fell by 2.1 percent in the January-November period, according to the National Bureau of Statistics, while industrial output growth also fell by 0.7 percentage points to 5.6 percent.

The purchasing managers' index for the manufacturing sector stood at 50.2 in December, marking the second consecutive month of expansion, the NBS said.

The Cabinet said more steps will be adopted to better improve the business environment, and to con-

2 trillion yuan

China's total tax cuts and fee reductions last year

tinue tax cuts and fee reductions focused on manufacturers.

The cost of electricity and telecommunications will be reduced, and industrial businesses will be greenlighted to take part in the power market.

To alleviate the difficulties and high costs of financing faced by SMEs, more mid- and long-term loans, equity investment and financing in the form of bonds will be made available to manufacturers.

The Cabinet also vowed to boost investment from private businesses

and SMEs, saying that businesses will be incentivized to increase investment in technology upgrades and improve productivity.

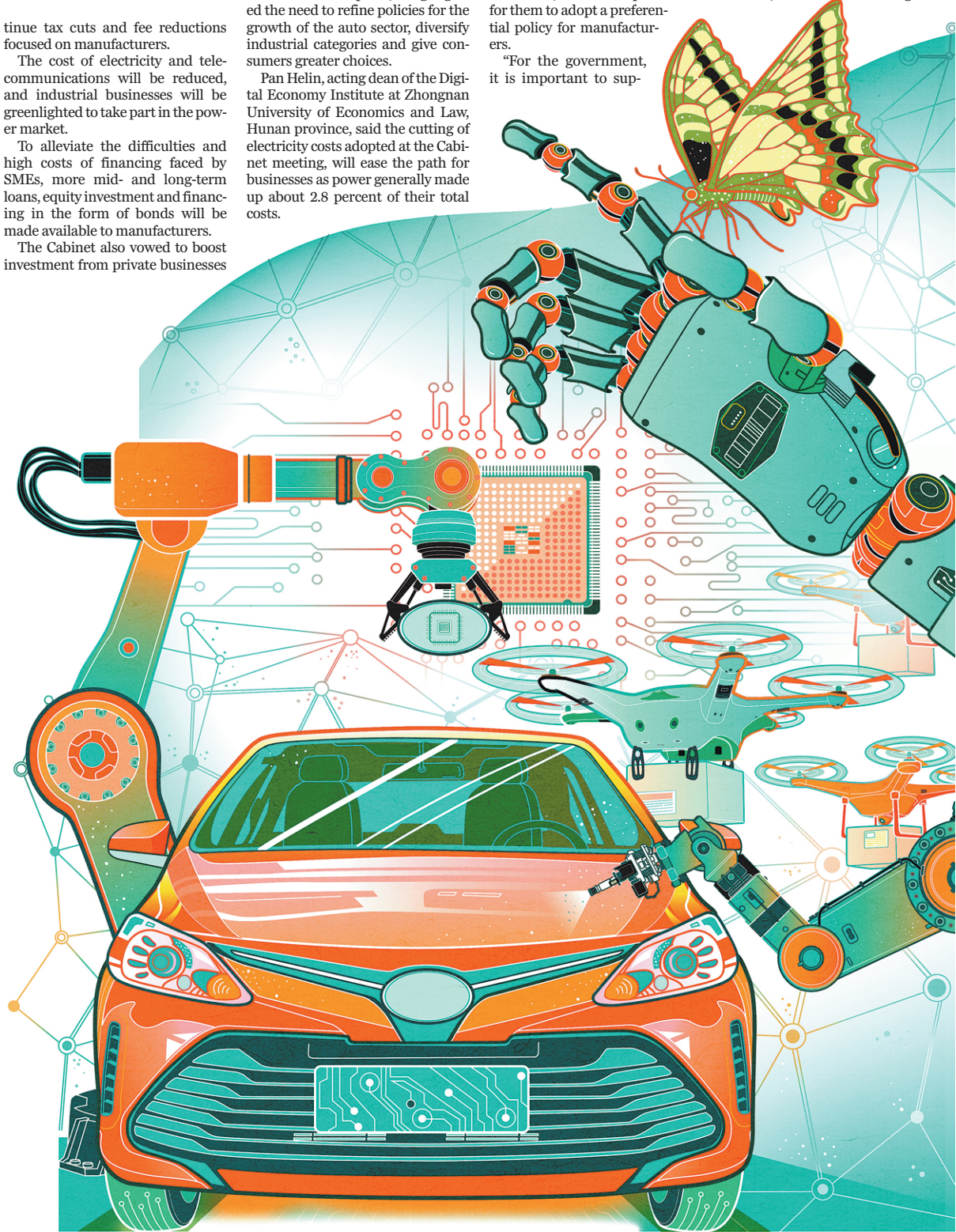
To further tap into the potential of domestic consumption, it highlighted the need to refine policies for the growth of the auto sector, diversify industrial categories and give consumers greater choices.

Pan Helin, acting dean of the Digital Economy Institute at Zhongnan University of Economics and Law, Hunan province, said the cutting of electricity costs adopted at the Cabinet meeting, will ease the path for businesses as power generally made up about 2.8 percent of their total costs.

To ease the financial difficulties of SMEs, a key measure would be for banks to change their credit evaluation system. He said banks are still a primary financing channel for manufacturers, and it is important for them to adopt a preferential policy for manufacturers.

"For the government, it is important to sup-

port leading private businesses to keep expanding their volume of equity financing and to establish a more tiered capital market to boost the financing capacity of manufacturers," said the acting dean.



SHI YU / CHINA DAILY

POLICY RESPONSE

Online educators cleaned up, wage cheats blacklisted

By MO JINGXI
mojingxi@chinadaily.com.cn

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

Policies to boost hometown startups

China will provide greater policy support for migrant workers, college graduates and veterans to start up businesses in their hometowns to boost employment, a guideline published on Thursday said.

The guideline, jointly issued by the Ministry of Human Resources and Social Security, the Ministry of Finance and the Ministry of Agriculture and Rural Affairs, said the move is an important measure to realize the goal of rural vitalization and win the battle against poverty.

According to the guideline, eligible entrepreneurs will enjoy preferential policies in terms of tax and fees cuts and the arrangement of workplaces. They will also receive a one-time subsidy for their startup and a guaranteed loan with low interest rates.

For those unable to start businesses, local authorities should provide employment services and assistance, and social relief according to relevant regulations, the guideline said.

Ministry completes review of online trainers

China has finished scrutinizing 718 online businesses providing after-school training programs amid intensifying efforts to regulate the private education market, the Ministry of Education said on Wednesday.

Online training providers were asked to rectify their problems spotted in scrutiny of their operations, the MOE said.

The ministry, in joint efforts with five other central authorities, launched a campaign in July to check the operations, course content and teacher qualifications of online training businesses.

By the end of last year, education authorities had finished scrutiny of 3,463 courses and 115,622 teachers of the 718 online training course providers, the ministry said.

Provincial education authorities will release a blacklist of unqualified or poorly-run online training providers and suspend or shut down their services.



Blacklist of wage defaulters released

The fourth blacklist of 100 organizations and people who default on rural migrant workers' wages was released by the Ministry of Human Resources and Social Security on Jan 7.

Wang Cheng, director of labor and social security inspection, said at a news conference in Beijing that punishments meted out by different departments had acted as strong deterrents to defaulting on wages.

The punishments of blacklisted organizations and indi-

viduals cover areas such as government financial support and procurement, production permission, market access and tax preferences.

The blacklisting takes into account two situations — the amount of deductions or unlawful default on rural migrant workers' wages that amount to a criminal conviction, and a default on wages that could cause mass disturbance and seriously affect society.

Heritage workshops aim for job creation

China will support the establishment of intangible cultural heritage workshops in the country's impoverished counties to create jobs and alleviate poverty, according to a notice published on Wednesday.

The notice, jointly issued by the Ministry of Culture and Tourism and the State Council Leading Group Office of Poverty Alleviation and Development, said the workshops will rely on one or several intangible cultural heritage programs that engage a large number of employees and enjoy great market potential.

Local authorities should take measures to properly manage the workshops, including promoting employment, providing training on traditional craftsmanship, developing quality products and increasing sales channels, it said.

Over the past year, the campaign of targeted poverty alleviation through promotion of intangible cultural heritage has yielded results nationwide.

Statistics showed that 2,310 such workshops have been set up across the country, including 393 in national-level poverty-stricken counties. The workshops have helped create 463,800 jobs and lifted 200,000 households out of poverty.

Xinhua contributed to the story.

Policy digest

Cabinet urges clearing of payments backlog

Government departments and State-owned enterprises should clear their arrears owed to private firms and small and medium-sized enterprises before the end of this year, an executive meeting of the State Council decided on Wednesday.

Clearing such arrears is an important decision made by the Communist Party of China Central Committee and the State Council as it concerns market and economic order, improvement of the business environment and the government's credibility, said a statement released after the meeting chaired by Premier Li Keqiang.

Over the past year, government departments and local authorities have identified more than 890 billion yuan (\$128 billion) in arrears owed to private companies and SMEs nationwide. By the end of last year, 75 percent of overdue payments had already been paid.

Efforts should be taken to ensure that undisputed arrears are cleared as much as possible by the end of this year and disputed arrears as soon as possible through mediation, consultation and judicial means. No new arrears should be incurred, the statement added.

The meeting decided that government departments at all levels should make concrete plans, down to each item and each category, to pay the undisputed arrears. Large State-owned enterprises must take measures to ensure their subsidiary companies complete payments.

It also urged efforts to implement a regulation on guaranteeing the payment of wages to rural migrant workers. The regulation will take effect on May 1.

In the future, sufficient capital should be set aside in all construction projects for the timely payment of rural migrant workers' wages in accordance with their contracts. No government departments, State-owned companies or public institutions can, for whatever reason, default on the wages of rural migrant workers, the statement said.

Irregularities such as implementing projects outside the budget plan, starting construction before getting approval, or asking construction entities to make advance payments, will be seriously dealt with, it added.

Local government transparency improved

China will standardize transparency in local government services through the establishment of a nationwide system by 2023, according to a guideline issued by the General Office of the State Council.

The system will cover all local governments' administrative powers and public services, said the guideline issued on Wednesday.

The State Council has identified 26 pilot sectors that local governments are required to complete lists of service items for by the end of this year, according to the guideline. To improve transparency, the lists are to be made public.

The 26 sectors include land and area planning, major construction projects, public resources transactions, financial budgets and statements, and tax revenue management.

The lists should include details such as the name, content, basis for the decision and the time period, it said.

Meanwhile, departments of the State Council are required to finish compiling the guidelines for openness in all sectors of local government by the end of next year.

The guideline issued on Wednesday said that government websites and e-government media platforms should also play active roles in the disclosure of local government services.

To improve public participation in and transparency of decision-making, local governments should inform the public of policies and construction projects that concern their interests through measures such as symposiums, hearings and surveys, it said.

Timely responses should also be made to explain issues of public concern during the implementation of policies and projects.

MO JINGXI