Provinces push structural reforms

By XINHUA

Supply-side structural reform will continue to be a priority of provincial governments this year as China resolves to press ahead with the major tasks of reform amid downward economic pressure, said provincial governors and businessmen.

New targets in cutting excess capacity in major sectors such as steel and coal have been set this year, as unveiled at the annual sessions of provincial legislatures held in January, they added.

The local sessions, which review and approve government economic and social development blueprints, come ahead of the annual sessions of the national legislature and the top political advisory body in March.

After a reduction of 33 million tons in steel capacity last year, China's northern Hebei province, aims to further slash about 32 million tons of steel capacity in the current year, according to the provincial government work report earlier this month.

"2017 will be our toughest year in capacity reduction," said Governor Zhang Qingwei.

"No matter how difficult it is, we are determined to succeed," Zhang added. Hebei produces a quarter of the country's iron and steel.

Yu Yong, chairman of Hesteel Group, the biggest steel company in Hebei, said properly cutting capacity would make room for restructuring and upgrading of the steel sector.

The company cut 3.2 million tons of iron and steel capacity last year and is targeting a reduction of 4.4 million tons in the current year, Yu added.

Coal-rich Shanxi and central Henan both set the targets of cutting 20 million tonnes of coal capacity this year. The two provinces each slashed 23 million tons of coal capacity last year.

"Coal overcapacity reduction should be achieved through market means," said Lou Yangsheng, governor of Shanxi, adding that mergers and reorganizations would be encouraged.

Hubei said that it would close all its coal production firms in two years. Southwestern Guizhou province will slash 15 million tons of coal capacity by closing 120 coal mines this year.

As part of the reform, local governments will also focus on handling poor-performing zombie companies.

Eastern Zhejiang province plans to close 300 zombie companies and 1,000 firms with outdated capacity this year. Southern Guangdong province aims to close 74 private zombie firms after it closed more than 2,000 State-owned zombie companies and 39 private companies in 2016.

China achieved its 2016 target of cutting 45 million tons of steel and 250 million tons of coal production capacity, affecting nearly 800,000 workers.

This year the tasks will be heavier, and zombie companies will be focused on, according to Xu Shaoshi, head of the National Development and Reform Commission, the country's top economic planner.

So far, 27 provinces have unveiled growth rates for last year and their targets for 2017 at local annual legislative sessions.

Among them, 23 had growth rates higher than the national 6.7 percent, with Guizhou, Chongqing and Tibet all above 10 percent. Beijing and Shanghai both reported 6.7 percent.

Most of the provinces aim to maintain the same or slightly lower growth than in 2016.

With an estimated growth of 4.5 percent in 2016, lower than most other provinces, Shanxi set its GDP growth target at 5.5 percent this year to leave flexibility for transformation and reform.

Other reforms, such as market-oriented debt-for-equity swaps and administrative streamlining, are emphasized by many provinces to reduce corporate leverage and encourage businesses.

Besides structural reform in industry, officials said China also emphasized reform in agriculture in the current year.

A steelworker at a steel mill of CITIC Heavy Industries in Luoyang, Henan province. HUANG ZHENGWEI / FOR CHINA DAILY

> **Coal overcapacity reduction should be achieved through market means.**
>
> **Lou Yangsheng,** governor of Shanxi province

3.2 billion tons

the iron and steel capacity cut by Hesteel Group last year

Internet fund aims to boost innovation

Initiative is of great significance for the development of the sector, say analysts

By OUYANG SHIJIA

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The newly established China Internet Investment Fund is expected to foster innovation and entrepreneurship within the internet sector via a market approach, analysts said on Monday.

The 100-billion-yuan ($14.6 billion) internet investment fund, co-sponsored by Cyberspace Administration of China and Ministry of Finance, was launched at the weekend.

Six strategic partners — including Industrial and Commercial Bank of China Co Ltd, CITIC Guoan Group Co Ltd, China Post Life Insurance Corp Ltd and China's three major telecoms carriers — have funded the first 30 billion yuan.

Three State-owned banks — ICBC, China Development Bank and Agricultural Bank of China Co Ltd — will provide financial services and 150 billion yuan of credit for enterprises which have raised money from the internet investment fund.

"Based on market operations, the fund aims to cultivate and promote a new driving force in the internet sector," said Deputy Finance Minister Yu Weiping.

Shen Meng, director of Chanson & Co, a boutique investment bank in China, said the establishment of the State-backed fund was of great significance for the development of the internet sector and the Internet Plus industry.

"It will bring new opportunities for all parts of the internet sector. However, it is difficult to make profits for enterprises without their own core technologies and those unable to cater to consumers' new needs."

A report published by the China Internet Network Information Center during the World Internet Conference in Wuzhen last year showed that China's global ranking among countries with a strong internet-based industry had moved up to 25 in 2016 from 36 in 2012, with a score of 72.8 out of 100, surpassing the average of G20 economies for the first time.

$14.6 billion

the value of the newly established China Internet Investment Fund

Shen added that as China stepped up efforts on economic restructuring and upgrading, the government aimed to boost the development of Internet Plus by bankrolling innovation companies.

"The fund has several advantages, such as abundant money and supportive policies. However, it will take on risks for higher yields," he added.

One analyst urged caution.

"They should invest in firms and projects of real value to avoid bubbles in the innovation field," said Li Zichuan, an analyst at Beijing-based internet consultancy Analysys.

Xiang Ligang, CEO of telecoms industry website cctime.com, said the fund also aimed to better manage cyberspace.

Zhanjiang special

Coastal city plots course to become key provincial economy

By XU JINGXI

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Zhanjiang in Guangdong province has all the necessary attributes to become the economic center of the province's western region, leading officials from Guangdong's provincial government told the fifth session of the 12th provincial people's congress on Friday.

The coastal city holds an important position in the provincial government's plan to balance development between the Pearl River Delta and the less-developed eastern, western and northern regions of Guangdong, the officials said.

On Friday, Ma Xingrui, then acting governor of Guangdong, listened to Zhanjiang delegates' feedback on a government work report he delivered at the session held in Guangzhou on Thursday.

"Zhanjiang has an edge over other cities in western Guangdong and, as a result of this, it can rapidly rise to become the province's economic center," Ma pointed out.

Located at the border between Guangdong and the Guangxi Zhuang autonomous region, and facing Hainan province to the south, Zhanjiang's natural advantages are amplified by its geographical position and labor resources, Ma said.

He added that two large-scale industrial projects — Baosteel Zhanjiang Iron & Steel Co and the Sino-Kuwaiti refinery and petrochemical complex — have located on Donghai Island in the southeast part of Zhanjiang's urban area.

"Zhanjiang's government should be daring enough to try new ventures and make breakthroughs to contribute more to the revitalization of eastern, western and northern Guangdong," Ma said.

In 2013, the Guangdong government decided to make efforts to balance the development between the Pearl River Delta and eastern, western and northern Guangdong a province-wide task. Transportation, industrialization and urbanization were identified as areas of priority.

The provincial government's work report emphasizes that "maintaining mid- and high-speed economic growth" is the most important task in 2017. To stabilize growth and ensure balance, Guangdong will invest 540 billion yuan ($78.6 billion) in key projects, especially those focusing on infrastructure construction.

Investment in infrastructure is set to increase by at least 10 percent in 2017, speeding up the development of rapid transit networks, water conservation projects, information infrastructure, environmental protection infrastructure, energy projects and public services, Ma said.

The relocation of Zhanjiang airport and the construction of a roll on, roll off facility at the Nanshan work zone in Zhanjiang's Xuwen Port are on the list of key projects highlighted in the government work report.

Zhanjiang's development and reform bureau revealed on Friday that the airport relocation is expected to kick off construction in the second half of this year.

The 4.3 billion yuan new airport is expected to have a passenger throughput of 4.2 million people in 2025, among which 200,000 are expected to be foreign travelers.

Construction on the Xuwen Port project is on track to be completed by 2018. The port will connect shipping cargo directly with highways, railways and inland waterways.

Zhanjiang's 11th Party congress, held from Dec 8 to 10, drew up a five-year blueprint for future development.

The goal for the average annual growth of the city's GDP is about 10 percent, with the gross value of industrial output increasing by at least 13 percent on average annually.

Wang Zhongbing, mayor of Zhanjiang, is confident that the city can maintain its impressive growth momentum.

"Zhanjiang has rich marine resources and the city hopes to receive provincial government support for expanding offshore wind power, developing yacht tourism in cooperation with Hong Kong and Macao, and building an economic belt along the Qiongzhou Strait in cooperation with Hainan," Wang said.

A worker operates a crane to lift containers at Zhanjiang Port in Guangdong province. PROVIDED TO CHINA DAILY

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> **Ma Xingrui**, then acting governor of Guangdong

Blueprint sets out growth goals

Zhanjiang's 11th Party congress, held from Dec 8 to 10, devised a five-year blueprint for future development. The blueprint included the following seven major goals:

- Economic strength

Zhanjiang's GDP is projected to report an average annual growth rate of around 10 percent over the next five years from 2017 onwards, with the gross value of industrial output increasing by at least 13 percent annually on average.

The target average annual growth of fixed assets investment, the general public budget revenue and the per capita disposable income of residents, are all set at 10 percent.

- Convenient transport

The length of highways will be doubled. A high-speed rail network and a new airport will go into operation. Road networks will be built around both the bay and the urban area.

Main arterial roads will connect all important towns, and, in smaller villages, cement roads will replace existing mud ones.

- Beautiful landscape

Urbanization will continue to expand but, at the same time, measures will be implemented to ensure that the city continues to enjoy some of the best air quality in the country.

- Drive for growth

There will be active participation in the Belt and Road Initiative and the promotion of mass entrepreneurship and innovation.

- Social governance

The city will continue to practice the rule of law and improve public security. Core socialist values will be promoted among the public with the aim of building Zhanjiang into a "national civilized city".

- Improved life quality

Poverty alleviation and the building of a moderately well-off society in all aspects will both be prioritized. Social security and public service systems will also be improved to give people a better quality of life.

- Political ecosystem

Party discipline will be strengthened and clear guidelines will be established so that Party members can work with "passion, in good conditions, and with a sense of responsibility and boldness to make breakthroughs".

XU JINGXI