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District in Qingdao benefits as fitness program spreads **SPORTS, PAGE 23**

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# Sino-Argentine relations on upswing

Presidents agree to create a visionary blueprint for future

By **AN BAIJIE** in Buenos Aires  
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China and Argentina, both influential developing nations, should jointly support multilateralism and build an open and inclusive world economy, President Xi Jinping said on Sunday.

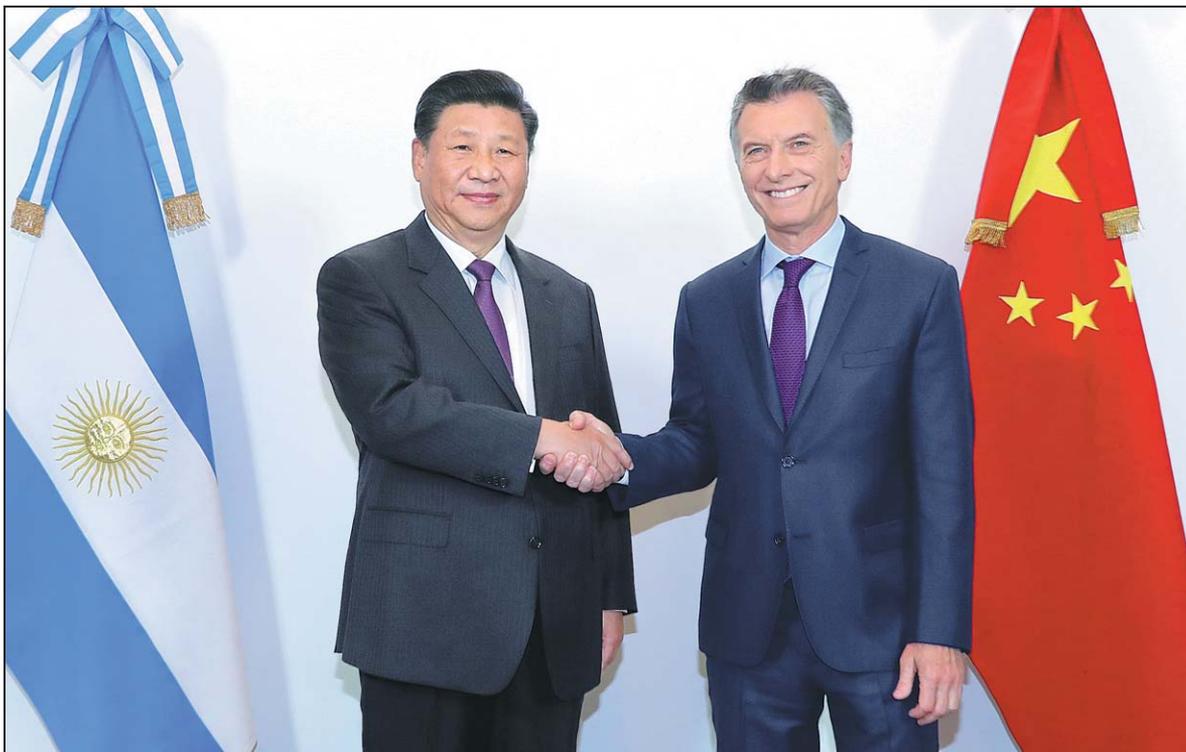
Xi made the remark while meeting with Argentine President Mauricio Macri in Buenos Aires during a state visit to the South American country after he attended the G20 Leaders' Summit on Friday and Saturday.

The two leaders witnessed the signing of a series of cooperation deals after their talks. China would like to increase its imports of products and services from Argentina and facilitate bilateral trade, Xi said.

He noted that it was the fifth meeting between the two presidents in the past two years, setting a record in China-Argentina relations.

The two leaders agreed to map out a blueprint of bilateral relations with a broad vision and to make joint efforts to create a new era for the China-Argentina comprehensive strategic partnership.

Saying that the international situation is undergoing complex changes and facing new challenges, Xi said the two countries should deepen practical cooperation in all areas and make new contributions to global peace, stability and prosperity.



President Xi Jinping shakes hands with Argentine President Mauricio Macri at the Olivos presidential residence on Sunday in Buenos Aires, Argentina. Xi paid a state visit to the nation after attending the G20 Leaders' Summit on Friday and Saturday. XIE HUANCHI / XINHUA

They should continue to support each other on issues related to core interests and major concerns, and firmly support each other's development path, Xi said.

Mentioning that Argentina's economy has experienced fluctuations this year, Xi said China will take concrete action to support the

country's financial stability. China is confident about the future of Argentina's development, he added.

Xi proposed the two countries enhance communication and cooperation under the Belt and Road framework, connect their development strategies and promote bilat-

eral cooperation in all areas.

China supports Argentina in diversifying its energy sector and would like to work with the country to carry out its flagship energy projects, Xi said, adding that China would like to participate in the country's infrastructure projects and promote interconnectivity

between Argentina and the rest of South America.

The two countries should boost exchanges of youth, culture, education, tourism and sports to increase mutual understanding between the peoples of both nations, he said.

See **Relations**, page 3

## WESTERN AREAS STILL LEADING WAY ON GROWTH

Expansion eases in provinces undergoing restructuring

By **XIN ZHIMING** in Beijing and **QU QUANLIN** in Guangzhou

A company in Guangdong province whose main business is selling electrical appliances made from a traditional type of porcelain has decided to increase its market presence through the use of new technology.

A new cooker produced by Guangdong Jians Yili Electrical Appliances that uses internally circulated steam and infrared technology is able to help reduce cholesterol in food, the company said.



It has an interior made of red porcelain, known as *zisha* in Chinese. The porcelain is rich in minerals that can break down fat in food as it cooks, helping to reduce cholesterol, officials said.

"Making an electrical appliance such as a cooker able to improve health through the introduction of innovative technology is of great importance in boosting our business," said Shi Zehua, chairman of Zhuhai HMH Industry Investment, an investor in the electrical appliance manufacturer.

Guangdong Jians Yili is one of many private enterprises driving the shift in the development focus of the province, a major southern economic hub.

Guangdong has the country's largest local economy. Its GDP exceeded 7 trillion yuan (\$1.02 trillion) in the first three quarters of this year and could top 9 trillion yuan for the year — about the same as the GDP of Spain, which ranked 14th globally last year.

But Guangdong's growth rate has eased as it undergoes restructuring.

See **Growth**, page 2

# Xi makes promising visit to Panama as ties move forward

By **AN BAIJIE** in Panama City and **ZHOU JIN** in Beijing

President Xi Jinping arrived in Panama on Sunday for a state visit, the first by a Chinese head of state to the Central American country.

Upon his arrival, Xi said that since the two countries established diplomatic relations in June of last year, their ties have been strong and cooperation in various fields has yielded fruitful results.

The forging of diplomatic ties conforms to the interests of the two countries and peoples, and there is

huge potential for bilateral cooperation, he said.

Xi added that he expected talks with Panamanian President Juan Carlos Varela to draw a blueprint for the development of bilateral relations in the long run, boost mutually beneficial cooperation and promote common development to benefit the two countries.

Xi and his wife, Peng Liyuan, were warmly received by Varela and his wife, Lorena Castillo de Varela, with a grand welcoming ceremony.

Chinese Ambassador to Panama Wei Qiang said that during the visit

the two nations were expected to sign a series of cooperation documents covering such areas as e-commerce, services, trade, infrastructure, financing and education.

Regarding the development of bilateral ties over the past 18 months, Wei said the relationship has been moving forward "like a really good and solid high-speed train, not only fast but also steady."

The two heads of state have played a key guiding role by steering the relationship onto a path of fast and steady progress, the ambassador said.

On the basis of the one-China policy, the two sides have been expanding cooperation in a spirit of equality, inclusiveness, mutual benefit and win-win cooperation, which has benefited both, he added.

Bilateral cooperation is underpinned by the complementarity of the two economies, Wei said, adding that Panama, known for its unique location on one of the world's busiest trade routes, has become an important regional hub for logistics, finance and transportation by both air and sea.

Panama has signed a memorandum of understanding with China on cooperation under the Belt and Road Initiative, and it serves as a natural link between the initiative and Latin America, he said.

Xi arrived in Panama City after wrapping up a trip to Argentina, where he attended the 13th G20 Leaders' Summit and paid a state visit.

Xinhua contributed to this story

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# A-share markets on rebound following Trump trade truce

By **SHI JING** in Shanghai and **ZHOU LANXU** in Beijing

Multiple positive news reports over the weekend bolstered the Chinese A-share market, which has undergone months of decline.

The benchmark Shanghai Composite Index posted the biggest daily gain in a month and rebounded 2.57 percent to close at 2654.8 points on Monday, while the Shenzhen Component Index picked up 3.34 percent to close at 7938.47 points. China's Nasdaq-style board, the ChiNext Index, gained 3.26 percent to close at 1372.79 points.

Eased trade tensions between China and the United States is one major reason for the pickup in the confidence of A-share investors,

according to Gao Ting, head of China strategy at UBS Securities.

President Xi Jinping and his United States counterpart, Donald Trump, agreed on Saturday to continue bilateral trade negotiations, hold off on the imposition of new tariffs and exchange visits at an appropriate time.

Gao said the market would respond positively to the latest agreement, with the sectors of electronics, telecommunications, aviation and papermaking projected to show the most significant growth. The consumption sector, which has been largely undervalued over the past few months, is forecast for an upswing, Gao said.

According to Shanghai-based information provider Wind Info, the food and beverages sector reported the biggest daily increase on Monday, 4.56 percent, followed by electronics, home appliances and telecommunications.

Yang Delong, chief economist at the Shenzhen-based First Seafrost Fund, said that one of the major concerns plaguing the A-share market

# Developed nations' role at issue in climate meeting

By **HOU LIQIANG** in Katowice, Poland  
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Developed countries were called upon to honor their pledges of financial support for developing countries in tackling climate change at the opening of the annual UN climate change conference on Monday in Katowice, Poland.

The 24th Conference of Parties to the United Nations Framework Convention on Climate Change, or COP 24, is tasked with finalizing the detailed implementation guidelines for the landmark 2015 Paris climate change agreement.

"This meeting is the most important gathering on climate change since the Paris agreement was signed," said United Nations Secretary-General Antonio Guterres, addressing the opening ceremony. "We are in deep trouble with climate change. ... This is already a matter of life or death," he said.

The Paris agreement was signed by almost every country in the world at the 2015 Paris conference. It took effect on Nov 4, 2016, with a target of holding the average global temperature increase to no higher



People take part in the Claim the Climate march in Brussels, Belgium, on Saturday to demand action at the United Nations conference on climate change in Poland. FRANCOIS WALSCHAERTS / REUTERS

than 2 C above preindustrial levels. "We are still not doing enough nor moving fast enough to prevent irreversible and catastrophic climate disruption, nor are we doing enough to capitalize on the enormous social, economic and then environmental opportunities of climate action," Guterres said.

He also stressed a collective responsibility to assist the most vulnerable communities and countries, such as small island nations and the least-developed countries, by supporting adaptation and resilience.

"Making clear progress to mobilize the pledge of \$100 billion a year will provide a much-needed positive political signal," he said.

Developed countries made a pledge at the 2009 Copenhagen conference, COP 15, for \$30 billion in support in a "fast-start" fund from 2010 to 2012, and an increase in aid to \$100 billion per year by 2020.

"We cannot afford to fail in Katowice. Some might say that it will be a difficult negotiation. I know it's not easy. It requires a firm political will for compro-

mise," Guterres said.

Frank Bainimarama, prime minister of Fiji and president of COP 23, said the world must move quickly to have any hope of curbing global warming.

"The scientists have just told us the window of opportunity to act is closing very fast," he said.

He added, however, that there are other windows of opportunity to save the planet, including new technologies that enable the world to make a transition.

"There are many billions of dollars needed for the transition, and for making these technologies more accessible and more affordable around the world," Bainimarama said.

Lu Xinming, deputy director-general of climate change at China's Ministry of Ecology and Environment, said that parties should adhere to the principle of equity, find common but differentiated responsibilities and acknowledge respective capabilities in light of different national circumstances as they work out the implementation guidelines for the Paris agreement. Mapping out the detailed implementation guidelines for the Paris agreement as scheduled should be the first key task of COP 24, he said.

## PAGE TWO

From page 1

Other traditional Chinese economic powerhouses, mainly in eastern areas, have had a similar growth trajectory, as seen from third-quarter data released by provincial statistical bureaus, which provide a close look at the performances of different regions.

Western areas continued to lead in terms of economic expansion, with Yunnan province in Southwest China taking first place with year-on-year GDP growth of 9.1 percent, followed by Guizhou province and the Tibet autonomous region, both at 9 percent.

All 31 provinces, autonomous regions and municipalities have released their GDP figures.

Sixteen reported growth higher than the national rate, which was 6.7 percent in the first nine months; 13 registered growth lower than 6.7 percent; while the growth rate in Beijing and Jiangsu province was the same as the national figure.

### Eastern restructuring

Eastern areas, which have traditionally led economic growth, have seen this ease in recent years as more emphasis has been placed on economic restructuring to strengthen their competitive edge and achieve more-sustainable development. This has seen the arrival of new growth drivers, such as the digital economy.

For example, in Zhejiang province, output in the digital economy rose by 14.8 percent in the first three quarters, much faster than the province's overall GDP growth.

In Beijing, new economy growth, such as that from information technology and the internet, reached 13.6 percent in the first three quarters, accounting for one-third of the municipality's GDP.

The capital's heavy investment in research and development is a major factor behind its prospering economy. Although it ranked 12th in terms of GDP scale among all the provinces, autonomous regions and municipalities, it was one of the top five in terms of investment in research and development.

### Western growth

Three western regions, led by Yunnan and Guizhou, are in the top five of the country's fastest-growing.

They have registered high growth in recent years, taking advantage of technological advancement to speed their economic expansion.

Given their lower level of economic development, their production-related costs, such as labor and land prices, have been at relatively low levels, making them ideal destinations for industrial transfers from the more developed eastern regions, analysts said.

Moreover, some of them, such as Guizhou, have taken advantage of the fast growth in emerging industries, such as IT and the internet, to propel their economic growth, said Song Qinghui, an independent economist in Shenzhen, Guangdong.

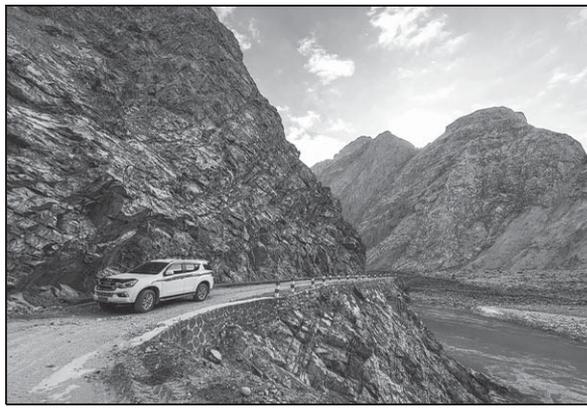
Guizhou, for instance, decided to focus on the development of big data in 2014, hoping to make it a major pillar of its economy.

Home to more than 4,000 big data enterprises, the province has become a major national big data center, with a number of multinationals, such as Microsoft, Apple, Alibaba and Huawei Technologies, establishing branches there. The big

# Growth: Digital economy output rising

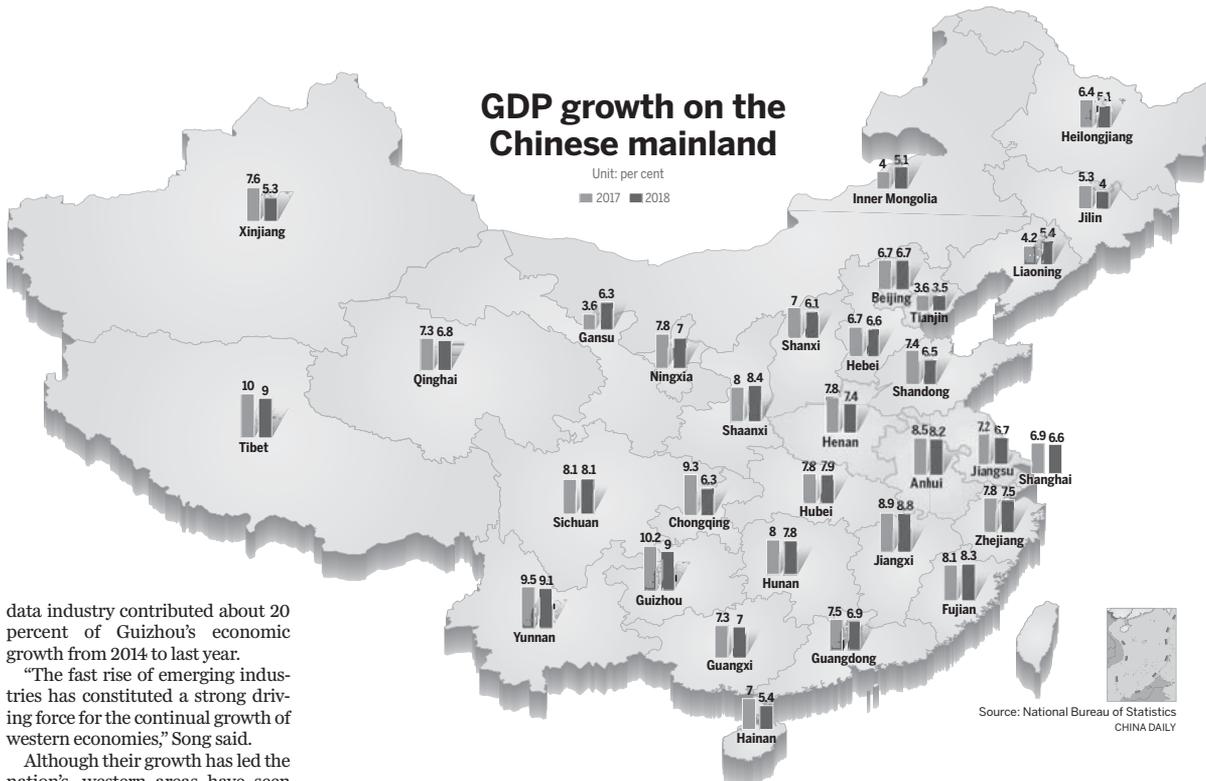


Left: Visitors are shown a digitalized city control center at the China International Big Data Industry Expo 2018 in Guiyang, Guizhou province.



Right: Improving local infrastructure is one of the key ways of eradicating poverty in Tashikurgan, Xinjiang Uygur autonomous region.

PHOTOS BY TAO LIANG AND HU HUH / XINHUA



data industry contributed about 20 percent of Guizhou's economic growth from 2014 to last year.

"The fast rise of emerging industries has constituted a strong driving force for the continual growth of western economies," Song said.

Although their growth has led the nation's, western areas have seen their economic expansion slow due to the overall weakening of the national economy.

Guizhou's GDP growth in the first three quarters was 1 percentage point lower than in the first half of this year, while that in Yunnan slowed to 9.1 percent, down from 9.5 percent last year.

### Central provinces

Investment has contributed significantly to growth in central provinces. In Anhui, fixed asset investment increased by 11.9 percent, up by 1.9 percentage points year-on-year and 6.5 percentage points higher than the national level. Thanks to the support of rapid fixed asset investment growth, Anhui has been relatively resilient against the backdrop of a slowing national economy, analysts said.

“This (services) industry has become a major driving force for the development of the central provinces. It contributed to about 50 percent of their economic growth.”

Song Qinghui, economist in Shenzhen

The services industry has also made a major contribution to the high economic growth of those provinces.

"This industry has become a major driving force for the development of the central provinces. It contributed to about 50 percent of their economic growth," Song said. "The ratio is still on the rise."

### Causes of weakening

Compared with last year, GDP growth of many local economies has weakened. For instance, growth in Yunnan, which was 9.1 percent in the first three quarters, the fastest in the country, was significantly lower than that of Guizhou, which registered the fastest growth nationally of 10.2 percent last year. Local economies weakened as

national economic growth fell to 6.5 percent in the third quarter from 6.8 percent in the first. This was due to falling infrastructure investment and consumption, tightened financial regulations and environmental protection measures that have affected liquidity and production in some areas, weak external demand, and uncertainties caused by the recent China-US trade disputes.

Faced with slowing growth, the central authorities adjusted their regulatory stance by adopting targeted measures in some sectors to channel funds into the real economy and infrastructure construction, steps that have benefited local growth.

The Sino-US trade disputes have affected some local economies,

mainly the exporting eastern provinces.

Some areas, such as Zhejiang, Jiangsu and Shanghai, may be affected the most by the trade disputes between the two countries, Song said.

"We expect to see disruption in a number of provinces that rely heavily on trade for economic growth, including Guangdong, Jiangsu, Zhejiang, along with Shanghai. These areas are China's traditional exporting powerhouses, accounting for more than half of the country's total export flows in 2017," the Economist Intelligence Unit said in a report in September.

Last year, exports as a percentage of regional GDP stood at 50 percent in Guangdong, almost 40 percent in Zhejiang and Shanghai and at about 30 percent in Jiangsu, according to the report.

These areas will have to face changes and work out solutions. "They need to adapt to the new situation through product innovation, industrial upgrading and tapping new markets in other countries, such as those involved in the Belt and Road Initiative," Song said.

Strengthened environmental protection measures have also affected local growth, according to a research note by Everbright Securities.

"These measures have had some impact on local growth, but the effect is waning ... after the authorities banned some local practices, such as willfully stopping production in factories, which violated regulations," the note said.

### Statistical reform

Strict implementation of the statistics law also has had an effect on the results of local economies as the central authorities have tightened monitoring of statistical bureaus, the securities firm said.

Since 2016, the authorities have released a series of documents urging that the quality of statistics be improved and that those involved in falsifying data be severely punished.

The total for the GDP figures reported by all provinces, regions and municipalities is often higher than the final one calculated by the National Bureau of Statistics. This is either for technical reasons, such as duplicated calculation by local bureaus, or falsifying of figures by local officials.

Last year, the total for all local GDP figures was 2.4 percent higher than the figure calculated by the NBS, but the gap was significantly narrower than in previous years, showing that tightened top-level statistical monitoring has played a role in improving the accuracy of GDP calculation, Everbright Securities said.

From next year, the NBS will reform the system used to collect and calculate data. At present, city and provincial statistics bureaus collect information, such as output data, for their jurisdictions and calculate GDP scale, but after the reforms are introduced, this power will be transferred to higher authorities.

As a result, central statistical authorities will be in charge of calculating provincial-level GDP, and provincial bureaus will handle GDP calculation for cities.

Such reforms aim to avoid falsification of GDP figures and make statistics more accurate, analysts said.

"The move will help unify national data and local statistics," said Cai Zhizhou, a statistics professor at Peking University.

## Local govt bonds viewed as way to encourage infrastructure funding

By CHEN JIA  
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Issuing more local government bonds next year could be a way to support infrastructure construction funding and offset a likely slowdown in government income, experts said.

At the same time, regulation of local governments' debt expansion could remain unchanged when they face repaying matured loans next year.

Total local government bond issuance may reach 3.9 to 4.4 trillion yuan (\$566.5 billion) next year. It will be the key channel to raise fund, and part of this will be used to repay the 1.32 trillion yuan in matured debt, according to a recent research by China Securities.

Nearly 1.32 trillion yuan is due to be repaid by local governments next year, compared with the total matured debt of 838.9 billion yuan this year, according to financial information provider Wind Info.

Local governments usually issue both general (on-budget) bonds and special-purpose (off-budget) bonds

to repay old debt. This means that bond issuance in 2019 may require a sharp increase to more than 4 trillion yuan, analysts said.

With the country continuing to keep a tight rein on "hidden" fundraising activities of local governments, as well as taming shadow banking, financing pressure will shift more to bond issuance, they added.

Several provincial and city governments have been calculating the amount of money they will need to support next year's infrastructure construction projects, which policymakers will rely on to stabilize economic growth amid a gloomier outlook for 2019. The National People's Congress, the country's top legislative body, will discuss and decide the annual local government bond quota in early March.

Former finance minister Lou Jiwei said that room for further fiscal expansion is limited, as the debt level is already high and local government income has fallen.

"It may not be right to relaunch

“... the ongoing credit down-cycle will extend into the spring due to rising repayment pressures and widening credit spreads.”

Lu Ting, economist with Nomura Securities

4.06 trillion yuan

value of bonds issued by local governments in the first 10 months of this year, according to the Finance Ministry

massive infrastructure construction, as the leveraging level will rise further, thus extending risks, and the consequences of a systemic crisis will be even worse," he said.

Local governments' income growth has slowed remarkably this year. Some provinces and municipalities, especially those that rely heavily on the manufacturing industry and property investments, may see greater pressure to widen fiscal deficits next year, according to experts.

For example, the Tianjin municipal government's income dropped by 20.5 percent year-on-year in the first nine months of this year, showed by the finance department of Tianjin's local government. Its income fell for 11 consecutive months from November last year.

"The implementation of tax-cut policies and adjustment of the fiscal structure has significantly reduced Tianjin's fiscal income this year," said a local government bond rating report from China Lianhe Credit Rating Co.

Such income in the Inner Mongolia autonomous region has also fall-

en significantly this year — down by 9.3 percent year-on-year by the end of August. In Hunan province, while the local government's revenue increased by 1.52 percent in the first eight months, this compared with 7.18 percent growth in the same period last year, according to data from the local governments.

The Ministry of Finance announced the first monthly decline in fiscal revenue for this year in October. It retreated by 3.1 percent from a year earlier to 1.57 trillion yuan, mainly due to a substantial year-on-year drop in tax income of 5.1 percent, which came amid the strongest wave of tax cuts in a number of years.

A more aggressive tax reduction plan was announced by the finance minister and the tax authority last month, so analysts expect total tax income will continue to slow next year, resulting in reduced fiscal income.

Andrew Tilton, an economist with Goldman Sachs, said, "China is likely to ease fiscal policy further in 2019,"

in terms of further tax reduction and strengthened fiscal expenditure.

"Although the formal on-budget deficit target will not move much — perhaps up to 3 percent (next year) from 2.6 percent this year, we expect to see the government mobilize 'idle' savings, or fiscal deposits, and further increase quotas for off-budget special local government bonds to drive infrastructure spending in 2019," Tilton said.

Lu Ting, an economist with Nomura Securities, said if there is no expansion of local governments' financial sources, "the ongoing credit down-cycle will extend into the spring due to rising repayment pressures and widening credit spreads."

Local governments issued bonds worth 4.06 trillion yuan in the first 10 months of this year, according to the Finance Ministry.

Fiscal spending increased nationally by 8.2 percent in October to 1.2 trillion yuan, while the total for January to October, which rose by 7.6 percent to 17.5 trillion yuan, comprised 83.6 percent of the budget for the year.