

Better use of housing fund encouraged

Experts say massive pool of capital can be more efficiently managed

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China should take bolder steps toward fine-tuning its housing provident fund system to expand the scope of how the massive pool of capital can be utilized, as part of the country's efforts to stabilize the property market, analysts said.

Their comments come on the heels of the annual Central Economic Work Conference held in mid-December, where policymakers placed "deepening the reform of the housing provident fund system" on its economic agenda for the first time in a decade.

The dedicated fund is a mandated savings program requiring both employees and employers to contribute monthly into a pool that can then be available to finance mortgages, often at lower interest rates than banks.

In late December, the country's top housing regulator also vowed to "better leverage the role of the housing provident fund".

As China's real estate sector continues its ongoing adjustment, the fund has become one of the most frequently deployed instruments in the policy toolbox aimed at stabilizing the market.

The China Index Academy said that in 2025 alone, local and national authorities across China issued more than 630 property-related policy measures. Of these, about 280 — the highest proportion by category — focused on optimizing housing provident fund policies.

The system currently offers an annual interest rate of just 1.5 percent on individual account deposits, said Yan Yuejin, deputy head of Shanghai-based E-House China R&D Institute.

Yan said that if these savings remain untapped for home purchases, their yield significantly lags behind inflation, effectively diminishing their value over time for millions of contributors.

While designed to offer low-cost borrowing alternatives, the maximum loan amount often covers only a fraction of apartment prices in markets like Beijing and Shanghai, Yan said.

Furthermore, the fund's interest rate advantage has narrowed markedly. With commercial mortgage rates having fallen in recent

years, the gap between them and provident fund loan rates has shrunk to mere decimal points, Yan said, adding that there remains room to further lower interest rates on housing provident fund loans.

Pan Gongsheng, governor of the country's central bank, said the reduction of housing provident fund loan rates by 0.25 percentage point is expected to save households over 20 billion yuan (\$2.87 billion) in annual interest expenses.

The fund's total deposit balance soared from 4.56 trillion yuan in 2016 to 10.9 trillion yuan by the end of 2024, said the Ministry of Housing and Urban-Rural Development.

The scale of this accumulation has drawn attention to whether such a large pool of capital is being used effectively to address housing needs, analysts said.

The ministry said it is exploring ways to optimize housing provident fund management and expand the scope and efficacy of its usage, based on the residential property consumption characteristics of contributors at different life stages.

In parallel, the ministry is advancing pilot programs to include flexible employment workers in the fund's system, aiming to make the system more accessible to a broader range of workers.

Li Yujia, chief researcher at the residential policy research center of the Guangdong Planning Institute, said that in many cities the location where a person pays into the fund, buys a home and holds their household registration must all be the same.

"This prevents the housing provident fund from flowing freely within city clusters and metropolitan areas. It ultimately reduces the efficiency of how this capital allocates resources between jobs and housing."

There are still major constraints involving the process of converting a commercial housing loan into a provident fund loan, Li said, adding that further dismantling such restrictions could emerge as a focus of the national reform of the overall housing provident fund system.

Industry insiders also expect contributors to tap their housing provident fund resources for home upgrades, including renovations in older neighborhoods and elevator installations, as the country pushes forward its urban renewal initiative.

Staying on track



Employees from Qinhua West Engineering Section in Hebei province conduct inspections of rail equipment on the Datong-Qinhuangdao line in response to winter weather. They aim to accurately spot equipment defects and take remedial measures to safeguard transport by the railway, which hauls some 350 million metric tons of coal each year.

XUE HAOSHEN / FOR CHINA DAILY

connected vehicles.

Chinese mainland shares close lower

Mainland stocks closed lower on Tuesday, with the benchmark Shanghai Composite Index down 0.64 percent to 4,138.76 points. The Shenzhen Component Index closed 1.37 percent lower at 14,169.4 points.

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Employees work on a production line of transformers in Haian, Jiangsu province. GU HUAXIA / FOR CHINA DAILY

Role as transformer producer enhanced

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China is at the forefront of a booming \$103 billion market, emerging as the dominant player even as a global shortage of power transformers threatens to stall progress in both artificial intelligence and the shift to green energy, said industry experts and analysts.

China currently controls approximately 60 percent of global transformer production capacity, according to the International Energy Agency, a dominance built on a sophisticated industrial ecosystem that has transitioned from domestic technology dependence to global leadership in Ultra-High-Voltage (UHV) systems.

Analysts describe this concentration of manufacturing power as an industrial "dream team", where State-owned giants and agile private firms define international grid standards.

China can build transformers and grid substations faster and cheaper than Western peers and scale AI data centers without the infrastructure lag currently hitting North American markets, said Lin Boqiang, head of the China Institute for Studies in Energy Policy at Xiamen University.

As the AI-driven "power crunch" is expected to intensify throughout 2026, these "hearts of the grid" — responsible for regulating voltage levels — have become as critical as the semiconductors they power.

According to Lin, China is moving from exporting low-value goods to controlling the "hearts of the grid."

Because power transformers are essential for everything including

EV charging networks, this dominance allows Beijing to exert leverage over global industrial resilience, he said.

Lin said China's dominance is anchored by a potent combination of State-owned giants and agile private firms.

While State conglomerates provide the industrial backbone for massive strategic infrastructure, private manufacturers have achieved immense global scale, successfully penetrating key Western markets to cement China's role over the international supply chain, he said.

The global surge in demand is fueled by the explosive growth of data centers, with electricity requirements forecast to double by 2030 as AI training and inference requirements hit a "power wall".

Total data center power consumption is projected to rise from 860 terawatt-hours in 2025 to 1,587 TWh by 2030, according to S&P Global Market Intelligence.

Analysts expect these shortages to persist through 2026, creating a prolonged peak cycle for the equipment market.

While global rivals are launching aggressive expansion plans, China's internal infrastructure provides a foundation that competitors struggle to match.

Siemens Energy is planning to invest 2 billion euros (\$2.3 billion) in its global network of transformer and switchgear factories by 2028, while Hitachi has said it would invest more than \$6 billion globally between 2024 and 2027 in its grid equipment business.

State Grid Corp of China reported record fixed-asset investment of

over 650 billion yuan (\$93 billion) in 2025 alone as it builds a new power system for the nation's 15th Five-Year Plan (2026-30).

This domestic investment peak, combined with world-leading UHV technology — which operates at voltages exceeding 800 kilovolts of direct current or 1,000 kV of alternating current — allows Chinese firms to dominate the entire value chain.

Zhao Yongzhan, president of Hitachi Energy Greater China, noted that China's advanced transmission networks are essential for linking remote renewable energy hubs to urban centers, a trend that is setting global standards for grid resilience.

China has emerged as the central pillar of a massive global investment strategy by Hitachi Energy, as the industry leader aligns its expansion with the country's world-leading UHV networks and surging AI-driven power demand.

The company is aggressively scaling its operations across Chinese industrial hubs, including Xi'an, Chongqing, and Xiamen, to capitalize on a domestic market that is outpacing global peers in grid modernization.

"China, with world-class UHV capabilities and robust local manufacturing, is in a peak period of power grid investment, and this high-intensity commitment to UHV technology will continue," said Zhao.

"This high-intensity commitment to UHV technology is expected to strengthen further under the nation's 15th Five-Year Plan as renewable energy is transported from remote hubs to urban centers."

Cherry supplies sidestep preholiday woes

CHENGDU/SANTIAGO — For much of the past decade, Chile's export of cherries to China ran on a narrow calendar.

From December to early the following year, the fruit ripened in Chile's central valleys. Weeks later, just ahead of the Chinese New Year, those cherries arrived as a seasonal luxury, scarce, expensive and tightly bound to the holiday. The logic was simple: southern-hemisphere harvests met northern hemisphere festivities, and value depended on timing as much as taste.

That logic is now weakening.

In early 2026, more than a month before Chinese New Year, Chilean cherries were already widely available in China at prices far below previous norms. Boxes of JJ-level Chilean cherry (with a diameter of 28 to 30 millimeters) weighing about 2.5 kilograms were selling for around 159 yuan (\$22.7) in major supermarkets in Chengdu, Southwest China's Sichuan province, with some promotional prices falling to 99 yuan, roughly 40 percent lower than a year earlier.

At local wholesale markets, prices fell even more sharply, with some high-grade cherries priced at nearly half of last year's level.

Such movements do not point to a weakening of demand. Rather, they reflect a structural change in how supply reaches the market.

Importers say the traditional pre-holiday bottleneck has eased, as improved logistics have reduced the need for cherries to flood the market in a short festive window.

The redistribution of time has

institutional roots.

China and Chile's upgraded free trade agreement in 2017 placed more than 97 percent of traded products under zero tariffs, lowering the fixed costs of entry for Chilean cherries. Over time, it encouraged not just higher volumes but investment in logistics capable of delivering large quantities with greater predictability.

The result is a highly concentrated trade relationship. In the previous harvest season, more than 90 percent of Chile's cherry exports went to China. That degree of demand certainty has allowed the industry to organize production and shipments across the entire season, rather than around a single holiday peak.

Claudia Soler, executive director of the Cherries Committee of Fruits from Chile, described the relationship as both economic and cultural. China, she said, is the market that enabled the industry's expansion. The cherry's red color and rounded shape, she added, closely align with Chinese cultural symbolism, especially around the Chinese New Year, when cherries became a popular gift symbolizing happiness and success.

Since 2018, Chile has operated a direct shipping route to China known as the "cherry express", cutting transit time from roughly 30 days to about 23 days. By the end of 2025, this dedicated shipping corridor had been further scaled up, doubling the number of direct sailings compared with the previous year. This allows cherries to arrive in China in greater volumes during the

peak harvest season.

This shift has reshaped incentives at the production end. Data from the office of agrarian studies and policies at Chile's Ministry of Agriculture show that the cherry planting area has expanded roughly twentyfold since 2000, nearly doubling from about 38,392 hectares in 2019 to 70,686 hectares by 2024.

Industry participants attribute this rapid growth in part to the gradual formation of a logistics system geared toward the Chinese market, which has given Chilean growers clearer expectations over timing, allowing them to expand planting and plan output with greater confidence.

Processing hubs in Chile's central regions now operate on a different temporal logic. Time remains critical, but it is no longer singular. In the past, a delayed shipment could miss the Chinese New Year altogether, erasing margins and turning a strong harvest into a liability. Today, improved transport has allowed exporters to distribute shipments across the season, reducing the risk concentrated in any single sailing.

For Chinese consumers, cherries are no longer limited to a short pre-holiday rush, easing the need for concentrated buying ahead of Chinese New Year. Fruit exporters from Chile estimate that in the 2025-2026 season, Chile will export about 110 million boxes of cherries (five kilograms per box, roughly 550,000 metric tons), with more than 90 percent destined for China.

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Key inland port turns into global trade artery

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Jining, a key hub on the Beijing-Hangzhou Grand Canal in Shandong province, is transforming its ancient waterway into a modern global trade artery by integrating advanced technologies with ecofriendly practices.

Jining's port cargo throughput surpassed 100 million metric tons in 2025, making it the first inland port in northern China to achieve this economic milestone, according to the Shandong Development and Reform Commission.

At the city's Longgang Port, automated rail cranes efficiently manage containers, while unmanned trucks equipped with Beidou navigation and intelligent sensing technologies shuttle between stacks with precision.

"Previously, moving the same volume required about 60 truck drivers working in three shifts. Now, just three workers in the control center can manage the 16 unmanned trucks to complete the work," said Gu Qiang, head of the port's dispatching and command center, highlighting the dramatic increase in efficiency.

Longgang Port has built a transport system that integrates canal, railway and sea routes.

"The port's proximity to railway lines, less than 1 kilometer away, is a distinct advantage," said Gu.

The cost of transporting coal from Shaanxi province via rail to Longgang Port and then by waterway to the Yangtze River Delta is only one-third that of pure rail transport and one-seventh of road transport.

With the railway connection, the port's reach has expanded to include Gansu, Shaanxi and Henan provinces, driving a substantial surge in throughput through combined rail-water transport.

The port's annual container throughput exceeded 380,000 twenty-foot equivalent units (TEUs) last year, marking a 69 percent year-on-year increase.

Strategically located on the middle stretch of the Beijing-Hangzhou Grand Canal, Jining connects the Beijing-Tianjin-Hebei region with the Yangtze River Delta. The city has developed 360 kilometers of waterways and 103 berths capable of handling 1,000-ton vessels.

It operates 30 container shipping routes, with a logistics network covering 152 cities nationwide.

"Foreign trade was a standout growth area in 2025," Gu said, noting the creation of a one-stop export channel from Longgang Port directly to Qingdao Port for international shipping, saving about 10 percent in logistics costs per container.

Industrial upgrades are driving development across the entire chain.

At Shandong Xinneng Shipbuilding Co Ltd, industrial robots and laser cutters work on building pure-electric powered inland container vessels.

"From welding and painting to outfitting, the intelligent production line ensures a fully green and standardized process," said Zhang Bo, team leader of the manufacturing department's processing team.

The company has secured orders for over 180 new-energy vessels during past two years, exporting new-energy vessels to countries including Vietnam and Tanzania.

"Jining will accelerate the construction of commercial logistics, multimodal transport, port-industry clusters, green shipbuilding and shipping services to build a northern inland shipping center," said Chen Peng, director of the Jining transportation bureau.