

Opening-up to gather pace

Foreign investors can expect wider access to a range of China sectors, according to Work Report

By ZHONG NAN
and REN XIAOJIN

China will move faster to further open up on all fronts to gather new strength, including improving the structural layout, institutions and mechanisms in international economic cooperation, according to official statements delivered on March 5.

The nation will continue to place equal emphasis on “bringing in and going global”, and advance international cooperation under the Belt and Road Initiative, according to a report made public on March 5 from the National Development and Reform Commission (NDRC), China’s top economic regulator of national economic and social development.

The report echoed the annual Government Work Report delivered by Premier Li Keqiang on the morning of March 5. Li made clear that China will open wider to foreign investors this year by completely opening its general manufacturing sector and expanding access to a number of other sectors.

Foreign investors will have wider access to sectors such as telecom-

munications, medical services, education, elderly care and new energy vehicles, Li said when delivering the Government Work Report to the first session of the 13th National People’s Congress (NPC).

“We will make market entry standards the same for Chinese and foreign banks,” Li said.

Under the official plan, China will expand industrial capacity cooperation with other countries. It will also improve the composition of outbound investment, as well as expand opening-up in the western region, inland areas and border areas, creating new opportunities for China’s economic cooperation with other countries, according to the NDRC report.

To open up the financial sector, China will phase in an opening-up of bank card clearing and other markets, lift restrictions on the scope of operations of foreign-invested insurance agencies, and ease or lift restrictions on the share of foreign-owned equity in companies in sectors including banking and securities, according to the Government Work Report.

Overseas investors will be granted tax deferral for the reinvestment of profits made in China, while proce-



The first session of the 13th National People’s Congress opens at the Great Hall of the People on March 5.

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dures for setting up foreign-invested enterprises will be simplified, business filing and business registration will be processed together.

The government will also spread the use of practices developed in existing free-trade zones all over the country, and explore opening free-trade ports, the premier said.

China has already taken the top place in global trade, and high-quality, high-tech and high-value-added products are taking up an increasing share of the country’s total exports, Zhong Shan, minister of commerce, said on March 5.

“China’s foreign trade from last year has grown 14.2 percent year-on-year, with the highest growth rate in

the past six years,” the minister said after Li delivered the Government Work Report. “China has become the world’s top trading power.”

Zhong added that last year high-tech products accounted for over 30 percent of total exports.

New elements such as cross-border e-commerce are powering the country’s foreign trade, as China boasts the world’s biggest cross-border e-commerce sector, reaching most countries and regions in the world, and has won favor from global customers, Zhong said.

“China is ready to work with all related parties to advance multilateral trade negotiations,” said Huang Maoxing, an NPC deputy and eco-

nomics professor at Fujian Normal University.

“To more quickly increase the quality and added value of exports, we will encourage the export of technology, equipment manufacturing and Chinese-brand products,” the NDRC report said.

The report also stressed that China will expand the coverage of export credit insurance, shave another third off the total time taken for customs clearance and reform the mechanisms for developing trade in services, as well as foster new forms and models of trade.

Contact the writers at
zhongnan@chinadaily.com.cn

8.1% increase proposed for defense

Military spending remains lower than in other nations as proportion of GDP

By ZHAO LEI
zhaolei@chinadaily.com.cn

China will raise its defense budget by 8.1 percent in the 2018 fiscal year, more than last year’s 7 percent, according to a budget report submitted to the top legislature on March 5.

The government proposed a defense budget of 1.11 trillion yuan (\$175 billion) in the report, which was distributed to members of the media at the first session of the 13th National People’s Congress (NPC).

The report will be reviewed and discussed by legislators.

Delivering the Government Work

Report, Premier Li Keqiang said the task of reducing the armed forces by 300,000 troops has been basically completed. The cut was announced by President Xi Jinping in September 2015.

Despite the reductions, Li said, the Chinese military has been making strides toward its goal of becoming a world-class power.

Zhang Yesui, spokesman for the annual NPC session, told reporters at a news conference on March 4 that China’s defense budget takes up a smaller share of national GDP than in other major countries.

“If we take a look at the share of

China’s defense budget in our GDP, national fiscal spending, or in per capita terms, we can see that China’s defense input is actually still lower than that of other major countries,” Zhang said. “China is committed to a path of peaceful development and pursues a military policy that is defensive in nature. Our development will not pose a threat to other nations.”

He said that a country’s national defense needs to be developed in concert with its economy and serve both national security and development interests.

“In recent years, China has

increased spending on defense by a moderate margin, and a large part of this has been used to make up for past shortfalls,” he said.

The additional money in the 2018 fiscal year will be spent to upgrade weapons and equipment and to improve the welfare of military personnel, including better training and living conditions, Zhang said.

Senior Captain Cao Weidong, a researcher at the PLA Naval Military Studies Research Institute, said many of the Chinese military’s weapons and pieces of equipment do not meet the requirements of modern warfare and need to be replaced by new types.

“For instance, many of the Navy’s ships are small and have poor information processing capacity. We need to build aircraft carriers, carrier-borne fighter jets and new-generation destroyers, and these require huge investment,” Cao said. “Similarly, the Air Force can’t fulfill its missions in the 21st century without strategic transport planes and stealth fighter jets. The increase in the military budget is necessary to offset the insufficient input in the past.”

In fiscal 2017, the defense budget was set at 1.04 trillion yuan — a year-on-year increase of 7 percent.