

# Li: Further opening-up benefits all

China will expand access to domestic industries, says Premier, stressing no one wins in trade war

By **REN XIAOJIN** and **ZHANG YUNBI** in Beijing

China will open domestic industries such as services and manufacturing even wider to foreign investors, lower tariffs to increase imports and streamline its negative list for market entry to make it “a market for domestic and foreign firms regardless of their ownership to compete on a level playing field”, Premier Li Keqiang vowed on March 20.

The premier also urged the United States to treat Sino-US trade relations rationally and relax its restrictions on high-tech exports to China, given that a trade war does not serve the interests of either side.

China still has a lot of potential and space for further economic opening-up, Li said at a news conference right after the conclusion of the first session of 13th National

People’s Congress. “The Chinese economy has become deeply integrated into the global economy and closing the door would only block its own way,” he said. “If there is something that will be different from the past, it will be that China will open even wider.”

China will expand the entry of foreign companies in the services industry, such as elderly care and health, education and finance, lift foreign-owned equity limits in some areas and fully open the manufacturing sector. “There will be no mandatory requirement for technology transfers, and intellectual property rights will be better protected,” Li said.

The country plans to adjust and shorten its negative list system, which is a global practice defining areas that are not allowed for foreign investment, and eliminate import tariffs on drugs, especially



Premier Li Keqiang speaks to reporters on March 20 during a news conference at the Great Hall of the People in Beijing. FENG YONGBIN / CHINA DAILY

anti-cancer drugs, and on consumer goods that the people urgently need, he said.

The premier said US enterprises should take advantage of the opportunities provided by China’s wider economic opening-up, and the US should relax its control of high-tech exports to China to help bridge bilateral trade gaps.

US President Donald Trump announced early this month that the country will levy hefty tariffs on imports of steel and aluminum products from many of its major trade partners, including China, a step that analysts said could lead to a trade war between the world’s top economic powers.

Then on March 22, Trump signed a memorandum that imposes up to

\$60 billion in broad tariffs on Chinese goods.

Li said on March 20 that a trade war does no good to either side, and no one will emerge as a winner. If it is necessary to use the term “war”, it means the rules of trade are being violated, because trade is realized through negotiations, consultation and dialogue, Li said.

Last year, China-US trade was valued at more than \$580 billion, and Li said it was achieved using business rules and market principles.

He said China does not want to see a large trade surplus with other countries, including the US. “What we want to see is an overall trade balance; otherwise, this kind of trade would not be sustainable.”

Li also said that he is ready to

consider attending the China-Japan-Republic of Korea (ROK) leaders’ meeting and making his first official visit to Japan in the first half of this year amid the “sustained momentum” of improving China-Japan relations.

Bilateral ties are warming up again, but the nations also need to watch for any possible return of a chill, Li said.

The last visit to Japan by a Chinese premier was made by then-premier Wen Jiabao in 2011 to attend the Fourth China-Japan-ROK leaders’ meeting and visit earthquake-hit areas.

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## Cutting out ‘blisters’ at finance firms

Premier says China will toughen its cleanup of illegal fundraising and irregular activities to prevent systemic hazards

By **LI XIANG** and **CHENG YU**

To prevent risks from spreading in the financial system, China will toughen its crackdown on illegal fundraising and irregular financial activities that dodge regulations, Premier Li Keqiang said on March 20.

Li described illegal and risky practices by some financial institutions as “blisters”. He struck a resolute note that they need to be cleaned up to forestall financial risks.

“A blister needs to be pricked when necessary,” Li said at a news conference after the conclusion of the first session of 13th National People’s Congress. “Otherwise, a small problem may spread, and it will involve moral hazard.”

The premier was responding to a

question about the latest measures taken by the country’s financial regulators against some insurance companies and financial institutions and whether the chance of loss associated with these companies would set off systemic financial risks.

Li said China is capable of preventing systemic financial risks, given the country’s sound and stable economic growth.

The capital adequacy ratio and provision coverage ratio of the Chinese banking sector are higher than required by international standards, Li said. Banks must also put aside reserves worth about 15 percent of total deposits, meaning the banking sector has more than 20 trillion yuan (\$3.16 trillion) as reserves, the premier said.

The central government saw higher-than-expected revenue last year, Li said, adding there was double-digit revenue growth in the first two months of this year.

“We are confident we will achieve major growth targets this year and are upbeat about future development,” the premier said.

In addition, the government will continue to lower its fiscal deficit to GDP ratio. But it does not mean any change in the country’s proactive fiscal policy stance, as the government is expected to spend more this year than last year, Li said.

The move by the government to lower deficit targets reflected the country’s solid growth, which has supported a steady increase in total revenue, said Martin Petch, a senior

credit officer at Moody’s Investors Service.

“The overall fiscal impulse remains sizable, supporting GDP growth and leading to a gradual increase in government debt.

“Key fiscal measures include reducing fees and taxes for companies and individuals and increased spending on social welfare, environmental protection and poverty alleviation,” Petch said.

To pave the way for further economic growth, Li also said on March 20 that China will push forward its protection on property rights of all business entities.

“Businesses under all types of ownership, whether they are State-owned or private enterprises, have made important contributions to

China’s economic growth in the past decades,” Li said. The private sector has contributed nearly half the country’s tax income and 90 percent of new urban employment, he said.

The premier said the country will instill confidence in all property owners, including investors and companies under all types of ownership, by reassuring them of their legitimate property rights.

“Property rights are the cornerstone of a socialist market economy. Protecting property rights is protecting productive forces,” he said.

Intellectual property also will be better protected, Li said in the news conference.

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