

CHINA DIGEST

Quotable

“Trade restrictions launched by the US will not only damage the World Trade Organization principles, but will also cause serious damage to the multilateral global trading system.”

WANG SHOUWEN,

vice-minister of commerce, saying a move by the United States to impose tariffs on its steel and aluminum imports from a number of countries, including China, is clearly a unilateral trade protectionist measure.



ON THE SUBJECT OF ADMINISTRATION

From the following five observations we can determine whether a person is the right candidate for the post of prime minister. 1. Observe whom he likes to be with when he is not in office. 2. Observe whom he befriends, or to whom he grants offerings, when he is rich. 3. Observe whom he nominates when he is prominent. 4. Observe the things that he refuses to do when he is destitute. 5. Observe the things that he refuses to accept when he is poor.

Scroll 11: Shi Ji, Vol. 1

Editor's note: This is an extract from *The Governing Principles of Ancient China*, based on 360 passages excerpted from the original compilation of *Qunshu Zhiyao*. *Qunshu Zhiyao* or *The Compilation of Books and Writings on the Important Governing Principles*, commissioned by Emperor Tang Taizong of the Tang Dynasty in the seventh century, contains advice, methods and historical notes on the successes and failures of the imperial governments of China. Today it continues to be relevant as a source of inspiration for self-improvement, family management and interpersonal relations.

Yuan crude futures make global move

The Chinese futures market took another step on March 26 toward internationalization with the unveiling of yuan-denominated crude oil future contracts, the first of their kind open to overseas investors.

The futures, under discussion for nearly 17 years, will set a crude oil pricing benchmark that reflects supply and demand in China and Asia, said Jiang Yang, vice-chairman of the China Securities Regulatory Commission.

The September crude futures contract that registered the largest trading volume on March 26, with the transaction amount reaching 17.64 billion yuan (\$2.8 billion), saw its price close at 429.9 yuan per barrel, up 3.34 percent.

With this step, China takes the lead with innovative measures to make up for the lack of a benchmark for crude oil in Asia, said Li Li, research director at energy consulting firm ICIS China.



Li Qiang, Shanghai Party secretary (left), and **Liu Shiyu**, chairman of the China Securities Regulatory Commission, prepare to strike a gong to open trading of yuan-denominated crude oil futures at the Shanghai International Energy Exchange on March 26. CHEN ZHENGBAO / FOR CHINA DAILY

Soldiers' remains from Korean War returned

The Republic of Korea (ROK) handed over to China on March 28 the remains of 20 Chinese soldiers who died during the Korean War in the 1950s, the Ministry of Civil Affairs said.

Gao Xiaobing, deputy head of the ministry, said the remains of 589 Chinese People's Volunteers have been returned in five groupings since 2014.

“China appreciates the ROK government's efforts and hopes the ROK government will fully implement the agreements that have been reached by the two countries and continue to facilitate future handovers,” she said.

Gao made the remark at the handover ceremony held at Incheon International Airport.

Some 30 people attended the ceremony, including representatives of the Chinese embassy, China-funded organizations, overseas Chinese and students, the ministry said.

New PBOC chief to accelerate opening-up

China will work to accelerate financial opening-up, further taxation reform and continue strength-

ening regulations to reduce systemic risks and control the debt level, senior officials said on March 25.

Yi Gang, the newly elected governor of the People's Bank of China (PBOC), confirmed at the China Development Forum 2018 that the next step in facilitating the opening-up of the financial sector, a series of reform measures to ease market access for foreign investors, will be launched.

As part of the services industry, the financial sector should allow market-oriented competition by using the existing national treatment system as well as a negative list mechanism, Yi said at the forum hosted by a think tank affiliated with the State Council, China's Cabinet.

The whole opening-up process, as Yi described, needs to be in line with the ongoing foreign exchange rate reform and the process of capital account liberalization.

Solve trade friction through talks: Li

Premier Li Keqiang called on the United States to work with China in solving trade friction through dialogue and negotiations, but added that China is fully prepared to respond to any possible trade war.

Li reiterated China's stance on a possible trade war between the two countries for a second consecutive day when he met with a US congressional delegation headed by Senator Steve Daines in Beijing on March 27.

On March 22, US President Donald Trump signed a memorandum for a plan that could impose tariffs on up to \$60 billion worth of imports from China and curb Chinese investment in the US.

The two countries have made progress in bilateral relations since the establishment of diplomatic ties decades ago despite twists and turns, Li said. President Xi Jinping and Trump have met several times and maintained communications, he said.

VAT to be reduced as part of tax reforms

China will cut value-added tax (VAT) rates as part of a tax-reduction package amounting to 400 billion yuan (\$64 billion) this year to drive high-quality development, a State Council executive meeting chaired by Premier Li Keqiang decided on March 28.

The tax rate for manufacturing will be lowered from 17 percent to 16 percent, and for transportation,

construction, basic telecommunications services and farm produce from 11 percent to 10 percent.

Li said the reform is a major step in China's tax regime reform.

“VAT reform has helped to reduce the overall corporate tax burden and improve the tax regime. The reform has proved to be conducive to the transformation and upgrading of the economy, unifying the tax structure and making taxation fairer,” he said.

“This round of tax cuts will apply to all manufacturing companies. All businesses registered in China, be they joint ventures or wholly foreign-owned companies, will be treated equally,” Li said.

Former Anbang chief on embezzlement trial

Wu Xiaohui, former chairman of Anbang Insurance Group, the Chinese insurer that owns the Waldorf Astoria New York hotel, stood trial on March 28 on charges of fraudulently raising \$10 billion and embezzlement.

The trial concluded after nearly 10 hours at Shanghai No 1 Intermediate Court. No verdict was given.

Prosecutors charged Wu, 51, with fraudulently raising 65.25 billion

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China Daily Asia Weekly's circulation is audited by BPA Worldwide



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A member of the Asia News Network

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