

China sets economic goals for 2017



Supply-side structural reform

“Seeking progress while maintaining stability.” This is going to be the key principle of China’s governance in 2017, especially for the economy.

The Central Economic Work Conference, the major annual policy-making meeting to map out economic priorities and reform plans for the coming year, was held in Beijing from December 14 to 16, 2016. With the economy entering a new normal of medium-to-high-speed growth after decades of double-digit rises and also keeping in mind the complex economic environment abroad, the meeting focused on deepening supply-side structural reform, stabilizing the real estate market, structural adjustment and risk prevention. It also indicated reforms in taxation, finance and social security.

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according to the conference. Some analysts believe it is a signal for tightening cash supply.

But some hold that a neutral monetary policy does not necessarily mean cash flow curbs as restrained liquidity will result in higher interest rates, which will prop up the financing cost for the real economy.

Property market

The real estate market will be another major spotlighted sector in 2017. “Houses are for people to live in, not for people to speculate on,” the conference statement said.

The year 2016 witnessed a red-hot housing market. By the end of September, average housing prices in mega, large and medium-sized cities had surged 21, 14 and 7 percent respectively since the beginning of the year, according to the National Bureau of Statistics.

To further cool down the property market, China will accelerate establishing a long-term mechanism to restrain property bubbles and prevent violent price volatility, according to the conference. Also, land supply will be increased in cities such as Beijing and Shanghai where housing prices face stiff upward pressure.

Insiders believe that maintaining stability in the real estate market will be the main policy orientation over a long period. Under the long-term mechanism, governmental departments and enterprises will be able to participate in the development of the real estate industry more rationally, according to Ni Pengfei, assistant to the dean of the National Academy of Economic Strategy under the Chinese Academy of Social Sciences.

Liu Hongyu, a professor at Tsinghua University, said the conference indicates that a series of institution-building measures will be strengthened in land and housing supply, real estate taxation, real estate market regulation, and urbanization.

A trump card

While the plans bode well for economic development in 2017, there are some hard nuts to crack. Liu, citing China’s high debt ratio and imbalanced debt structure, said financial risks would be one of them. Besides, outside factors—including the U.S. Federal Reserve’s interest rate hike, the Brexit aftermath and fluctuations of the world financial market—would affect the yuan’s exchange rate and China’s financial market. This in turn will have a ripple and cumulative effect on the Chinese economy, Liu warned.



Of 70 large and medium-sized cities surveyed in April 2016, 65 saw new home prices climbing month on month, up from 62 in the previous month, the National Bureau of Statistics (NBS) said.

Another risk lies in the structural shift in commodity pricing, which will lead to surging production costs and sluggish economic growth.

However, despite uncertainties and downsides, Shen Lan, an economist at Standard Chartered China, expects China will maintain its annual growth target of 6.5-7 percent in 2017.

Besides reforms, China will also continue to open up and attract foreign investment, according to the conference.

Putting priority on attracting foreign investment signals further opening up, said Bai Ming, a researcher with the Chinese Academy of International Trade and Economic Cooperation under the Ministry of Commerce. Bai said initiatives that improve optimal allocation of resources by opening up will vitalize China’s economic growth to achieve mutual benefits and win-win results with foreign investors.

Liu Yingkui, director of the Department of International Investment Research at the China Council for the Promotion of International Trade, said developed countries still enjoy advantages in some areas of high technology. More efforts should be made to learn from their advanced experiences and guide foreign investment into hi-tech manufacturing and highly value-added services to transform and upgrade China’s economy.

China will also push ahead with the Silk Road Economic Belt and the 21st Century Road Maritime Silk Road (Belt and Road Initiative) aimed at boosting trade and connectivity across Asia, Europe and Africa. The Belt and Road Initiative will not only lay a foundation for China’s growth but also push forward the recovery of the global economy.



President Xi Jinping addresses the Central Economic Work Conference in Beijing. The conference was held in Beijing from Dec. 14 to 16.

Key areas

The supply-side structural reform launched in 2015 aims to cut excessive capacity, destock, de-leverage, lower corporate costs and shore up the weak links in the economy. The other goal is to increase consumption and improve the investment environment. Analysts believe the economy will have a more optimized structure and division of labor as a result of the reform.

State-owned enterprises (SOEs) are going to be a key field for breakthrough in supply-side structural reform, according to Tian Yun, secretary general of the China Strategic Think Tank in Beijing.

Capacity-cutting should be combined with the reform of SOEs. Efforts should be made to decrease real estate inventory in small and medium-sized cities, phase out deleveraging, lower transaction costs, and enhance the technical, physical and institutional infrastructure for growth.

To make substantial progress in 2017, seven monopolized sectors need mixed ownership reform: electricity, petrol, natural gas, railway, civil aviation, telecom and the armaments industry, said a statement issued after the conference.

Xu Hongcai, deputy chief economist with the China Center for International Economic Exchanges, said that to break up certain monopoly industries, private capital should be introduced to diversify the ownership structure and activate state firms.

Additionally, real economy sectors will be boosted. Analysts have said that boosting the real economy is an important driving force for China’s transformation and upgrading under the pressure of an economic downturn.

“Manufacturing has become a key for reviving the real economy,” said Li Guangbei, deputy director of the Department of Planning at the Ministry of Industry and Information Technology. “It is important to transform traditional industries by innovation, in addition to speeding up the development of emerging industries.”

The monetary policy will be kept “prudent and neutral,” different from the “prudent and flexible” policy in 2016, to stabilize the cash flow,



A test train is seen on the Guizhou West section of the Shanghai-Kunming high-speed railway, Dec. 17, 2016. The railway is one of the world’s longest high-speed railways, linking the country’s prosperous eastern coast to the less-developed southwest.

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China's WTO entry produces all-win results



December 11, 2016 marked the 15th anniversary of China's accession to the World Trade Organization (WTO). Since that moment in 2001, China has grown into the world's second largest economy and the largest goods trader. The country has become better integrated into the global economy and is placing ever more weight on market orientation in its reforms. Its accession to the world's largest trade bloc has achieved winning results for all, with significant contributions made to both domestic and global growth.

Significant changes at home

China joined the WTO as its 143rd member on Dec. 11, 2001. That event significantly invigorated Chinese companies and the national economy, producing greater-than-expected progress. Millions of its people have been lifted out of poverty thanks to the wide range of China-made products, from garments to bullet trains and industrial robots.

China's WTO entry has played a significant part in its economic development, according to Aleksey Pavlovich Portanskiy, a professor with Russia's National University Higher School of Economics.

The accession has removed many barriers for Chinese products to enter the global market, he added.

Keith Rockwell, director of the WTO's Information and External Relations Division, pointed out that accession considerably lifted China's trade.

"We've seen China's exports increase eight-and-a-half times and imports rising seven-fold. We've seen inward foreign investment into China soar over hundred billion U.S. dollars in each of the last five years. China is now actually investing more and more overseas as well," he stressed.

Great contributions to the world

The country's WTO entry has brought benefits not only to the country itself, but also for the rest of the world.



December 11, 2001: China's Foreign Trade Minister Shi Guangsheng signs the protocol on China's accession to the World Trade Organization (WTO) in Doha. China formally becomes the 143rd member of the WTO.

China's 15 years of WTO membership not only marks its most rapid economic development phase ever, but also is a period when China shares its prosperity with the rest of the world, stressed Gerishon Ikiara, lecturer of international economics at the University of Nairobi.

"The world economy had been led by developed economies for many decades. The growing economy of China is gradually reshaping the global economic landscape," Ikiara said.

China has long been vital in helping stabilize world economic growth, especially in the aftermath of the 2008 financial crisis. Despite slower growth in recent years, its economy still contributes 25 percent of world growth.

As the Chinese market has grown steadily,

countries as diverse as Zambia, Australia, Brazil and the United States have all seen their exports to China rise significantly.

China's strong demand for imports has been a major stabilizing factor amid a sluggish world economy.

These surged from US\$243.55 billion to US\$1.68 trillion in the past 15 years, an average annual growth of 10.3 percent.

Dubbed the factory of the world, China manufactures everything from toys and shoes to bullet trains and industrial robots. From 2001 to 2016, thanks to imported goods from China, consumers around the world saved billions of dollars. Quality, yet inexpensive, Chinese products contribute to an increase in consumer purchasing power and help reduce worldwide poverty.

Companies that opened operations in China have profited. Foreign-invested industrial enterprises reported combined profits of about 15 trillion yuan (around \$2.2 trillion) over the past 15 years.

"If you look at the figures it's quite impressive. Obviously, China has been a big contributor to global economy," said Paul Sheard, executive vice president and chief economist at Standard & Poor's Global.

Since its WTO accession, China has influenced economic growth in many regions and made vital contributions to raising incomes and living standards globally, according to WTO Deputy Director General David Shark.

China has made tremendous efforts to open up its market in past 15 years, since joining WTO, and has fulfilled its commitment to the organization, said Yukon Huang, a senior fellow in the Carnegie Endowment for International Peace. China should be considered as market economy, Huang pointed out.

Looking ahead, China will remain a center of trade and other global activity. As China plans to be more proactive in opening up to the world, its stable growth will produce more benefits for the world.



Imported vehicles on display at a bonded zone of the China (Fujian) Free Trade Zone on July 15, 2016.

Jiang Yan: The spirit of craftsmanship

Jiang Yan is the vice chief engineer of the Designing Institute of Shenyang Blower Works Group Corporation (SBW Group). Born into a Manchu family in 1973, she graduated from the Shenyang University of Chemical Technology in 1997 and joined the SBW Group the same year. In 2013, she became a member of the Communist Party of China (CPC).

Jiang gained national fame for designing the country's first compressor capable of producing one million tons of ethylene a year in 2012. The successful running of the machine made China one of only a handful of countries capable of designing such large-scale compressors, ending China's long-time dependence on imports.

Due to her great contributions to China's compressor development, Jiang was honored as a "National Outstanding Party Member" in July this year.

Despite the great honor, Jiang remains humble. "I'm not a smart person," she said. "So I always try to work harder."

In 1997, when Jiang first entered the SBW Group, she was totally at a loss regarding what she was doing. As a green hand, she was responsible for designing compressor auxiliary parts. However, she didn't know what the things were for. For quite a long time, she thought the blowers her company was producing were a kind of high-velocity hair dryer.

After the embarrassment, Jiang decided to pull herself together and become qualified for the work. She seized all opportunities to learn from senior engineers, taking down notes of every formula, parameter and idea she came across. After seven years, she had a deep understanding of various vessel materials, paving the way for her future success.

In her spare time, Jiang went to the Northeastern University to pursue graduate education. "Her understanding of theories might not have been the best in the class, but she was definitely the most hard-working student," her teacher recalled.

Jiang's opportunities improved in 2003. Previously, she had worked for a year in the department designing compressors. During that year, she managed to design hundreds of compressors. Her hard-working attitude left a deep impression on the department head.

Therefore, when the SBW Group decided to produce an ethylene compressor in 2003, the department head nominated her to be the chief designer. "I trust your ability and attitude. You are competent for the job," the department head told her.



Jiang Yan at work

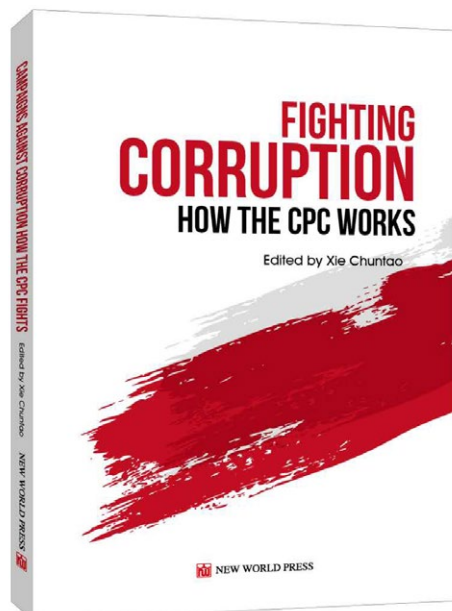


Jiang Yan (center) and her colleagues

Now, Jiang has set her eyes on a 1.2-million-ton compressor. Although she humbly attributed all the achievements to the 7,300 workers of the SBW Group, whom she said have backed her all along the way, she has become an idol in the eyes of the young engineers at the company. Jiang continuously reminds them to stick to the spirit of craftsmanship, emphasizing perseverance and a realistic, down-to-earth attitude.

Despite all her horrors and achievements, after work, Jiang is just an ordinary wife, mother and daughter. She said her husband has given her the strongest support over the past 18 years, and her biggest achievement is having had her daughter. Now, her biggest wish is to take a short vacation and travel with her family.

Fighting Corruption: How the CPC Works



Among the new measures and policies adopted by the Central Committee of the Communist Party (CPC) of China headed by Xi Jinping, the anti-corruption campaign, since the 18th CPC National Congress, has attracted widespread attention and recognition at home and abroad, which has significantly changed the national political environment and social atmosphere.

This book "Fighting Corruption: How the CPC Works", illustrates the endeavors by the CPC in the past few years to combat corruption and build clean government. It shows the CPC's views and planning on combating corruption, the progress and achievements in improving Party conduct, the punishment of corrupt officials, the measures and effects of supervising the use of power and the reform and achievements of the disciplinary inspection system.

Its author, Xie Chuntao, is professor and director of the Teaching and Research Department of CPC History at the Party School of the CPC Central Committee, and a former media publisher and editor-in-chief of the school. His publications include Turmoil of the Great Leap Forward and A Brief History of the 1959 Mount Lushan Meeting.

He compiled and edited A History of Socialism with Chinese Characteristics, China in Transition: from 1976 to 1982, Why and How the CPC Works in China, Governing China – How the CPC Works, Challenges for China: How the CPC Makes Progress, Learn from Mao Zedong, and The Communist Party of China.

The book, in English and Chinese versions, was released by the New World Press in March 2016.

Getting to Know **CHINA** through **KEYWORDS**

Widespread entrepreneurship and innovation:

Widespread entrepreneurship and innovation would be a new engine for China to upgrade the economy, making it more efficient.

[More>>](#)

Growth Model Transformation, Structural Adjustments, and Steady Growth:

Since the rollout of China's 12th Five-year Plan (2011-2015), a major policy goal has been to transform the growth model and make structural adjustments while ensuring steady growth.

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Major events in December

Dec. 1: CPC adopts rules on Party leaders' treatment

Keywords: CPC, Party, eight-point guidelines

The leadership of the Communist Party of China (CPC) adopted measures to standardize benefits and treatment of CPC and state leaders, such as offices, housing and staff, while outlining regulations for meetings on democratic life.

Dec. 2: Xi vows stronger partnership with Laos

Keyword: Laos

Chinese President Xi Jinping met with Lao Prime Minister Thongloun Sisoulith in Beijing.

Dec. 7: China, Gabon lift ties

Keyword: Gabon

Chinese President Xi Jinping and visiting President of the Republic of Gabon Ali Bongo Ondimba agreed to lift China-Gabon ties to a comprehensive cooperative partnership.

Dec. 13: China aims to create 10 development zones

Key words: development zones

China aims to open around 10 national development zones to seek solutions for sustainable growth as part of the 2030 Agenda for Sustainable Development.

Dec. 22: Xi highlights need to expand clean energy

Keywords: clean energy, smog, environment

China plans to push forward clean energy use for heating in northern regions, to further reduce smoggy days in winter and improve the energy consumption mix.

Dec. 26: China, Sao Tome and Principe resume diplomatic ties

Keywords: Sao Tome and Principe

China and Sao Tome and Principe resumed diplomatic relations in Beijing, after the West African nation cut "diplomatic ties" with Taiwan.