

BIZCHINA> Center

New measures unveiled to spur growth

The government Wednesday unveiled a slew of infrastructure projects and increased export rebates for the third time in recent months - in a wide-ranging initiative to stimulate growth and offset the effects of the global downturn.



A saleswoman sits idle at a jewelry display counter at the China International Jewelry Fair in Beijing yesterday. The government Wednesday unveiled a slew of infrastructure projects and increased export rebates for the third time in recent months - in a wide-ranging initiative to stimulate growth and offset the effects of the global downturn.[Agencies]

The latest announcement by the State Council, or Cabinet, add to efforts to spur economic growth following the release of a 4-trillion yuan (\$586-billion) stimulus plan on Sunday.

An executive meeting, presided over by Premier Wen Jiabao, approved projects with a combined investment of more than 200 billion yuan (\$29 billion) designed to help boost domestic demand (see infographic for breakup).

They include a gas pipeline from the Ningxia Hui autonomous region to Guangzhou, Guangdong province, and Hong Kong; expansion projects for two nuclear power plants in Guangdong and Zhejiang provinces; water conservancy projects in the Xinjiang Uygur autonomous region, and Guizhou and Jiangxi provinces; and new airports in Anhui province and the Inner Mongolia autonomous region.

The meeting also decided to raise export rebates, effective Dec 1, on 3,770 export products, or about 28 percent of the total. They are mainly in the labor-intensive, and mechanical and electrical product sectors.

It did not release details of the size of the rebates or which products would be affected but was the third such move in the second half.

The measures add to a series of urgent steps taken by Beijing to reverse a sharp downturn in economic growth.

Growth fell to 9 percent in the latest quarter - still strong for a major economy, but well below last year's 11.9 percent.

A drop in global demand for Chinese goods has hit exporters hard, prompting layoffs and factory closures.

The steps are meant to "expand domestic consumption and promote economic stability", the State Council said in a statement on its website.

Other measures agreed upon at the meeting include:

The 300-billion-yuan reconstruction fund dedicated to 51 hard-hit areas in Sichuan, Gansu and Shaanxi provinces will provide the main financing for the May 12 quake zone.

The forestry industry, ravaged by snowstorms at the start of the year and the earthquake, will receive support for restoration by 2010. "Proper subsidies" will be given to forestry workers to help rebuild damaged homes.

The State will use "protective prices" in purchase of damaged bamboo and lumber, and urged financial institutions to give greater support or write off bad loans due to disasters in the sector.

The \$586-billion stimulus package calls for high spending on government construction projects, aid to the poor and farmers and tax cuts for exporters over the next two years.

It covers 10 major areas, including affordable housing, rural infrastructure, water, electricity, transport, the environment, technological innovation and rebuilding after disasters, especially the Sichuan quake.

The plan calls for speeding up projects that were already planned; and depends on domestic companies for a big share of the spending.



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