
China to launch more stimulus investment in second quarter

BEIJING, April 21 (Xinhua) -- The Chinese central government is expected to launch its third batch of stimulus investments in large domestic projects in the second quarter to further boost its economy, according to the China Securities Journal Tuesday, citing an unidentified source.

The central government has so far cashed in a combined 230 billion yuan (33.8 billion U.S. dollars) for its 4-trillion-yuan stimulus package announced last November to bolster the slowing economy, 100 billion yuan in the fourth quarter and 130 billion yuan in the first quarter.

The newspaper said the new money would continue to be poured in projects that could benefit people's livelihood, such as health and education sectors, big infrastructure projects, and housing for low-income earners. Previous investments were dedicated to similar purposes.

An official of the National Development and Reform Commission (NDRC) confirmed the new investment, but said the exact amount was not decided yet. He spoke to Xinhua Tuesday morning on condition of anonymity.

The newspaper said the second-quarter investment might be a larger amount than previous ones, as the government hoped to consolidate foundations for a possible economic recovery with more investment and the summer is a good time for construction work.

"It's good to cash in pledged investment as early as possible, because the economy is under deeper downward pressure in the first half," said Li Huiyong, a Shenyin & Wanguo analyst.

The central government has made arrangements on nearly 40 percent -- 230 billion yuan out of 590 billion yuan -- of the first half of its promised two-year investment, at 1.18 trillion yuan.

"Early arrangement of such investment can leave room for new stimulus plans, if the two-year 4-trillion-yuan package does not work out very well," Li said.

Tuesday's report came after Premier Wen Jiabao said Thursday that the country would "soon" cash in the third batch of pledged central government investment as a means to further expand investment. He said the economy was doing "better than expected" thanks to government stimulus moves.

China's fixed asset investment picked up in the first quarter with an increase of 28.8 percent, which outperformed the annual rate of 25.5 percent last year.