

China to increase subsidy for auto, home appliance replacements(1)

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- Government will raise subsidies for auto replacements to 5 billion yuan this year.
- Government will allocate 2 billion yuan to encourage home appliance upgrades. • CBRC said consumers will get loans without collateral for buying durable goods.

BEIJING, May 19 (Xinhua) — China will increase subsidies for consumers who sell their cars and home appliances in order to purchase new ones, in an effort to spur domestic consumption and curb pollution, according to a cabinet meeting held Tuesday.

The government will raise subsidies for auto replacements from 1 billion yuan to 5 billion yuan this year, and allocate 2 billion Yuan to encourage home appliance upgrades, an executive meeting of the State Council presided over by Premier Wen Jiabao said.

The move will further help stimulate domestic spending after the rebate program for auto and home appliance buyers in the rural areas greatly boosted rural consumption, said a statement from the meeting.

Consumers who trade-in their used mid- and small-sized truck and some types of mid-sized passenger cars for new ones will receive a subsidy.

Subsidies will also be given to consumers who sell automobiles that no longer meet the government's emission standard, but are still within life expectancy.

The subsidy will be no more than the purchase tax of the automobile.

A pilot program of home appliance replacement will start in Beijing, Shanghai, Tianjin, Fuzhou, Changsha and provinces of Jiangsu, Zhejiang, Shandong, Guangdong, said the statement. No specific date was given.

Buyers will receive a subsidy worth 10 percent of the prices on five kinds of new appliances, namely, TV sets, refrigerators, washing machines, air-conditioners and computers.

Retail sales kept solid growth in China as the world's third largest economy turned to domestic consumption for growth after exports tumbled.

Retail sales rose 14.8 percent in April year on year to 934.32 billion yuan (136.8 billion U.S. dollars), the National Bureau of Statistics (NBS) announced last Wednesday.

The growth rate was 0.1 percentage point higher than in March.

From January to April, retail sales totaled 3.87 trillion Yuan, up 15 percent over the same period last year.

More than 1.15 million vehicles were sold last month in China, up 25 percent year on year, according to China Association of Automobile Manufacturers on May 8.

Sales were boosted by government stimulus policies, Zhang Yunpeng, an analyst with Beijing-based Huarong securities told Xinhua last Wednesday. China in January halved the purchase tax on passenger cars to 5 percent for models with engine displacements of less than 1.6 liters.

As part of the government effort to boost consumption, China Banking Regulatory Commission (CBRC) said on May 12 that the consumers will get loans without collateral for buying durable goods, including appliances and electronic products, and other private consumption such as travel and education.

China to create 3 mln jobs in light industry

BEIJING, May 18 (Xinhua) — The State Council, China's Cabinet, Monday announced that it would endeavor to create 3 million new jobs in light industry in the coming three

years by boosting domestic demand.

The State Council in February unveiled initial plans to boost light industry in a bid to buoy the economy together with the 4-trillion-yuan (586 billion U.S. dollars) stimulus package presented in November and nine other specific industry stimulus plans including petrochemicals, textiles and other sectors.

China's oil processing capacity to increase by 18% by 2011

BEIJING, May 18 (Xinhua) — China plans to raise its annual crude oil processing capacity to 405 million tonnes by 2011, the State Council, or the Cabinet, said on Monday in its restructuring and stimulus plans for the petrochemical industry.

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