

ONE US\$ EQUALS
SOURCE: REUTERS, 9PM FRIDAY

▲ RMB 6.2117

▲ HKD 7.7577

▲ JPY 102.36

▲ EUR 1.3736

▲ GBP 1.6631

▲ AUD 0.9246

▲ INR 59.9100

▼ CAD 1.1042

▲ KRW 1,068.85

▲ THB 32.49

▲ BRL 2.2950

Premier promises support for growth

Li says China has 'ability, confidence, conditions' to maintain momentum

By CHEN JIA and ZHAO YINAN

Premier Li Keqiang said the central government will "take seriously" the increasing pressure on economic growth and introduce "effective policies" to target the problems that local officials have complained about.

POLICY He said China has the ability, the confidence and the conditions to keep the economy moving along "within a reasonable range". He made the comment during a meeting with senior officials from five provincial-level governments during a fact-finding trip to Liaoning province.

Li didn't say whether the central government will launch a new financial stimulus package to buoy economic growth. Economists have estimated that first-quarter GDP growth probably fell to its slowest pace in almost five years.

In the Chinese context, what "a reasonable range" means is a rise in GDP of around 7 percent, with inflation no higher than 3.5 percent.

China's economic situation is still "generally stable", with positive changes in some areas, the premier said, adding that the country still has "great resilience for development and large room for maneuver".

China also gained experi-

ence in coping with a slowdown in economic growth last year, and it's modified its policies to deal with possible fluctuations in 2014.

Li's remarks were intended to address global investors' concerns about China's fast-cooling economy, as shown in economic data for the first two months. He said the government will launch relevant and forceful measures according to "what we have planned in our government work report." Reform, which inspires innovation, still has a key role in economic growth, Li said.

"Both the State Council and local governments will further cut red tape and announce administrative approval procedures that have been kept by the government for the sake of clarity and to facilitate public supervision," he said.

Li also told the meeting that the government should speed up important investment, especially in railways, highways and water-conservation projects, disburse budgetary expenditures in a timely manner, support the construction of subsidized housing, boost exports and imports and reduce corporate financing costs through "various" monetary policy instruments.

China's opening-up policy, Li said, will be maintained and revised to adapt to new world conditions. The government will look into "strategic meas-



HUANG JINGWEN/XINHUA

China will stabilize market confidence by assuring supportive measures for economic growth and push forward structural reforms, said Premier Li Keqiang. He made the remarks at a meeting with senior officials from five provincial and municipal governments during a visit to Liaoning province, Northeast China, this week.

ures" that can revive exports and streamline the procedures of customs clearance, he said.

"The overall performance in the economy so far this year is relatively stable and we have seen some positive changes, but we cannot ignore the difficulties and risks, and [the fact] that growth faces more downward pressure," Li said.

During the first two months, growth in major economic indicators, including industrial output, fixed-asset invest-

ment and retail sales all dropped to their lowest point in years.

Global investment banks have started to lower their GDP growth rate forecasts for this year and warned investors about potential slowdown risks in the world's second-largest economy, sparking talk about possible stimulus measures.

A report from Nomura Securities Co Ltd said that the GDP growth rate may slow to 7.3

percent in the first quarter from 7.7 percent in the fourth quarter last year.

"Without a pick-up in policy easing, growth will likely drop below 7 percent in the second or the third quarter," Nomura said. It expected looser monetary and fiscal policies starting in April. It said that the central bank may start to cut the required reserve ratio in the second quarter.

Zhu Haibin, chief economist in China at JPMorgan Chase &

Co, said that fiscal policy and structural reforms should come ahead of monetary policy easing to address near-term growth concerns. "A valid concern is that monetary easing could lead to unintended consequences such as a rebound in housing prices or further increase in leverage."

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'Significant progress' on bilateral pact

By LI JIABAO
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China and the United States have achieved significant progress on negotiations for a bilateral investment treaty, which will contribute to the establishment of global investment rules, senior advisers said on Friday.

"The BIT negotiations have made substantial progress. We have already agreed on the basic framework to talk about the BIT. The issues include pre-established national treatment and the 'negative list'. These issues will be at the core of the BIT," said Long Yongtu, secretary-general of the Boao Forum for Asia. Long was China's chief negotiator during talks for joining the World Trade Organization.

"What's left is detailed negotiations on the content and the items on the negative list."

He added that there are no uniform global standards for international investment treaties or similar agreements, unlike the global trade rules of the WTO.

"China and the US to some extent are creating international or global rules for investment. So we have to achieve a high standard that others can follow," Long said.

The 12th round of negotiations on the treaty were held in Washington DC in early March.

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Chengdu's favorable policies and sound business environment are drawing accolades and investment.

Chengdu shines in the west

By ZHANG ZHAO
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When the UK Prime Minister David Cameron visited Chengdu last year, he tasted authentic Chinese tea and spicy local hot pot.

The capital city of Sichuan, long renowned for its abundant distinctive cuisines, was recognized as a City of Gastronomy by the UNESCO, the first one in Asia. But for global business leaders, there are more attractions in Chengdu than just spicy food and adorable pandas.

The local lifestyle of leisure has been integrated in the city's fast economic growth.

Amid the global economic downturn and slowing domestic growth, Chengdu has maintained a robust annual GDP increase as it grew from 390 billion yuan (\$62.7 billion) in 2009 to more than 900 billion yuan last year, some 8 percent of the total in all of West China.

By the end of last year, 252 Fortune 500 companies had opened offices in Chengdu.

There are tremendous business opportunities being unlocked in the western region, one of the key engines driving the continuous development of China's economy"

KONG XIANGHUI
CHAIRMAN OF PHILIPS GREATER CHINA

Andy Serwer, managing editor of Fortune magazine, said the city is "a dynamic magnet for multinational companies".

Chengdu is the nation's fourth-largest air hub after Beijing, Shanghai and Guangzhou. Its Shuangliu International Airport now has more than 70 international passenger and freight routes.

By the end of next year, there will be more than 36 direct regular international passenger and freight airlines with handling capacity of 50 million passengers a year.

Construction on the second airport in the city is planned this year.

Chengdu is also the largest railroad container transportation hub in the region. It opened two direct freight trains to Europe in 2012, one leading to Duisburg in Germany and the other to Lodz in Poland.

In 2012, the Economist think tank ranked the city first in Central and West China on the list of the world's most competitive cities.

It is also becoming increasingly attractive to global entrepreneurs due to ongoing geographic transfer of industry.

Philips Greater China Chairman Kong Xianghui told China Daily that the western region is a strategic priority on the government's development agenda.

"With its increasing importance, accelerating urbaniza-

tion and better infrastructure, the living quality in this vast area is improving," Kong said. "There are tremendous business opportunities being unlocked in the western region, one of the key engines driving the continuous development of China's economy."

The local government's support for innovative concepts and technology to create an environmentally friendly, smart and harmonious city "is recognized and welcomed by international companies", he added.

Tony Su, president of DuPont Greater China, said he has found "huge potential for development" in Chengdu, along with advantages in infrastructure and business environment.

Moreover, he noted that a number of national leading universities in Chengdu such as Sichuan University and University of Electronic Science and Technology of China have provided rich and competitive human resources.

Multinational magnet for the inland region

By LI FUSHENG
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The latest proof that Chengdu is gaining fame with multinationals is its listing as a recommended global investment destination by the Financial Times FDI Altas.

The selection came after the city attracted global attention in 2013 by hosting the Fortune Forum and the World Chinese Entrepreneurs Convention.

It was the fourth city nationwide and the first city in western China to hold the forum. Previous hosts were Shanghai, Hong Kong and Beijing.

Fortune's managing director Andrew Serwer said the city embodies China's new trends: rapid economic growth in western regions, the fast urbanization process, and the transition from a production and export economy to one led more by consumption.

Cheaper labor than eastern and coastal cities and booming foreign investment are

the key strengths for China's western business center, said Nobel Prize-winning economist Robert Mundell during the forum.

Mundell said the inland economic hub should exploit its strengths to benefit from economic globalization.

Statistics show at least 252 Fortune 500 companies have a presence in Chengdu. They started 73 new projects in 2013.

Another 684 overseas companies joined the ranks last year, bringing the total number of foreign companies in the city to 5,833. Their combined registered capital combined was nearly \$29 billion.

Analysts said the surge is due to Chengdu's favorable policies and sound business environment.

They predict the city will attract more foreign capital as many multinationals are looking for investment destinations amid world economic slowdown.

Meanwhile, local authorities are speeding up efforts

to streamline administrative procedures for investors.

And the provincial government has applied to the State Council to establish a free trade zone in Chengdu after China's first was inaugurated late last year in Shanghai.

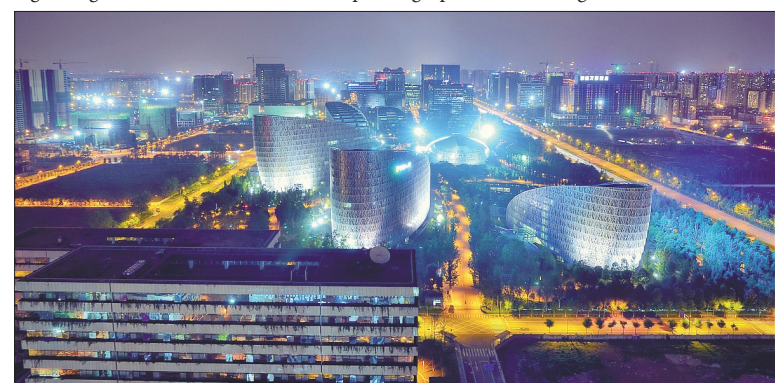
A general plan is in the pipeline, said an official with the Chengdu commerce bureau.

"Different from traditional development parks, a free trade zone will help introduce international investment and trade rules," said the official.

He said this measure will reform the way market entry is administered and provide more room for the market to play its role in resource allocation.

By then a large number of items requiring government examination and approval will be slashed, facilitating a shift to services and supervision, he said.

The official said local authorities are thinking of more ways to make the city a magnet for more investors.



The Chengdu High-tech Zone is home to an increasing number of multinational companies.