

TOP NEWS

Better economic growth expected in China, US

Faster recovery due to swift and vigorous stimulus for businesses, households

By CHEN JIA
chenjia@chinadaily.com.cn

Monetary authorities in China and the United States have had a more sanguine economic growth outlook recently, sparking more speculation from analysts about a gradual return to normal monetary policies in the future.

The People's Bank of China held its quarterly monetary policy committee meeting for the first quarter late last week, vowing to continually guide down funding costs in real terms and further support economic recovery.

China's central bank appeared to be more optimistic on the domestic growth outlook compared with its last meeting in the fourth quarter last year, saying in its statement that growth drivers continued to strengthen and positive factors are increasingly evident.

“More multilateral cooperation is needed in vaccine distribution, macroeconomic policy coordination, maintaining financial market stability and promoting green recovery.”

Wang Yiming, a member of the PBOC monetary policy committee

At the same time, US Federal Reserve Chairman Jerome Powell said before the House of Representatives financial services committee that “the (US) recovery has progressed more quickly than generally expected and looks to be strengthening”.

During a later interview with National Public Radio in the US, Powell said the “emergency tools” the Fed used during the acute phase of the pandemic crisis will be gradually pulled back.

“Over time, ... we will gradually roll back the amount of Treasury- and mortgage-backed securities we're buying,” he said. “And then in the longer run, we've set out a test that will enable us to raise interest rates.”

Monetary authorities in the two largest economies have been aware of the “faster-than-expected” economic recovery, mainly due to the swift and vigorous stimulus for businesses, households and central and local governments. Potential inflation pressure and higher debt levels pushed policymakers to turn the monetary measures back to a normal stance once the economic situations improved solidly, analysts said.

Wang Yiming, a newly elected

member of the PBOC monetary policy committee, predicted that if the US economy rebounds faster than expected, the Fed is likely to marginally tighten its monetary policy and that may lead to capital flows out of emerging markets and perhaps a sharp drop in asset prices or even financial market turbulence in these markets.

The recent remarks from the Fed officials indicated that the policy shift may not happen too soon. But if a really strong rebound appears and the inflation index rises rapidly, marginal tightening will be likely, Wang added.

“More multilateral cooperation is needed in vaccine distribution, macroeconomic policy coordination, maintaining financial market stability and promoting green recovery. In this process, China and the United States, as the two largest economies, should play more important roles,” said Wang.

Upward trend

In China, the latest evidence of an accelerated economic recovery came from the National Bureau of Statistics statement released on Saturday. The NBS data showed that major industrial enterprises' total profits reached 1.11 trillion yuan (\$169.7 billion) in the first two months this year, increasing by 179 percent year-on-year and up 72.1 percent compared with the figure for January-February in 2019.

Given the rosy economic outlook, the PBOC meeting didn't mention major adjustments of policy rates nor the amount of cash financial institutions must reserve — the reserve requirement ratio. It vowed to use relending and rediscounting facilities, and targeted measures to directly transfer funds into the more vulnerable sectors in the real economy.

A research report by a team led by Ruan Jianhong, head of PBOC's statistics and analysis department, was released on Thursday, estimated that China's potential output growth rate during the 14th Five-Year Plan (2021-25) period is 5 to 5.7 percent, reaching the level of a “medium- to high-speed” growth rate. The projection has taken the impact of COVID-19 into account.

Potential output refers to the maximum output that the macroeconomy can obtain without fueling inflation. The central bank's monetary policy should match the expansion of potential GDP, according to the report.

On Friday, the central bank announced tightening scrutiny on bank loans pumped into the property market in violation of relevant regulations.

“Beijing is expected to implement tough restrictions on property market financing so it can channel more funding to other real economic sectors,” said Lu Ting, chief China economist at Nomura Securities.

Cultural curiosity



A child takes in Chinese zodiac animals during an exhibition on the Chinese lunar calendar at the National Museum of Malaysia in Kuala Lumpur on Saturday. The exhibition is on display at the museum from March 23 to April 30. It explores the intricacies of the Chinese lunar calendar through aspects such as customs, calligraphy and painting. ZHU WEI / XINHUA

Li stresses innovation during Jiangsu inspection trip

By XU WEI
xuwei@chinadaily.com.cn

Premier Li Keqiang underlined the importance of bolstering the nation's capacity for innovation and harnessing its growth engines while continuously improving people's livelihoods, during an inspection trip to Jiangsu province on Thursday and Friday.

Li visited Changzhou and the provincial capital, Nanjing, where he spoke with business leaders, community residents, university students and researchers.

The premier inspected Hengli Hydraulic Co, a Changzhou-based

hydraulics manufacturer, where he inquired about the company's products, its technologies and input into research and development.

He encouraged the company to stay innovative while remaining open and eager for cooperation.

Executives from over 10 manufacturers shared their thoughts with Li about the tax incentives offered by the State Council for companies to boost their research and development. The premier said the policy is intended to serve as a boon for businesses to boost their inputs into innovation.

Only with innovation can businesses win in future competition

and the nation attain better growth, he said.

Li spoke with residents from a community in Changzhou, where he stressed the importance of ensuring that elderly groups receive good care, a move that will also give the youth a desirable future.

At the China (Jiangsu) Pilot Free Trade Zone, he encouraged local officials to continue to move forward with institutional innovation and bring together cutting-edge production elements to assist the FTZ in leading reform and opening-up.

Li visited Nanjing University and learned about its fundamental

research and the transformation of research outcomes. He encouraged researchers to collaborate across different scientific disciplines and work toward integrated innovation.

The premier spoke with academicians from the university and expressed his hope that innovation can be pursued from generation to generation to make development more sustainable.

He encouraged students to live up to the motto of the university — sincerity with aspiration, perseverance with integrity — and stay focused on their studies while keeping their feet firmly on the ground to realize their ambitions.

Attention to detail



Cleaning and maintenance work is carried out on the world's largest and most sensitive radio telescope, the Five-hundred-meter Aperture Spherical Radio Telescope, in Guizhou province on Sunday. The FAST installation provides astronomers around the globe with a powerful tool to uncover the mysteries of the universe. OU DONGQU / XINHUA

Xinjiang: Accusations based on disinformation

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“At first I thought the claim is only about politics, but now it has become clearer than ever that it was just their first step. Their true intention, to curb Xinjiang's development, has now been fully revealed,” Ma said.

“The whole thing must be carefully orchestrated because they know how important the cotton and textile industry is to Xinjiang and how many people would be affected.”

Business suspension

The companies that issued the statements about putting a halt to sourcing cotton from Xinjiang were members of the Better Cotton Initiative, a Switzerland-based organization. On March 30 last year, the initiative announced that it would suspend business with licensed growers in Xinjiang during the 2020-21 cotton season over allegations of forced labor, which means that growers in the region were no longer able to get certificates from BCI and enter the global supply chain.

Xinjiang Haoxing Cotton and Linen Co in Bole, in the region's Bortala Mongolian autonomous prefecture, joined the initiative in 2013. Because the BCI suspended its cooperation, the sales of ginned cotton were heavily affected in 2020, Gao Ruinan, sales manager of the company, told Southern Weekly.

Because many of its clients involved in international trade did not want to be associated with cotton supplies from Xinjiang, by the end of December, the company had managed to sell only about 2 million metric tons of ginned cotton since the harvest season started, which was only about half of the amount it normally sold during that period in previous years, said Gao, whose company owns eight cotton farms.

Cao Huiqing, head of the cotton cultivation branch of the China Cotton Association, said the BCI's requirements for ethical cotton are actually pretty low. “For example, it bans the use of certain pesticides that

were prohibited in Xinjiang about more than 30 years ago,” he said.

Cotton growers in Xinjiang have all joined the Stockholm Convention — a global treaty that took effect in 2004 to protect human health and the environment from pollutants. Its requirements for growing cotton are higher than those of the BCI. Also, the initiative's requirements for decent working conditions are all included in China's labor laws, he added.

“I often wonder how an organization from a country that doesn't produce cotton can draft standards for cotton. So maybe it's never been about certifying quality cotton but about controlling cotton resources,” Cao said.

Some officials have said it seems that the BCI's headquarters in Switzerland is turning a blind eye to reports submitted by its China branch. The organization's office in Shanghai issued a statement on Friday, reiterating that it had found “not a single case of forced labor” in third-party verifications in Xinjiang since 2012. However, the BCI's head office hasn't made any changes in its previous decision to cut ties with Xinjiang growers.

Wu Yan, head of the initiative's Shanghai office, said her team conducted careful inspections in Xinjiang after the accusations of “forced labor,” but found no such practice.

“We've submitted two investigation reports to our headquarters, and also submitted reports we compiled from some third parties such as SGS (a Swiss multinational company that provides inspection, verification, testing and certification services),” she said in a China Central Television interview broadcast on Saturday evening.

“We've reiterated many times to some international NGOs and stakeholders that we haven't found a single case of forced labor in China.”

Wu said the decision by BCI headquarters to cut ties with Xinjiang growers will block about 500,000 tons of Xinjiang cotton from entering the international supply chain.

“The US and other Western countries cannot stand seeing Xinjiang prosper because it means that they cannot attack China with the ‘Xinjiang card’ anymore.”

Shenzhen Ningnanshan, blogger on China's economic issues

Liu Haoran, a project manager with the BCI Shanghai office, said many international human rights groups have played a role in the initiative's decision.

“They've demanded that BCI suspend Xinjiang cotton certification, and required that the BCI not publicly associate its decision with these human rights groups,” he said in the CCTV interview.

In addition, the United States Agency for International Development is a key sponsor of the BCI. The organization also heavily relies on membership fees paid by big US and European companies, according to the report.

Real intention

The cotton industry matters to people's livelihoods, employment and trade in Xinjiang, so it plays an irreplaceable role in safeguarding the region's stability and even national unity. So China needs to be vigilant in regard to the real intention of such a “precision strike” against Xinjiang cotton, said Mei Xinyu, a researcher at the Chinese Academy of International Trade and Economic Cooperation.

“Large exports of Xinjiang cotton, and many foreign enterprises' participation in the downstream portions of production lines such as clothing manufacturing and retail sales, provide opportunities for anti-China forces to apply downstream pressure,” Mei said in a post on Sina Weibo on Friday.

China must take action to prevent a possible chain reaction triggered by the cotton issue, which is created by anti-China forces in Western countries, particularly the US, to ensure that the country's overall economic development won't be affected, he added.

Over the weekend, a video of Lawrence Wilkerson, chief of staff of former US secretary of state Colin Powell, went viral on Chinese social media platforms. In the video, shot in August 2018, Wilkerson publicly suggested that the US Central Intelligence Agency exploit the Uygurs to cause unrest in China.

If the CIA should want to destabilize China, the best way to do it is to create unrest and join with those Uygurs in pushing the Han Chinese in Beijing, Wilkerson said in a public speech.

Shenzhen Ningnanshan, a popular blogger on China's economic issues, released a post over the weekend on various Chinese social media platforms, saying that what the US and other Western countries are doing is to bar the Uygurs from modern industrial civilization so Xinjiang will be less developed. As a result, unrest could resurface in the region, he said.

The region has been China's main battlefield against terrorism. For a time, it was hit by frequent terrorist attacks, particularly after the penetration of religious extremism from abroad. Many experts think that poor education and the low employment rate in rural Xinjiang contributed to the quick spread of religious extremism. Thanks to joint efforts, no terrorist incident has happened in Xinjiang for more than four years.

“The US and other Western countries cannot stand seeing Xinjiang prosper because it means that they cannot attack China with the ‘Xinjiang card’ anymore. Obviously, targeting Xinjiang cotton can create bigger damage to China than targeting certain high-tech companies,” said the blogger, who has more than 667,800 followers on Sina Weibo.