RIGHT TRACK

Services trade signals bright digital future

CIFTIS highlights ability of sector to attract investment, boost growth

By ZHONG NAN, LIU ZHIHUA and CHENG YU

China's trade in services rose 7.3 percent year-on-year to 2.81 trillion yuan ($434.99 billion) in the first seven months of this year, significantly boosting economic growth, said the Ministry of Commerce on Thursday.

In the same period, trade in knowledge-intensive services was worth 1.28 trillion yuan, up almost 12 percent year-on-year and accounting for nearly 46 percent of total trade in services, which was a 1.8-percentage-point growth in share of the total trade in services, ministry data showed.

The areas where exports grew faster were personal, cultural and entertainment services, intellectual property royalties, telecommunications and information services, said Shu Yuting, the ministry's newly appointed spokeswoman.

The ministry unveiled the trade figures during the 2021 China International Fair for Trade in Services — CIFTIS — that opened both offline and online on Thursday and will close on Tuesday in Beijing. Participants from about 153 countries and regions are attending the event.

This year's fair is having an exhibition area of 130,000 square meters, which is 18 percent larger than last year's space, and will host 198 summits, forums, meetings and promotional events, she said.

Trade in services covers a wide range of services that can be traded, like those in finance, telecommunication, logistics, human resources, education, healthcare, construction, advertising, computing and accounting.

In July alone, China's trade in services reached 431.92 billion yuan, up 10 percent year-on-year, ministry data showed.

As digital services have become a new engine for global trade, a digital service exhibition zone has been set up this year for the first time, covering 11,000 square meters.

The 2020 World Trade Report published by the World Trade Organization showed about 115 countries have unveiled digitalization-related policies, promoting digital production and innovation from different perspectives.

"In this increasingly digital era of globalization, digital trade has become a high ground that countries led by the United States are striving to seize," said Liu Yingkui, a researcher with the China Council for the Promotion of International Trade.

According to a recent report published by global consultancy firm McKinsey & Co, a large gap in the digital dimension separates a handful of leading countries and the rest of the world. The report ranked 139 countries on the basis of inflows and outflows of goods, services, finance, people and data. Singapore led the rankings, followed by the Netherlands, the US and Germany.

Liu said the report showed China has grown more connected, reaching seventh place globally, but advanced economies in general remain more connected than developing countries.

As higher-level opening-up has been enhancing trade in services by removing restrictive measures, the sector grew robustly and helped attract a large amount of foreign investment in recent years, said Chen Chunjiang, director-general of the ministry's department of trade in services and commercial services.

Marriott International, a US-based hotel chain, opened two hotels in Beijing's Yanqing district last week, as there has been a surge in demand for domestic leisure travel in China. Yanqing will be one of the venues for the Beijing 2022 Winter Olympic Games.

Consumers in China are more than ever seeking high-quality tourism services, and better tourism service quality and travel management could help create stellar travel experiences for tourists and an increase in customer engagement, said Henry Lee, president of Marriott International in China.

"We currently operate more than 23 hotels in the Chinese capital and look forward to further expanding our portfolio, in order to offer unique and personalized services for travelers with changing spending preference," he said.

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Guoyuan Port is becoming the center of Chongqing's inland international logistics hub. XU QIN / XINHUA

Land-sea corridor work in western region to shift into higher gear

By OUYANG SHIJIA
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China will speed up the construction of a land-sea corridor in its western region over the next five years in a bid to further boost high-quality development and connectivity, the country's top economic regulator said on Thursday.

The National Development and Reform Commission unveiled a new plan to promote the high-quality development of the new western land-sea corridor during the 14th Five-Year Plan period (2021-25).

The plan aims to build an economical, efficient, convenient, green and safe land-sea corridor for the western region by 2025.

By then, the operation of the three major routes connecting Chengdu in Sichuan province, the Chongqing municipality and Beibu Gulf port in the Guangxi Zhuang autonomous region will become more efficient with better transportation capacity and logistics services, playing a key role in driving the economic and industrial development along the routes.

The land-sea corridor will extend primarily from Chengdu and Chongqing to Beibu Gulf Port and Yangpu Port in Hainan province. It will also better connect China's inland northwestern region to major ports in the south.

Under the plan, the combined sea-rail transportation along the new land-sea corridor in western China is set to complete 500,000 twenty-foot equivalent units by 2025. And the total number of cross-border freight trains is expected to reach 2,000 by then.

Container throughput at Beibu Gulf Port and Yangpu Port is set to reach 10 million TEUs and 5 million TEUs, respectively, by 2025.

By then, a large and unified regional market will be built in the land-sea corridor in western China, with improved Customs clearance and logistics services.

In terms of the western land-sea new corridor Railway Express, 3,624 trains were operated and 360,000 TEUs of goods were delivered in the first eight months, up 80 percent and 256 percent, respectively, according to Dong Hui, deputy director of the Freight Transport Department at China State Railway Group Co Ltd.

Dong said China State Railway Group will actively promote the high-quality construction and operation of the new western land-sea corridor in accordance with the new plan.

"We will optimize the operation of sea-rail combined trains as well as improve Customs clearance and logistics services," Dong said. "We will strive to achieve an average annual growth of 15 percent in terms of the rail-cargo volume of the western land-sea new corridor Railway Express."

Zhou Xiaoqi, deputy director of the Department of Infrastructure Development at the NDRC, said the new plan focuses on strengthening weak links in transportation construction in the western region, improving the quality and efficiency of transportation and logistics, reducing costs, optimizing services and expanding opening-up in the region.

The new plan will help meet the higher requirement for promoting the development of combined sea-rail transportation, international liner services, cross-border freight train services and innovative logistics models, he said.

"It highlighted the need to strengthen the cross-regional coordination in the corridor and jointly build a shared operational organization platform, which will comprehensively improve the overall operating efficiency."

NDRC data showed China has made considerable progress in developing the new land-sea corridor in the western region during the first half of 2021.

The total number of sea-rail combined train trips on the new land-sea corridor in western China reached 2,705 in the first half, up 112 percent year-on-year. And container throughput at Beibu Gulf Port and Yangpu Port reached 2.61 million TEUs and 565,000 million TEUs, up 22.3 percent and 56.7 percent, respectively, NDRC data showed.

Tencent move creates hopes of open music

By FAN FEIFEI
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Termination of exclusive music copyright agreements by Tencent Holdings Ltd, a Chinese tech giant best known for its killer app WeChat and gaming portfolio, will pave the way for long-term healthy development of the music industry, industry experts said on Thursday.

A market environment free of dominance or control by big companies can spawn continuous innovation in online music platforms, thereby making possible a variety of personalized services and experiences for consumers, they said.

Tencent's ameliorative step is a response to the order of the State Administration for Market Regulation on July 24 that it must give up its exclusive rights to music labels.

The regulator's order was in line with the ramping up of efforts by China to tackle unfair competition and monopolistic behavior to restore market order.

The regulator also imposed a penalty of 500,000 yuan ($77,400) on the internet giant for its monopolistic behavior.

The market regulator said on July 24 Tencent and its affiliates must not engage in exclusive copyright agreements with upstream owners of such rights, while existing agreements must be terminated within 30 days.

Tencent and its music arm own over 80 percent of music library resources in China, following its acquisition of China Music Corp in July 2016, which gave Tencent the power to block new entrants and create an unfair business environment, the regulator said.

Tencent said in a statement on Tuesday night it had notified the upstream copyright parties involved in such agreements as of Aug 23, and it will continue to cooperate and engage with these parties in a nonexclusive way.

Exceptional cases included cooperation periods with independent musicians not exceeding three years, and the exclusive launch period of new songs not exceeding 30 days, Tencent said.

"We have seen Tencent made an announcement to relinquish exclusive music rights, and we expect this to be a sincere decision," said Ding Lei, CEO of NetEase, an internet-based provider of a slew of services and content, during an earnings call on Tuesday night.

NetEase Cloud Music, an online music streaming service owned by NetEase, is a major competitor of Tencent Music. Ding said the anti-monopoly penalty decision made by the market regulator released a "very clear, positive and encouraging signal for the entire industry".

Ding called on record companies to open up licensing and jointly create an open, fair, and healthy environment for the industry's development.

Tencent's corrective action will promote competition among digital music platforms, and encourage them to innovate, improve services and lower membership fees, finally bringing benefits to consumers, said Yu Zuo, director of the Center for Industrial and Business Organization, which is part of the Dongbei University of Finance and Economics.

The antitrust efforts by Chinese regulators have great significance as they can promote the healthy development of the digital music industry, and maintain a fair market environment, Yu said.

Dong Yizhi, a lawyer at Shanghai-based law firm Joint-Win Partners, said exclusive music licensing is a very "controversial" model because while it can help protect intellectual property rights, it can also hinder innovation and healthy development of the music industry.

"Tencent's abandonment of exclusive rights to music labels will be good news for music creators, whose compositions will be broadcast and disseminated via more platforms," Dong said.

Now, major online music and entertainment companies should launch more video streaming content and services, as well as expand the diversified application scenarios of music, he said.

Briefly

Overseas buyers hold more Chinese bonds

Overseas investors raised their holdings of Chinese bonds for the 32nd month in a row in July as the yield on Chinese government bonds remained attractive. Overseas investors held Chinese bonds worth 3.38 trillion yuan ($522.6 billion), up by 75.4 billion yuan from June, data from China Central Depository & Clearing Co Ltd showed. China's economic resilience, the yuan's stable exchange rate and wider financial opening-up have combined to drive the foreign inflows, analysts said.

New standard for quick response codes

The first China-led international standard for quick response or QR and bar codes was released by the International Organization for Standardization and the International Electrotechnical Commission, two international organizations for standards, China News Service reported on Thursday. It is a breakthrough in the development of China's automatic identification and data collection technology.

XINHUA - CHINA DAILY

Analysts expect policy support for economy, credit

By CHEN JIA
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Monetary policy analysts said on Thursday they expect the People's Bank of China, the central bank, to increase policy supports to stabilize the economy, with emphasis on increasing credit supply to smaller businesses and vulnerable sectors through more monetary tools.

Such measures, they said, will likely focus on helping micro, small and medium-sized enterprises or MSMEs.

In China, MSMEs still face difficulties despite broader economic recovery from the impacts of COVID-19. That is because the recent surge in commodity prices has severely inflated MSMEs' operational costs. Their account receivables are increasing amid the emergence of sporadic COVID-19 cases in certain areas, analysts said on Thursday, after taking stock of the proceedings of a high-level meeting on Wednesday.

The State Council, China's Cabinet, met on Wednesday in an executive meeting and pledged to stabilize employment and maintain economic growth within a reasonable range.

It decided to increase relending quota by 300 billion yuan ($46.4 billion), to encourage local commercial banks to issue loans to small and medium-sized enterprises, or SMEs, and private businesses.

Relending is the central bank's lending to financial institutions at a certain interest rate, which is a monetary policy tool that the former can employ to adjust the monetary base in order to achieve the goal of credit supply.

The PBOC could increase lending to smaller city and rural commercial banks, and encourage them to issue more unsecured loans to SMEs with relatively lower interest rates, analysts said.

An unsecured loan does not require any collateral but is extended by lenders based on a borrower's creditworthiness.

The new relending quota is smaller than that in 2020 because China's economy is still on a trajectory of recovery and aggressive stimulus is unnecessary, said Zhou Maohua, an analyst with China Everbright Bank.

The State Council's meeting sent signals that China's monetary policy is trying to balance short-term economic stability with cross-cyclical sustainable growth. The policy will focus on structural adjustments and become more targeted, said Zhou.

By the end of June, the outstanding amount of relending in China reached 888.2 billion yuan, the PBOC said in its monetary policy report for the second quarter.

The relending facility is offered at a rate of 2.25 percent for one-year funds, compared with 2.95 percent for the one-year medium-term lending facility, or MLF, the central bank's mid-term policy rate.

According to the meeting's requirement, the PBOC will also conduct rediscounting to support financial institutions' bill financing, to ease SMEs' short-term financing constraints.

The government said it will establish a risk compensation mechanism for the national financing guarantee fund to encourage financial institutions to provide guarantees for small and micro enterprises lacking collateral or credit records.

Although the Chinese authorities have taken measures recently to tame commodity prices, there are signs profit margins of manufacturing enterprises, especially smaller ones, are getting squeezed, said Heron Lim, an analyst with Moody's Analytics.

The woes Chinese manufacturers face are due to a creaking supply chain that is unable to meet its backlog of orders, said Lim. "This will no doubt increase chatter about incoming increases in policy support for manufacturers."


Bank employees inspect a small firm that received a loan in Hai'an, Jiangsu province. XU JINBAI / FOR CHINA DAILY