

# POLICY REVIEW

## Govt gives digital economy new impetus

Guideline frees up development of new business models to provide more employment opportunities

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The central government has scaled up measures to spur the growth of the digital economy and the development of new business models in a bid to further free up consumer spending and create more jobs nationwide.

A guideline issued on Wednesday by the National Development and Reform Commission and 12 other central government departments pledged to bolster the growth of 15 new business models, including online education, internet healthcare, telecommuting, livestreaming and e-commerce.

In the document, authorities hailed the irreplaceable role of the digital economy in the nation's response to the COVID-19 pandemic, saying that it must serve as the new engine for the country's socioeconomic growth.

The government will encourage the integrated development of online and offline education by taking steps to allow some schools to purchase high-caliber online teaching resources for their curriculums.

More work will be done to improve protection of intellectual rights and oversight of content and to lower the threshold for market access in the online education sector, the guideline said.

In bolstering the growth of internet healthcare, authorities pledged to further shore up the development of smart hospitals and allow eligible internet healthcare services to be included in health insurance payment programs.

The moves came as China's emerging sectors led the economic rebound in the second quarter of the year, with stronger-than-expected GDP growth of 3.2 percent.

Online sales of goods rose by 14.3 percent year-on-year in the first half of the year, while total retail sales fell by 11.4 percent.

The turnover of large online education businesses rose by 19.4 percent year-on-year in the period, while exports via cross-border e-commerce rose by 12 percent, the National Bureau of Statistics said.

Zuoyebang, an online education startup in Beijing, said in a statement that it has been encouraged because the policy will set the stage for quicker growth of the sector and enable further integration of online and offline education models.

The company, which saw a strong rise in user numbers in the first half, expressed the hope that the government will enable online education providers to fully participate in the everyday curriculum of the nation's public schools.

Surging demand for online education allowed the company to make 10,000 jobs available nationwide in the first half, it said. The guideline also highlighted the need to further push the digital transformation of traditional sectors and expand new



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growth engines of the real economy.

Leading businesses in traditional sectors and internet companies will be encouraged to develop platforms to offer comprehensive services, such as transaction and logistics assistance, with financial institutions set to be encouraged to offer their services to such platforms.

The guideline pledged support for the construction of infrastructure for self-driving, automated logistics and the development of robotics for work in dangerous environments.

To make more room for job crea-

tion, the guideline offered greater support to self-employed individuals, including those using e-commerce and livestreaming platforms.

Online platforms that promote the sharing of knowledge and experience will receive more support, and online platforms will be encouraged to cut the fees they charge self-employed individuals in transactions.

The authorities also pledged to heighten protection of labor rights for individuals on flexible pay arrangements, saying that online platforms must ensure employees'

basic payments, plus rest periods and work safety.

The government will explore social security policies that can meet the demand for laborers working on multiple platforms and for different employers, the guideline said.

Zhang Chenggang, a job market researcher at Capital University of Economics and Business in Beijing, said the importance of new business models was fully illustrated during the country's coronavirus response, as they offered strong impetus to economic recovery and job creation.

"Moreover, supporting the growth of new business models, generally powered by digital technologies, can also help the country promote the transformation and upgrading of its economy," he said.

In the meanwhile, as new business models spawn more jobs via flexible pay arrangements, the government must step up efforts to provide institutional support for such employees, because many of them do not even have insurance in the event of occupational injuries, he added.

### POLICY RESPONSE

## Authorities prioritize greater flood assistance

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A number of ministry-level departments, including those responsible for agricultural and rural affairs, civil affairs and flood control and drought relief, have responded to issues of public concern.

### New rural industry plan

On Thursday, the Ministry of Agriculture and Rural Affairs released a plan to develop industries in the countryside from 2020 to 2025.

The development of such industries is an important foundation for rural revitalization, as an important way to raise farmers' incomes as well as an essential driving force for the modernization of agriculture

and the countryside, according to the plan.

Authorities in provinces, autonomous regions and municipalities should work to promote secondary and tertiary industries in the countryside so farmers have more jobs and a better chance of boosting their earnings, the plan said.

The authorities should attract more market resources to rural areas, promote environmentally friendly, quality brands and employ modern technology to upgrade industries in rural areas, it added.

The plan aims to enable rural areas to enjoy a sound industrial system by 2025, including a stronger processing sector for agricultural produce and a tourism industry that will make 1.2 trillion yuan (\$172 billion) every year.

Moreover, the online sales volume of agricultural produce should reach 1 trillion yuan a year, according to the plan.

### More help for victims

The Ministry of Civil Affairs has issued a notice asking local civil affairs authorities to provide

assistance to people in flooded areas and prevent them from slipping into poverty.

The notice asked authorities in flood-hit areas to issue sufficient, timely benefits to guarantee supplies for people in affected areas and said they should respond swiftly to those who call social aid hotlines.

The authorities should also thoroughly assess social service institutions for any threats of natural disasters and potential failure of drainage systems, and improve their plans to cope with floods, the notice said.

They should also launch emergency responses immediately after floods occur, evacuate those who live in such institutions in good time and do their best to prevent casualties, and ensure that the institutions get through floods safely, according to the notice.

Local civil affairs authorities should cooperate with emergency response departments to establish an emergency response system to help NGOs better participate in disaster relief efforts, including psychological

counseling and reconstruction work, the notice said.

### Rescue and reconstruction

The State Flood Control and Drought Relief Headquarters has issued a notice that orders governments at various levels to strengthen the detection of risks and the evacuation of personnel during the flood season, according to the Ministry of Emergency Management.

The notice said authorities should formulate and conduct detailed evacuation plans and swiftly evacuate people threatened by floods, especially seniors, children, the sick, the disabled and groups classified as underprivileged.

The authorities should also provide accurate forecasts and alerts about precipitation, floods, landslides and typhoons.

They should also ensure that all village residents receive alerts immediately they are issued.

In addition, the notice asked authorities to better prepare emergency supplies and strengthen patrols and rescue work.

The authorities should also organize round-the-clock patrols of levees



that are subject to threats of flooding, along with small and medium-sized reservoirs and urban areas that can easily become waterlogged in the event of severe rainstorms.

The authorities should also better coordinate government and nongovernmental rescue teams and carefully devise reconstruction plans, the notice said.

The ministry said it has dispatched 37 helicopters to 19 provinces, autonomous regions and municipalities so they can patrol levees, repair those damaged by floods, and transport related supplies.

On Friday, the central government distributed 10,000 life jackets and 200 handheld searchlights to authorities in Sichuan province as a way to support their efforts in tackling the floods, according to the ministry.

### Policy digest

#### SME payment regulated

On July 14, the State Council, China's Cabinet, released a regulation to ensure timely payments for small and medium-sized enterprises.

The regulation, signed by Premier Li Keqiang, will take effect on Sept 1. It said government departments, public institutions and large companies that purchase goods, projects or services from SMEs must not delay payments for contracts they have signed.

Guilds and chambers of commerce should improve regulation and prohibit large companies from refusing to pay or delaying payments to SMEs, the regulation said.

Government departments and public institutions should make payments to SMEs within 30 days of the delivery of goods, projects or services, the regulation said. It added that if both parties agree, the limit should be no more than 60 days.

Large companies should reach reasonable agreements about the time limit according to the rules and conventions of the industries they work in and pay SMEs within the time limit, the regulation said.

If both parties agree that payment should be made after the products have been checked and accepted, the contract should stipulate a reasonable time limit for the checks to be completed, according to the regulation.

Government departments, public institutions and large companies should pay interest on overdue payments to SMEs, the regulation said.

Every year before March 31, government departments and public institutions should publish the amount of overdue payments to SMEs from the previous year, as well as the number of related contracts, on websites, newspapers or other platforms that are easily accessible by the public, according to the regulation.

Large companies should include overdue payments in their annual reports and publish such information in the National Enterprise Credit Information Publicity System.

When signing contracts with government departments, public institutions and large companies, SMEs should take the initiative to inform the other side that they are SMEs, the regulation said.

State Council departments in charge of SME promotion must provide platforms where companies can check to establish if they should be deemed as SMEs, the regulation said.

#### High-tech zones

On Friday, the State Council issued a guideline to boost national high-technology industrial development zones.

Governments of provinces, autonomous regions and municipalities, along with ministries and institutions overseen by the State Council, should focus on nurturing internationally competitive companies and industries, and make the zones examples of innovation-driven, quality development, the guideline said.

The zones' ability to innovate should be significantly enhanced by 2025, and a number of globally influential high-tech parks should be established by 2035.

The zones should partner with colleges, universities and research institutes to improve innovation.

They should also invest more in basic and applied research, and authorities should support businesses in taking up national and local science projects and industrializing major innovations.

Additionally, the authorities should support the development of high-tech companies in the zones by encouraging them to raise investment in research and development, improve their management of intellectual property rights and enhance brand building.

They should also carry out major projects to apply new technologies, maintain development of the digital, platform, intelligent and sharing economies, and encourage the use of new technologies, materials and equipment.

While following international rules and conventions, authorities should encourage the zones to speed up the import of international high-end and innovative resources.