

Rise seen in August power use

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China's power consumption, a key indicator of economic activity, saw double-digit growth in August, a third straight month of recovery since June and the fastest rise since March 2012, according to official data released Saturday.

The total electricity consumption in August reached 510.3 billion kilowatt hours, increasing by 13.7 percent year-on-year, according to the National Energy Administration (NEA).

The fast growth indicated "an economic recovery and stronger activity by enterprises, mainly driven by government stimulus measures," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, a government think tank, told the Global Times Sunday.

The central government has released a series of policies to stimulate the economy since July, including easing the tax burden for small firms and boosting investment in railway construction in central and western regions, as well as intercity railway development.

Given other promising evidence, such as the rise in China's official Purchasing Managers' Index (PMI) in August, "the country's economy will still see stable growth in the following months," Xu noted.

The official PMI, which mainly covers large and State-owned enterprises, climbed to an unexpected 16-month high of 51.0 in August from July's reading of 50.3, official data showed.

A reading above 50 indicates expansion in the manufacturing sector, while a reading below 50 points to contraction.

Despite the optimistic data, which has boosted hopes for continuous growth, some

small and medium-sized enterprises (SMEs) are still facing challenges.

"The SMEs, which need to upgrade their technologies, have to take a longer-term approach to improve their business performance," Chen Naixing, a research fellow with the Institute of Industrial Economics at the Chinese Academy of Social Sciences (CASS), told the Global Times Sunday.

According to the official August PMI, the index for large enterprises jumped to 51.8 from 50.8 in July. But for medium-sized enterprises, it stayed at 49.6, the same as in July. And for small enterprises, the index dropped by 0.2 points to 49.2.

Activity in the tertiary industries saw the fastest growth, according to the NEA data.

In the first eight months, power consumption by primary industries reached 69.2 billion kilowatt hours, down 0.5 percent year-on-year; electricity use by secondary industries totaled around 2.57 trillion kilowatt hours, up 6.3 percent year-on-year; and electricity consumption by the tertiary sector saw growth of 10.7 percent to 416.1 billion kilowatt hours.

The fast growth of activity in the tertiary sector could be mainly ascribed to the government's pilot program of replacing business tax with value-added tax (VAT) in sectors including modern service industries, according to Xu.

China has begun to expand its VAT pilot program - which started in Shanghai at the beginning of last year - to more cities nationwide from August 1, to ease firms' tax burden.

Chen of the CASS said the central government will continue the current pro-growth policies and enhance its support for enterprises to ensure reaching the 7.5 percent growth target this year.