Document on reform plans published

Global Times, 2013-11-16, By Wang Xinyuan

The full text of the Communist Party of China (CPC) Central Committee's decision on major issues concerning comprehensively deepening reform was published Friday, providing a road map for China's further development.

Also on Friday, top Party leader Xi Jinping's explanation of the decision to the Third Plenary Session of the 18th CPC Central Committee was published in full text.

The decision was approved at the plenum held from November 9 to 12 in Beijing.

While an earlier communiqué released Tuesday at the closure of the meeting led to some minor disappointment due to its lack of details, Friday's release of the detailed document was mostly praised by analysts and institutions.

Wu Jiaxiang, a political commentator, said on his Sina Weibo account that the document had exceeded his expectations, noting it didn't avoid any major difficulties in China's reform.

Wu compared the result of this year's plenum to the one in 1978, which launched the reform and opening-up policy, and the one in 1993 that endorsed the socialist market economic model.

Reuters on Friday hailed it as China's "boldest" set of economic and social reforms in nearly three decades.

The detailed document, in a long statement of over 20,000 Chinese characters, listed 60 reforms in 16 areas, about half of which are economy-related.

The key point in the economic reforms is the reduction of government intervention and letting market forces play a decisive role. The reforms will break local protectionism, strengthen anti-monopoly efforts and combat unfair competition.

"The reform of State-owned enterprises (SOEs) will be an important breakthrough," Chi Fulin, president of the Hainan-based China Institute for Reform and Development, told the Global Times Friday.

China has decided to allow more private capital into the market to develop a mixed ownership economy. Non-State-owned capital will be allowed to take equity stakes in projects featuring investment by State-owned capital, and employees of multi-ownership enterprises will be able to hold shares in their companies, the document said.

The document classifies functions of SOEs, with some focusing in less profitable public welfare service sectors, and others in so-called naturally monopolized sectors which are strategically important areas. The latter have been asked to open part of their businesses to private investors to enhance competitiveness, according to the document.

"It (reform of the SOEs) creates more opportunities for private businesses," said Xu Hongcai, director of the Department of Information at the China Center for International Economic Exchanges.

SOEs are set to have 30 percent of their profits allocated to social security funds by 2020, from the current zero to 15 percent, "which means the public can share a big chunk of the cake owned by giant SOEs with lucrative profits such as PetroChina and Industrial and Commercial Bank of China," Xu said.

The document called for equal treatment of both public and non-public properties.

Open and transparent market rules are to be established, and a unified market access mechanism will apply, the document said.

"The government's reduced intervention in the market means that the tax and administrative fees of businesses will be relieved," said Zhang Guangtong, a vice dean of the School of Taxation, Central University of Finance and Economics.

One of the fiscal reforms included in the document is to step up legislation on the property tax as well as adjusting the scope of taxation to cover energy-consuming and high-polluting products.

The property tax reform aims to increase the holding costs of multiple properties and increase housing supply, as well as serve as a supplement to the tax revenues of the local governments which currently rely heavily on land sales, Zhang said.

A market-driven pricing mechanism is to be set up, and China will push forward pricing reforms on water, oil, natural gas, electricity, transportation and telecommunications, while government pricing is only constrained in important public utilities and public welfare, according to the document.

The statement shows that the industrial and commercial cost for resources consumption will be higher, but for the residential usage, the prices will not rise too quickly, said Lin Boqiang, director of China Center for Energy Economics Research at Xiamen University.

The document also states that China will further open up the financial sector to domestic investors. Under strengthened supervision, qualified private investors are allowed to set up small- and medium-sized banks.

It added that China will push forward financial reform including the liberalization of interest rates, and also accelerate the convertibility of the yuan.

Xinhua contributed to this story