

## QUOTABLE

"We invested such a large amount of capital in the program (of renovating ancient buildings) because the new evaluation system has encouraged us to make greater efforts to protect resources and the environment."

**WANG FUHONG**, Party chief of Huangshan city in East China's Anhui province, said the city government spent 6 billion yuan (\$940 million) from 2006 to 2010 to protect and renovate historic relics. The performance of the local government in Anhui is assessed using a variety of factors, including GDP growth rate, resource and environmental protection, the improvement of people's livelihoods, and social construction.

## THE NUMBER

2.2

TRILLION YUAN

Unfunded liabilities in the individual accounts of China's pension system exceeded 2.2 trillion yuan (\$348 billion) in 2011, about 500 billion yuan more than that in 2010. Zheng Bingwen, director of the Global Pension Fund Research Center under the Chinese Academy of Social Sciences, told the Beijing-based Economic Information Daily. Chinese employees had paid 2.5 trillion yuan into their pension accounts by 2011, but only about 270 billion yuan was payable, he said.

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## Eastern promise fades as western growth soars

By **WEI TIAN** and **CHEN JIA** in Beijing and **XIE YU** in Shanghai

Growth in central and western regions was stronger than the traditional coastal powerhouses in the first six months of the year.

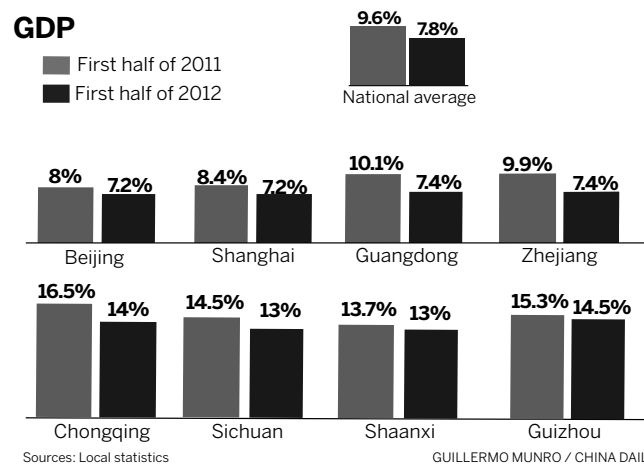
The shift was due mainly to the transfer of technology and manufacturing, a focus on infrastructure and declining exports, analysts said.

A total of 22 provinces, autonomous regions and municipalities published their first-half growth figures, after the National Bureau of Statistics reported 7.8 percent national growth earlier this month.

Guizhou province, in Southwest China, registered the highest first-half growth of 14.5 percent, while Beijing and Shanghai were neck and neck with 7.2 percent expansion, the lowest score, in the first six months.

While these figures would be remarkable in almost any other country they do represent a relative slowdown.

"This is due to global conditions and measures initiated by local authorities to transform



the economy, which, have made progress," Yan Jun, chief economist at Shanghai's municipal bureau of statistics, said.

Shipped exports from Shanghai dropped 5.1 percent year-on-year, but non-store retail sales jumped 52.3 percent.

"The service sector has contributed 6 percentage points to the 7.2 percent growth," Yan said, adding that the proportion of the real estate sector in the city's economy fell by 0.9 percentage points.

Most regions in East China, apart from Tianjin and Fujian, reported growth lower than 10

percent, while inland provinces were growing above that level.

Guangdong province remained the largest in terms of economic clout but even here growth fell by 2.7 percentage points to 7.4 percent for the year.

"Shrinking exports are having a bigger impact on coastal provinces, such as Guangdong and Zhejiang," said Zhang Qizi, assistant director of the Institute of Industrial Economics at the Chinese Academy of Social Sciences.

"It will be hard for these coastal provinces, with their small manufacturers, to see a quick

rebound in growth," Zhang said.

Xu Fengxian, also an academy researcher, said that national growth targets would be harder to meet.

"The eastern provinces accounted for more than half of the country's overall economic output, so if their growth drops below 7.5 percent it will be a difficult for the country to achieve its GDP growth target for the year."

Zhu Haibin, chief China economist at JP Morgan Chase & Co, said policy fine-tuning in the next two months will be crucial for the survival of manufacturing companies along the coastal area.

"The most dangerous threat for the economy in the next six months will be consecutively declining corporate profits, which are expected to reduce company investment and weaken domestic demand," Zhu said.

JP Morgan recently lowered the growth outlook for the whole year to 7.7 percent from 8.2 percent.

"The economic slowdown was an aftereffect of the mas-

sive stimulus taken in previous years, which was like giving a cardiotoxic shot to the patient, he will have to digest the side-effect after all," Zhang said.

However, it seems that the short-term stimulus is still on the cards for western provinces.

Most economic growth in Guizhou province in the first half was driven by fixed asset investment. Guizhou's investment picked up 60 percent, year-on-year, to 346 billion yuan (\$54 billion), while another 400 billion yuan is scheduled for the second half.

Ministry of Commerce data showed that foreign capital flowing into central and western regions increased by 14 and 28 percent, while nationally the figure grew by 10 percent.

To restore growth, investment remains the key component in areas such as infrastructure, the environment, new energy and affordable housing, said Zhu, who expected an additional fiscal easing in this year's budget.

"In the long run, the government's policies need to shift to reduce the role of public investment and encourage private cap-

ital to inject into growth-support investment projects," he said.

"Investment-driven growth is still the most effective way to boost growth for the western regions, as it has a higher marginal effect than in the east," Zhang said.

"The western provinces are following the same development pattern as the eastern regions did a few decades ago, receiving relocated manufacturing.

"But in the long run, the western regions will eventually face the same problem the eastern provinces are facing today," he said.

But for business owners of coastal enterprises, survival is the immediate concern.

Jiang Lei, who runs a shaver company in Wenzhou, East China's Zhejiang province, said he is struggling to keep his factory running.

Orders have shrunk by two thirds.

"I have to lay off employees or I cannot make it," he said.

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## around china

BEIJING

## Ban on 'blind' school closings

The Ministry of Education has issued a circular banning "blind" closings and mergers of rural public schools that are undertaken in response to concerns about road safety and students' commute times.

County-level governments must plan to ensure schools are in places that accord with local conditions, according to a circular issued by the ministry on Sunday.

Closings and mergers of rural schools will be suspended until the provincial government approves them, the circular said.

The circular requires students' commutes to last less than 40 minutes. It also calls on local governments to strictly enforce the Regulation on School Bus Safety Management, which the State Council adopted in April.

## Alleged pyramid scheme cracked

Chinese police have cracked down on an alleged pyramid scheme that is suspected of enrolling more than 150,000 participants through the Internet.

Sources with the Ministry of Public Security said on Sunday the scheme was investigated for more than a year and finally eliminated in 17 provincial-level regions. They said the operation was disguised as an e-commerce website.

The chief suspect in the case, a man in his 50s, is suspected of having organized pyramid sales since the 1990s. In 2005, he established an e-commerce company, Feifan International, and is suspected of using it as a means of selling fake goods at high prices to customers. He is believed to have offered commissions to those who purchased and resold the goods.

The ministry said the case involved more than 1.4 billion yuan (\$210 million).

## Food rejected for quality concerns

China's top watchdog of product quality said on Monday 124 batches of food products imported in June were deemed to be of poor quality and returned to their places of origin or destroyed.

The substandard products, which came from 24 countries and regions and included cakes, cookies, drinks and dairy products, were seized at ports of entry before they were sold in the domestic market, said Li Yuanping, spokesman for the General Administration of Quality Supervision, Inspection and Quarantine. They were rejected either because they contained an excessive amount of microorganisms or illegal food additives, he said.



## HEAT HITS HARD

PHOTO BY MENG DELONG / FOR CHINA DAILY

A nurse at the No 1 People's Hospital in Yangzhou, East China's Jiangsu province, checks a toddler on Sunday. Many children fell ill due to high temperatures in the city over recent days.

Also in June, a quarantine check of agricultural products found 1,882 harmful species on 61,072 separate occasions, the administration said.

HAINAN

## First mayor of Sansha elected

The first mayor of the newly established Sansha city in the South China Sea was elected on Monday, as was head of the standing committee of the city's people's congress.

Xiao Jie, 51, former head of the Hainan provincial agriculture department, was elected to the mayoral position in the first session of the first Sansha People's Congress held on Yongxing Island, the government seat of Sansha.

Fu Zhuang, 56, former deputy director

of the Hainan provincial civil air defense office, was elected head of the standing committee of the Sansha People's Congress.

The legislative conference also elected three deputy mayors and the heads of the city's intermediate people's court and procuratorate.

Forty-five deputies attended the first session of the first Sansha People's Congress and cast votes in the election.

The deputies, who came from the Xisha, Nansha and Zhongsha islands, were elected on Saturday by 1,100 residents from the islands.

QINGHAI

## Gift helps build school in Tibet

The construction of a primary school

was completed on Sunday in Yushu, a Tibetan prefecture in Northwest China's Qinghai province that was severely hit by an earthquake in 2010.

The school, standing in Yushu's Chengduo county, was built with the help of 16 million yuan (\$2.51 million) from the Republic of Congo.

Denis Sassou Nguesso, president of the Republic of Congo, expressed his country's willingness to provide the money when attending the 2010 Shanghai World Expo.

In April 2010, a 7.1-magnitude earthquake struck Yushu and killed 2,698 people.

China initially suggested the Republic of Congo give less money out of concern that so large a donation would place a heavy burden on the African country. The Republic of Congo, however, insisted that the aid be accepted and China eventually relented.

INNER MONGOLIA

## Firefighters put out church blaze

Firefighters in North China's Inner Mongolia autonomous region say they have extinguished a fire that damaged a Catholic church on Monday.

The blaze broke out at about 1 pm in a Catholic church in the Donghe district of Baotou city and was extinguished at about 3:40 pm, firefighters said.

The fire destroyed about 15 square meters of the church's wooden roof. No deaths from the fire were reported.

An initial probe suggested the blaze started when church staff members were cooking.

XINHUA — CHINA DAILY

## Child: Chinese local governments work to streamline paperwork

FROM PAGE 1

"I don't understand why they required our parents' marriage certificate," she said.

Han's husband is from Guangdong province and does not have a Beijing hukou—residence permit—so their application took two months before approval was granted.

Documents required included residential permits, marriage certificate, ID cards, their daughter's birth certificate and a certificate to prove that the birth was permitted and the marriage certificates of both her parents and her parents-in-law.

However, compared with Wang Mei's experience, Han said she felt fortunate.

When Wang, 32, discovered that she was unexpectedly pregnant last fall, both she and her husband were excited and believed that the baby was a gift from God.

Both were single children. But getting approval turned out to be far from simple.

"I don't have a Beijing hukou, so I had to travel for hundreds of kilometers to my hometown to get dozens of stamps on the required forms. These forms proved that I had only been married once and had only one child," Wang told Beijing Evening News.

"My parents were even asked to apply for a new version of their marriage certificate as my father's name on the original certificate is different from

the name on his hukou," she recalled.

Getting all the papers in order, though, was not enough.

"The family planning department asked 10 neighbors to discuss whether I could have another baby. And their opinions were posted up in my community," she said.

When she finally got the birth permit, it was seven months after she conceived. "Our joy was dampened by the bureaucratic procedures," she said.

Yu Liye in Jiujiang confirmed the procedures and agreed that "tolerance is needed."

"It takes time to go through the procedures required to get a permit so those who want a second child should initiate the process early, say, after giv-

ing birth to the first child," he noted.

So far, all 31 Chinese provinces, autonomous regions and municipalities on the mainland have fine-tuned their policies, allowing couples who were single children to have another child. The last province to do so, last year, was the most populous, Henan.

It is important to submit applications first otherwise the couple will pay social maintenance fees despite their eligibility. Fees vary from region to region.

In Jiangsu province, they are 40 percent of the annual per capita disposable income of urban residents, which stood at 10,536 yuan (\$1,653) last year.

Yuan Xin, a professor at Nankai University's population and development institute in Tianjin said that family plan-

ning policy should be adjusted according to changing practical situations.

"Finally, Chinese couples should decide on their own how many children they want," he said.

He also ruled out any possibility that the population would explode as it was proven trend that people, particularly in cities, tended to have smaller families even without imposed limits.

A survey in August last year by the Shanghai Academy of Social Sciences and the Women's Federation of Shanghai found that 45 percent of Shanghai families have decided not to have a second child due to high costs.

Wang Qingyun contributed to this story.



**It takes time to go through the procedures required to get a permit so those who want a second child should initiate the process early, say, after giving birth to the first child.**

YU LIYE, AN OFFICIAL IN JIUJIANG'S FAMILY PLANNING DEPARTMENT