

Chinese planner promises foreign companies access to markets

March 20 2016, by Joe Mcdonald



Chinese Vice Premier Zhang Gaoli, left, shakes hands with former U.S. Secretary of State Henry Kissinger after the opening ceremony of the China Development Forum at the Diaoyutai State Guesthouse in Beijing, Sunday, March 20, 2016. (AP Photo/Mark Schiefelbein)

China's top planner tried to reassure foreign companies they are welcome in its slowing, state-dominated economy in a speech Sunday aimed at dispelling growing anxiety Beijing is squeezing them out of

promising industries.

Speaking to an audience that included executives of top global companies at a government-organized conference, Xu Shaoshi pledged to "promote two-way opening up and liberalization."

Xu promised foreign companies equal treatment with local enterprises as Beijing carries out a sweeping overhaul aimed at promoting self-sustaining growth based on domestic consumption and making state companies that dominate a range of industries more competitive and efficient.

"We are ready to share these growth opportunities with you," said Xu, chairman of the Cabinet's National Reform and Development Commission.

The China Development Forum 2016 is being closely watched by global companies because it comes at the start of the ruling Communist Party's latest five-year development plan that runs through 2020. Executives are eager to learn details of how the party might carry out pledges to make the economy more competitive, open more industries to private and possibly foreign competitors and to shrink bloated, money-losing industries including coal, steel and cement.



China's National Development and Reform Commission Chairman Xu Shaoshi, left, talks with Organization for Economic Cooperation and Development Secretary-General Angel Gurría before the start of a panel discussion during the China Development Forum at the Diaoyutai State Guesthouse in Beijing, Sunday, March 20, 2016. (AP Photo/Mark Schiefelbein)

The guest list for the weekend conference at a government guesthouse in the Chinese capital included executives of U.S., European and Asian banks, manufacturers, Internet and other companies.

The ruling party's plan promises to give the private sector a bigger economic role, but business groups say regulators are trying to shield Chinese rivals from competition or compel foreign companies to hand over technology in exchange for market access.

Business groups say Beijing has yet to carry out most of the reforms promised in a separate 2013 plan that called for giving market forces a

"decisive role" in the economy. They point to limits on foreign ownership in an array of industries and say in some areas such as information security technology for banks regulators are reducing or blocking market access.

"The big question is whether [foreign companies](#) will be able to access that growth," John Frisbie, president of the U.S.-China Business Council, said in an interview last week.



China's National Development and Reform Commission Chairman Xu Shaoshi speaks during a panel discussion during the China Development Forum at the Diaoyutai State Guesthouse in Beijing, Sunday, March 20, 2016. (AP Photo/Mark Schiefelbein)

Companies are getting "mixed signals" from Chinese regulators, said

Frisbie. "That uncertainty is weakening business confidence."

Meanwhile, Chinese leaders also are trying to restore faith in their ability as economic managers following a stock market collapse and currency turmoil. Senior officials including Premier Li Keqiang have spent the past month making an unusually prominent series of statements that the economy is on track and trying to dispel fears Beijing might weaken its yuan to boost exports.

On Sunday, Xu announced no new initiatives but promised to make "markets more open, more efficient and more sustainable."

Xu promised to reduce "regional and industrial monopolies," a reference to repeated promises to cut back the dominance of state companies in industries including banking, energy and telecoms that reform advocates complain are a drag on the economy.

Reform advocates complain the ruling party is dragging its feet on carrying out promises to open more industries to private competition. The party has given itself until 2018 to show the first results from its overhaul of state industry but reformers say with growth falling steadily, they need to act faster.

Last year's economic growth fell to a 25-year low of 6.9 percent and forecasters including the International Monetary Fund say it will decline further. This year's official target is 6.5 to 7 percent, but the IMF and others say it is more likely to fall as low as 6.3 percent.

Beijing wants to promote "new growth drivers" and encourage "mass innovation" in areas such as clean energy, medical technology and artificial intelligence, Xu said. He promised to "lower the threshold" for entrepreneurs to get into promising new fields.

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