
China Briefs

China Railway Upgrade A Key to Continued Development

On Jan. 19, the State Council of the Chinese Government released the plan for rail development under the 14th Five-Year Plan. Pursuant to that plan, China intends to increase the high-speed rail lines by one third, from the present 38,000 km to 50,000 km, by 2025, connecting 95% of the cities with populations of 500,000 or more.

The total operating mileage of all railways will also be increased from 146,000 km to 165,000 km. The new plan also calls for introducing special rail cars that can carry double-stacked containers, and exploring customized direct railway freight trains. They plan to make full use of excess transportation capacity and facilities to develop high-speed rail express, increasing the turnover of goods in the market, particularly in high-value goods. The new systems will more fully integrate the latest advances in artificial intelligence and digital technology. At present, China has 11 north-south lines, 18 east-west, and 7 capital radial lines.

In addition, the plan also calls for more than 270 civil airports, up from 241; 10,000 km of subway lines in cities, up from 6,600 km; 190,000 km of expressways, up from 161,000 km; and 18,500 km of high-level inland waterways, up from 16,100 km.

China's infrastructure investment growth rate in 2021 was relatively flat at a 0.4% increase, whereas 2022 will be targeted for about a 5% increase.

Given the relatively low inflation in China, the People's Bank of China has announced that it will ease lending during this period.

China's Central Bank Rolls Out More Support To Sustain Economic Growth

China's central bank, the People's Bank of China, will bring out more policy tools to maintain a stable overall money supply until downward pressure on the economy is fundamentally relieved, according to its deputy governor, Liu Guoqiang during a media briefing Jan. 18:

"The People's Bank of China (PBOC) should innovate and use structural monetary policy tools to continue bolstering credit support for small and micro enterprises, as well as technological innovation, and green development. The money supply and expansion of social financing should basically match the nominal economic growth rate.

"The bank has effectively promoted a steady decline in actual lending rates by continuing to optimize LPR (loan prime lending rates) reform since last year," he said, adding that the annual corporate lending rate is 4.6%, the lowest in more than 40 years of reform and opening-up.

"There is space to cut the reserve requirement ratio (RRR) for lenders, though the room for adjustment has narrowed as the current level is not high. The PBOC can cut the RRR according to the needs of economic and financial operations, as well as macro-

economic control."

The hot topic of real estate also came up at the media briefing. The property sector has gradually returned to normal, and market expectations have steadily improved, said Zou Lan, director of the PBOC's financial markets department:

"The bank will maintain the continuity, consistency, and stability of financial policies related to real estate, implementing a prudent financial management system while increasing support in the rental market."

See the article in this issue of *EIR*, "The U.S.-NATO Hidden War Threat: The Green New Deal," for a comparison of China's credit policies with those of the U.S., reflecting China's continued development despite the global slowdown and inflationary crisis.

Chinese Rover Still Roaming on the Far Side of the Moon

It was only meant to survive for three months, but the Chinese Rover Yutu-2, operating on the far side of the Moon, is still doing yeoman's service after three years. It has traveled more than 1,000 meters, with an average travel distance of about 40 meters per month.

Yutu-2 is equipped with near-ground penetrating radar, an infrared spectrometer, a panoramic camera, and other instruments that it has been using to gather information about nearby terrain.

The rover has discovered that the lunar soil on the far side of the Moon

is much stickier than that on the near side that always faces Earth, giving the surface more cohesion. As it rolls across the surface, researchers have found, clods sometimes stick to its wheels, a valuable finding that will be taken into consideration in designing wheels for future missions. Yutu-2 has also found more, but much smaller, craters on the far side than exist on the near side. Data from the rover has also shown that the far side is much less rocky and flatter than the near side.

Researchers say that Yutu-2's discoveries are already helping to better understand the geology of the far side and the South Pole-Aitken basin, and the role asteroid strikes have played in molding the lunar surface to its current form. Much of this will help determine plans for future rover missions in this region and for the potential erection of an observatory on the far side of the Moon.

A Breath of Sanity in the U.S. House of Representatives?

Noting the deleterious effects for U.S. companies of the massive trade restrictions on Chinese imports, many members of the U.S. House of Representatives are now calling for more exemptions for U.S. businesses. On Jan. 20, more than 140 members of the Democratic and Republican parties in the U.S. House of Representatives sent a joint letter to the Office of the U.S. Trade Representative (USTR), calling for the expansion of tariff exemptions on Chinese goods exported to the United States, to help U.S. companies recover from risks such as supply chain disruptions aggravated by the Omicron spike in COVID-19 cases.

In October, USTR Representative Katherine Tai promised Congress that

there would be a targeted tariff exemption process for U.S. companies suffering from the effects of the restrictions. The bipartisan Congressional letter asked that the list of exemptions be increased, noting that while Tai's assurances were an "important first step" to help maintain operations for some U.S. industries, it is not enough, and the scope is "too narrow."

In the letter, the members of the House of Representatives called on the USTR to expand the above-mentioned tariff exemption process to all Chinese goods imported by the United States covered by Section 301 tariffs of the Trade Act of 1974, and to extend the retroactive effect of tariff exemptions to October 12, 2021. The USTR imposed Section 301 tariffs in four tranches starting in July 2018, which remain in effect today, following its investigation and determination that "China's acts, policies, and practices regarding technology transfer, intellectual property, and innovation were unreasonable and discriminatory and burdened or restricted U.S. commerce."

'Buyer's Remorse' in Lithuania Over Taiwan Decision

Maybe the Lithuanian government was not fully aware of the consequences when it decided to allow Taiwan to set up a "Taiwan Representative Office" in Vilnius. This, of course, gained Lithuania a lot of notoriety—such a small nation making such a major play in the international arena—but it also set off a firestorm against Lithuania in the Chinese capital. China has responded not only with a boycott of Lithuanian goods, but of all products from other EU states that contain Lithuanian-made parts. This is having a major effect on the supply

chain in Europe.

While Taiwan is doing its best to keep Lithuania in its ballpark, with a \$1 billion credit fund pledge to help alleviate the disastrous economic effects of the Chinese boycott, it is nonetheless having a clear effect on business. For China, this issue is significant, since the decision by Lithuania is intended by its U.S. backers to create a "domino effect," to get other countries to take steps toward recognizing Taiwan as an independent nation as a key element in U.S. efforts to "contain" China. Already in the last few days, Slovenia has made a similar move to allow a Taiwan Representative Office to be established in Ljubljana.

But this step is causing a major political brawl in the Lithuanian government and among its citizens. Lithuanian President Gitanas Nausėda called the move "a mistake" and claimed that he had not been consulted. The issue, he notes, regards the name. In international parlance—in trade matters and in others—Taiwan is generally characterized as "Chinese Taipei," formally recognizing Taiwan as a part of China. While Nausėda considers the Chinese counter-measures something of an affront, and has made representations to the EU about them, he has also instructed Foreign Minister Gabrielius Landsbergis to find a way of resolving the crisis, to "implement a de-escalation plan."

Polls have clearly shown that the great majority of the Lithuanian people are opposed to the government's decision regarding the Taiwan office. In the Chinese Foreign Ministry briefing Jan. 21, spokesman Zhao Lijian indicated that China would be prepared to resolve the conflict. "On China's part, the door to communication with Lithuania remains open," Zhao said. "If the Lithuanian side truly hopes to mend fences, it should show its sincerity with concrete actions."