

“QUOTABLE

“I have never traveled out of my county since I was born, now, I have the opportunity to see what the outside world looks like.”

ZENG MENGGAO, a 19-year-old girl in Le'an county, East China's Jiangxi province, will attend Xiamen University in Fujian province this fall. She is one of the many beneficiaries in China's poverty-stricken rural areas of a national preferential policy introduced by the Ministry of Education this year. A total of 12,100 seats in universities are allocated for students from 680 poverty-stricken counties in 21 provincial regions in 2012.

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Slideshow: In the swimming pool and on the track, athletes from around the world warm up ahead of the 2012 Olympics in London.

Food & Drink: A step-by-step picture guide to making fried scallops with mushrooms.

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VAT pilot program to expand

By **JIN HAIXING**
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The State Council on Wednesday approved a plan to extend a value-added tax pilot program in Shanghai to eight provincial-level regions.

The program to replace the business tax with a VAT will be extended to Beijing, Tianjin, Jiangsu, Zhejiang, Anhui, Fujian, Hubei and Guangdong, and the cities of Xiamen and

Shenzhen, according to a statement of a State Council meeting presided over by Premier Wen Jiabao.

The plan will start on Aug 1 and be finished by the end of this year, the statement said.

To avoid double taxation, the State Council on Oct 26 approved the pilot program to replace the business tax with a VAT on selected service sectors, such as the transportation sector, in Shanghai from Jan 1.

A business tax is a tax on the gross revenue of a business, while a VAT is a tax levied on the difference between a commodity's price before taxes and its cost of production.

The replacement of the business tax could lift GDP growth by 0.5 percentage points and export growth by 0.7 percentage points, while helping create about 700,000 jobs, said Xiao Jie, director of the State Administration of Taxation,

Xinhua News Agency reported in March.

The pilot program will be expanded to more areas and sectors nationwide next year, the State Council said on Wednesday.

Alan Wu, PricewaterhouseCoopers China national indirect tax leader, said in a report on Wednesday that the current business-tax system is not a business-friendly tax.

The costs of business tax are

squeezing businesses' profit margins and increasing the cost of goods and services for consumers, he said.

“The transition to VAT is certainly a welcome change, given the current pressures in terms of affordability and the levels of taxation that are affecting the public,” Wu said.

The PwC report also said that the pilot program will reduce the cost for exporters and make businesses more competitive.

Also on Wednesday, the State Council approved a plan to promote the development of central regions of China.

The development of the central region, which consists of Shanxi, Anhui, Jiangxi, Henan, Hubei and Hunan provinces, is important in China's regional development, according to the State Council statement.

Wei Tian contributed to this story.

around china

BEIJING Rail network to be finished by 2015

By 2015, China will have a high-speed railway network that will encompass almost all its cities with a population of more than 500,000, the State Council said on Tuesday.

The State Council issued a plan for building a comprehensive transportation network.

The plan says China should complete the construction of a high-speed railway network with a total operating length of more than 40,000 km by the end of 2015.

China will initially establish a comprehensive transportation network with a total length of 4.9 million km, mainly including railways, roads and inland waterways, said the plan.

Beijing appoints acting mayor

Wang Anshun was appointed vice-mayor and acting mayor of Beijing on Wednesday.

The appointment was announced at the 34th session of the Standing Committee of the 13th Beijing Municipal People's Congress, the local legislative body.

The meeting also accepted the resignation of Guo Jinlong from the mayor post.

Previously, Guo was elected the capital's Party chief on July 3.

Wang, born in December 1957, is a native of Central China's Henan province.

He has served as deputy Party chief of Beijing since March 2007.

HAINAN Fishing fleet departs for Sanya

A 30-boat fishing fleet casting nets in the South China Sea left Meiji Reef on Wednesday evening for Sanya Port in the southernmost province of Hainan, bringing a 13-day voyage to an end.

The fleet, including a 3,000-ton lead boat, left Sanya Port on July 12 and arrived at Yongshu Reef, Zhubi Reef and Meiji Reef of Nansha Islands.

The fleet is 615 nautical miles (1,139 kilometers) from Sanya and is expected to arrive at the city within four days.

JIANGXI 2 dead, 5 missing in boat accident

Two people died and five were missing after a boat capsized in a reservoir in East China's Jiangxi province on early Wednesday, the local government said.

The victims were all technical workers from an electric engineering company in Wuyuan county. They were en route to fix irrigation equipment for a local village, the county government said in a news release.

It said the boat capsized at around 7 am in Gongchanzhuyi Reservoir in Wuyuan's Zhenzhushan township. Five people on board were rescued, and rescuers were searching for the five still missing.

SHANXI Expressway pileup kills 8

Eight people were confirmed dead and five others were injured in an expressway pileup involving a heavy truck and several cars on Tuesday in Shanxi province, police said on Wednesday.

The truck rear-ended the cars that had pulled over near the Renyi Toll Station in Lingshi county on a pivotal expressway linking Beijing and the southwestern city of Kunming, at around 5 pm.

The truck driver had apparently failed to notice a traffic ban on the Lingshi section of the expressway after a tanker caught fire around 4:10 pm, an officer with the county's traffic police said.

Seven people were found dead



WATER WATCH

PHOTO BY **XIAO YIJIU** / XINHUA

Officers of the Armed Police Force patrol the Three Gorges Dam in Yichang, Central China's Hubei province, on Tuesday. Water inflow into the dam's reservoir reached 71,200 cubic meters per second on 8 pm Tuesday, the biggest flood peak at the dam since it began operation in 2003.

ZHEJIANG Airplane lands after smoke seen

A passenger airplane made an emergency landing at around 5 pm on Wednesday at an airport near East China's city of Hangzhou after fuselage smoke was detected, and no injuries were reported, local authorities said.

The plane was traveling from Daqing, Northeast China's Heilongjiang province, to Guangzhou in Guangdong province, via Hangzhou, capital of Zhejiang province.

Smoke was detected soon after the plane took off from Hangzhou Xiaoshan International Airport. The plane returned to the airport and made an emergency landing, airport staff said.

An investigation is under way.

XINHUA - CHINA DAILY

Capital gets ready to face more rain

Police and airport take measures as clean-up continues

By **XIN DINGDING**, **ZHENG JINRAN** and **PENG YINING**

Beijing was preparing for further downpours on Wednesday after the heaviest rainfall for 61 years on Saturday lashed the city and left 37 people dead.

Heavy rain is forecast for the capital over the coming days, with average precipitation of 30 to 50 millimeters, Zhang Linna, chief forecaster at the Beijing Meteorological Station, said.

Workers were allowed to go home early on Wednesday to avoid evening traffic jams.

The capital's roads will be cordoned off if water rises above 30 centimeters, and traffic police were dispatched to deal with

emergencies, traffic authorities said.

Beijing Capital International Airport, with 1,511 flights scheduled for Wednesday, prepared food, water and blankets in case flight delays stranded passengers.

Some passengers went to the trouble of preparing their own food and bringing ample water supplies.

Saturday's torrential rains directly affected 1.6 million people and caused losses of 11.64 billion yuan (\$1.82 billion), the Beijing municipal government said on Wednesday night.

In Fangshan, a Beijing district heavily battered by the storm on Saturday, villagers were still trying to clear up.

Hundreds of volunteers in the district's Nanguan village were

removing dead pigs and debris.

Many of the dead animals came from a farm with 3,200 pigs that was submerged in water 3 meters deep on Saturday. About 2,900 pigs were killed. The surviving pigs were transferred to another farm. The remains of more than 1,000 dead pigs have been destroyed.

The pig farm was still submerged on Wednesday and a putrid smell lingered in the air.

More than 1,000 carcasses have still to be destroyed, said Qin Xiaogang from the China International Search and Rescue Team.

Heavy rain is likely to trigger mudslides, cave-ins and landslips in mountainous areas.

Villagers in areas that may be threatened took precautions and moved into temporary shelters.

“My mother's house has been leaking since Saturday. The village committee broadcast there will be more rain, and I just cannot let

her stay in her house alone any longer,” said Yang Qingli, 52, a villager from the district's Beicheng village.

Yang took shelter in a tent in the grounds of a primary school on Sunday and persuaded her 76-year-old mother to join her on Wednesday.

By Wednesday, more than 80 villagers had moved into 30 tents.

“If it rains again, we will move into the school building,” she said.

Volunteers also went to Fangshan district to help with local disaster relief work.

Beijing restaurant owner Han Guocheng organized 35 of his employees to go to Beicheng village and help clean up.

Liu Wenxin, 28, who owns a grocery store in Beijing, drove to the village with four friends on Wednesday, and donated bottled water.

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Wang Xiangju, 35, surveys her flood-ravaged store in Beicheng village in Beijing's Fangshan district on Wednesday. Wang estimates that the deluge caused her financial losses of 700,000 yuan (\$109,000).

FENG YONGBIN / CHINA DAILY

CIC: 'Long-term investments remain positive'

FROM PAGE 1

“Returns on equity investments will eventually turn positive as their value increases when the global economy improves,” Ding said.

CIC has also reduced equities in Europe by 1.1 percentage points to 20.6 percent by the end of 2011, while assets in North

America picked up by 1.9 percentage points to 43.8 percent.

In a June report, Lou was quoted by the Wall Street Journal as saying that CIC was lessening its exposure to stocks and bonds in the European market because of the eurozone crisis.

CIC reduced the proportion of its fixed income investment from 27 percent in 2010 to 21

percent in 2011.

“The selling of fixed-income investments showed that CIC has already adopted some measures to help lessen the losses,” said Xu Hongcai, a senior economist with the China Center for International Economic Exchanges. Wang said although the company has lessened its investment in gov-

ernment bonds in Europe, the latest downgrade by Moody's Investors Service means that a depreciation of European equity assets is posing opportunities in direct investments.

However, Ding denied that purchases in euro assets were a good option, as the European crisis has not yet hit bottom. “China still needs to diversify

its assets,” he said.

And both policy makers and businesses in Europe are eyeing investment from China.

Karel de Gucht, the European trade commissioner, said doing business with China is one of the main ways to deliver growth in the eurozone.

Engagement with China should be more pragmatic, he

said, pointing out that fear of Chinese investment among some Europeans is wrong.

“On the European side, there is too much emphasis on fear. This is simply misguided,” he said recently in London.

In a news conference about investment opportunities related to the Olympics, an official from the UK trade ministry said that China is one of the most important sources of foreign direct investment to the UK.

He cited CIC investing in

Thames Water this year as a good example.

The UK government will host a China Day this week as it looks to attract more investment. The event, which aims to connect British businesses with Chinese investors, was almost fully booked nearly one month in advance, according to a spokesman.

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