

COMMENT

Editorials

Military spending increase necessary to protect national security, core interests and global peace

China has announced that it will increase its national defense budget by 7.2 percent this year. This is the 10th consecutive year of single-digit growth.

The increase is the same as the previous two years, enabling the country's planned defense expenditure to reach about 1.785 trillion yuan (\$249 billion) this year, according to a draft budget report submitted to the national legislature for deliberation.

The country's defense expenditure as a percentage of GDP has been below 1.5 percent for many years, lower than the world average, according to a spokesman for the third session of the 14th National People's Congress.

In comparison, the United States has pledged to spend no less than 3 percent of its GDP on national defense, and its president has recently asked the country's NATO allies to spend 5 percent of their GDP on defense, 3 percentage points more than the current target. Not to mention that China's defense spending in per-capita terms has been far less than those of the US and its allies.

Yet despite this, China hawks in the West have indulged in their customary scaremongering, raising cries of alarm about the size of the increase and what they claim is a lack of transparency. They are not interested in the fact that China's defense budget is less than one-third that of the US, which accounts for around 40 percent of the world's military spending. In fact, China's military modernization goals are there for all to see in the 14th Five-Year Plan (2021-25), which serves as a comprehensive blueprint for the modernization and development of the People's Liberation Army.

The scaremongering in the West hypes up the modern weaponry that the PLA is introducing, such as aircraft carriers and stealth fighters, but the aim is to achieve full modernization in terms of technology, equipment, organization, and operational capabilities by 2035. That requires funding for military training, combat readiness, and the development of new combat capabilities, among other things.

A proportion of the US defense budget funds the Pacific Deterrence Initiative, which is a strategic framework designed to enhance the US' military presence and capabilities in the "Indo-Pacific" region.

Part of that initiative involves the US and many of its allies, including Australia, Canada, France, Japan, and the United Kingdom engaging in military exercises close to Chinese territories as well as the siting of US military bases and missile systems around China, which the China hawks ignore as a motivating factor for China's military modernization and so-called assertive behavior.

Yet most people faced with an armed and hostile gang provocatively getting in their face with aggressive taunts and provocative acts would likely wish to have the means to deter an attack or protect themselves if necessary.

The aggressive posturing and military activities of the US and its allies in the Taiwan Strait and South China Sea also serve as a reminder to China of the need to modernize its military to safeguard its territorial integrity. The other scaremongering claim about China's defense budget is that it is bigger than announced as it doesn't include everything, such as its spending on the armed police and coast guard. Yet this is common practice as these usually come under other budgets.

China's defense budget is in line with its determination to build a strong, innovative, and globally competitive military force that can safeguard its national interests and promote peace on the global stage. It should not be forgotten that China is one of the largest contributors of troops to United Nations peacekeeping missions, with over 50,000 peacekeepers having been sent to more than 20 countries and regions worldwide over the past three decades.

Nor that China has not fought a war for more than 40 years, while the US has been involved in more than 100 military interventions in other nations in the post-Cold War era.

Nor that China's fast economic growth over the past several decades has turned the country into the world's second-largest economy and the largest exporter of goods. As China deepens its economic ties with the Global South and expands its Belt and Road Initiative, it needs to ensure that it has the wherewithal to safeguard its development interests.

Those who seek to use its defense budget to hype up a "China threat" are making a mountain out of a molehill.

Opening-up benefits China and the world

The Government Work Report delivered by Premier Li Qiang at the opening of this year's National People's Congress session underscores China's unwavering commitment to high-level opening-up as a cornerstone of its high-quality development strategy.

Against the backdrop of a complex and volatile global economic landscape, the report outlines a clear road map for expanding institutional opening-up, stabilizing foreign trade and investment, and deepening international cooperation. The measures put forward will not only help reinforce China's role as a stabilizing force in the global economy but also demonstrate its determination to foster shared growth and prosperity through openness and collaboration.

China's leadership has consistently emphasized the importance of openness in driving reform and development. Despite rising protectionism and escalating trade tensions in some parts of the world, China remains steadfast in its commitment to opening-up. The removal of restrictions on foreign investments in manufacturing last year was a bold step forward, signaling China's willingness to create a more inclusive and attractive environment for global investors.

The government's agenda for 2025 builds on this foundation, with plans to steadily expand institutional opening-up and advance unilateral opening-up. By promoting reform and development through greater openness, China aims to unlock new opportunities for both domestic and international stakeholders.

The heads of the National Development and Reform Commission, Ministry of Finance, Ministry of Commerce, People's Bank of China, and the China Securities Regulatory Commission held a Q&A session on Thursday on the sidelines of the annual gathering of the 14th NPC, in which they affirmed that despite domestic consumption driving growth, measures to stabilize foreign trade and attract foreign investment are a strategic priority.

The central government will therefore implement policies to strengthen the trade sector by supporting businesses in securing orders and exploring new markets. Relevant departments will continuously optimize financial services such as financing, settlement, and foreign exchange, expand the scale and coverage of export credit insurance, and strengthen support for enterprises to participate in and organize exhibitions overseas.

The government is also actively promoting the development of cross-border e-commerce, making efforts to improve the cross-border express logistics system, and strengthening the construction of overseas warehouses. This year the authorities will work to expand the functions of overseas economic and trade cooperation zones, develop the trade in intermediate products, and promote the construction and cooperation of smart customs to improve the level of customs clearance facilitation.

China remains a major global destination for foreign direct investment. To attract more investment, the government will expand openness in the service sector, particularly in culture, the internet and telecommunications, healthcare, and education through pilot programs. The authorities will also encourage reinvestment and support foreign investors in industry chain collaboration, ensuring equal treatment in areas such as licensing, procurement, and standards.

Support for foreign enterprises is also to be enhanced, with "landmark projects" advanced and the building of the "Invest in China" brand. Concerted efforts are to be made to improve the pilot free trade zones, advance the Hainan Free Trade Port, and upgrade economic development zones and bonded areas. These efforts will focus on creating a market-oriented, law-based, and internationalized business environment to foster the growth of foreign-funded enterprises.

The outlined measures indicate that China is not only addressing its own development needs but also contributing to global economic stability and growth by opening its door wider, stabilizing foreign trade and investment, and deepening international cooperation.

As the world grapples with uncertainty and protectionism, China's commitment to openness and collaboration sends a powerful message of confidence and responsibility. As the nation continues to chart its development trajectory, its efforts to build a more inclusive and interconnected global economy will undoubtedly create new opportunities for shared success and a brighter future for all.

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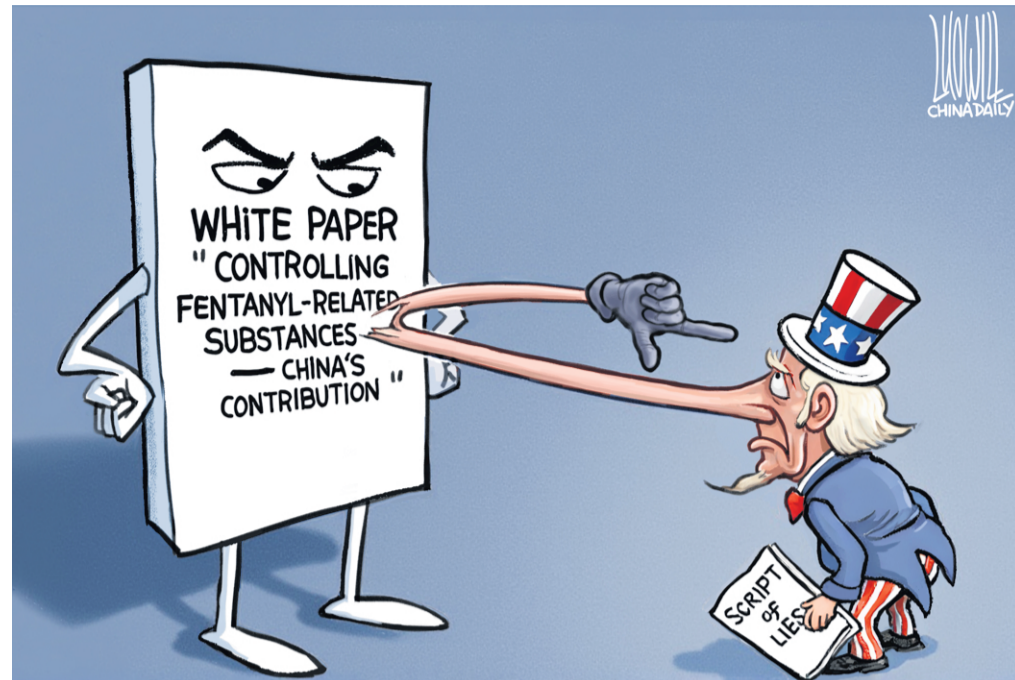
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Opinion Line

Legislation for favorable business environment key to enterprises

China's second draft of the private economy promotion law has attracted widespread attention at the ongoing two sessions — the annual gatherings of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference.

The draft expands protection against arbitrary fees and fines imposed on private enterprises. Earlier, the draft law was submitted to the Standing Committee of the NPC, China's top legislature, for a second reading. The first reading took place in December 2024.

The second draft follows a high-level symposium on private enterprises held last month, which emphasized the significance of the private sector and signaled the country's commitment to fostering its healthy and high-quality development.

The second draft effectively translates the country's strategic goals of "building a high-level socialist market economic system" and "optimiz-

ing the development environment for the private economy" into actionable legal provisions. This is expected to provide robust protection for China's private economy.

Many NPC deputies and CPPCC National Committee members believe that the economy is in a critical period of transitioning from old to new growth drivers and rebuilding market confidence. The introduction of the private economy promotion law is expected to serve as a boost to the confidence of most private entrepreneurs.

China's private enterprises are not only a significant driving force of Chinese modernization but also a shining emblem of the country's high-quality economic development. On the global stage, they have demonstrated China's speed and strength, marking new heights for the country's economy through their actions.

However, they also face severe and complex external challenges, as well as insufficient domestic demand. Stabi-

lizing market expectations has become a top priority for the government. A survey by the All-China Federation of Industry and Commerce revealed that 72 percent of private enterprises are most concerned about "policy instability." Legislation is seen as the fundamental solution to this concern.

Legislating the basic principles and policies for the private economy is of far-reaching significance for China's economic development. The policy direction taken will shape the future of more than 57 million private enterprises and entrepreneurs.

Through legislation, China can create a favorable business environment, break down market access barriers by ensuring equal rights, opportunities and rules, and remove institutional obstacles. By leveraging the stability and consistency of policies, the country can optimize the allocation of market resources, paving the way for the private economy to embark on a path of high-quality development.

— ECONOMIC DAILY

Invest in people to boost consumption

The Chinese government listed "vigorously boosting consumption and investment returns and stimulating domestic demand" as a major task for 2025.

The key lies in investing in people. Aggregate social demand is the starting point and driving force of economic growth, with consumption being the core, in which aspect China's population of 1.4 billion constitutes a super-large market advantage. It is therefore necessary to enhance supply levels through product and service innovation. Additionally, the consumption capacity of more people is restricted because of income limitations and insufficient social security coverage.

That's why the Government Work Report this year calls on placing greater emphasis on benefiting people's livelihoods, promoting consumption,

and enhancing future potential, while effectively improving the efficiency of fund utilization. It also aims at increasing residents' incomes through multiple channels, promoting income growth and reducing the burden on middle- and low-income groups, and improving the normal wage growth mechanism for workers.

The report proposes developing new quality productive forces and promoting the integrated development of technological innovation and industrial innovation. To develop new quality productive forces and build a modern industrial system, China must invest heavily in human capital, enhance people's quality and skills, and provide a steady stream of talent for scientific research and industrial upgrading.

The report proposes rejuvenation

of the country by adhering to innovation-driven development, and advancing the integrated development of education, technological innovation, and talent cultivation. It makes systematic arrangements for accelerating the construction of a high-quality education system and comprehensively improving the quality of the talent pool.

Consumer demand is the starting point of growth, while human innovation vitality is the driving force of sustained growth. Therefore, it's necessary to invest in people to maintain social fairness and ensure people's livelihoods. Only in this way can the nation effectively reap demographic dividends and talent dividends, achieving sustainable, high-quality, and inclusive development.

— 21ST CENTURY BUSINESS HERALD

What They Say

Proactive fiscal policy projects confidence

Apart from setting the annual growth target of this year at around 5 percent, the same as that of the past year, which the country managed to realize, another noticeable point of the Government Work Report submitted to the country's top legislature for deliberation on Wednesday is that the country's Cabinet proposes to set the Chinese government's deficit ratio at around 4 percent this year, 1 percentage point higher than last year.

The deficit ratio is a major weather vane to measure the orientation of fiscal policy. In the past decade, the government deficit ratio of China has fluctuated between 2.3 percent and 3.8 percent.

The proposed increase in the deficit ratio is a strong signal that China will implement a more active fiscal policy this year in the face of the external and internal headwinds. A more proactive fiscal policy, if well implemented, will be conducive to

promoting steady and sustainable growth of the economy.

The raising of the deficit ratio, an important means of macroeconomic regulation and a common practice in countries around the world to strengthen countercyclical regulation of the macroeconomy, is expected to help the government effectively smooth economic fluctuations.

Raising the fiscal deficit ratio can effectively expand the scale of fiscal expenditure, and the expansion of government spending will have a multiplier effect, stimulating demand from all sectors of society and further boosting economic recovery.

This is conducive to stabilizing employment and can better support scientific and technological innovation, and promote the optimization and adjustment of the economic structure.

Despite the immediate effect it can produce, the raising of the deficit ratio is by no means a hasty decision.

The policymakers have done a lot of homework before determining the proposed deficit ratio. In the process, they will have comprehensively considered factors such as the overall needs of national development, the macroeconomic growth potential, macroeconomic regulation arrangements, the fiscal revenue and expenditure situation, and medium- and long-term fiscal sustainability.

Despite this, the country's lawmakers can still carry out further deliberation and analysis on the proposal to determine how the increased government spending should be used to better realize its intended effect.

Notably the Chinese government's debt ratio is lower than that of major economies as well as the emerging market countries. Its debt risks are generally controllable, providing it with enough room and necessary conditions for enhancing the deficit ratio.

— LI YANG, CHINA DAILY