



CHINA LEGAL BRIEFING 110

W E N G E R & V I E L I B E I J I N G O F F I C E

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1. National

Notice of Opinions on Furthering the Economic Reform in 2005

关于 2005 年深化经济体制改革的意见的通知

【Issued By】 State Council

【Subject】 Economic Reform

【Promulgated on】 April 4, 2005

【Source】 <http://www.people.com.cn/>

Since the year 2005 is a vital year for China's economic reform, for the purpose of pushing forward the comprehensive reform in its agricultural economy, state-owned enterprises, system surroundings of private sectors,

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financial systems, taxation, pricing, investment and income distribution, the State Council issued this Circular on deepening economic reform desiring to continue its reform on rural taxation, improve the rural land system, and deepen reform concerning grain and cotton circulation.

The Circular calls for acceleration of reforms on state-owned enterprises, supporting reform on the monopoly industries. It also urges the government to improve the system environment of private sectors so as to better protect the interest of privately-owned firms and provide financial convenience for them.

The Circular calls for speeding-up financial enterprise reform, and steady reform on interest rate and exchange rate systems. It also specifies that the Renminbi exchange rate should be kept basically stable at a reasonable and equilibrium level. It also demands more flexible pricing systems.

The Circular pledges to further reform on the management system for the foreign trade so as to facilitate the economic interaction between China and the rest of the world. It also provides that foreign-funded businesses will also be put under more efficient supervision.

Commercial Bank Risk Early Warning Operation Guide (Trial Version)

商业银行风险预警操作指引(试行)

【Issued By】 China Bank Regulatory Commission

【Subject】 Bank Risk Warning

【Promulgated on】 April 21, 2005

【Source】 <http://www.chinadaily.com.cn/>

In light of the international advanced banking practices, China Banking Regulatory Commission (CBRC) formulated and issued this "Commercial Bank Risk Early Warning Operation Guide (Trial Version)" in accordance with the actual condition of the commercial banks in China, and will implement the commercial bank risk early warning system within the banking regulatory departments.

The launch of the new system, which follows a series of risk-control measures taken by the China Banking Regulatory Commission (CBRC), confirmed the regulator's resolve to strengthen the supervision and management of the banking industry.

Through continuous observation over various early warning indexes of individual commercial bank, the relevant departments under CBRC input the data collected so far into models, calculate its comprehensive risk indexes and get the corresponding early warning signals. Based on that system, the commercial bank risk early warning

mechanism is divided into four kinds, namely, normal signal, blue early warning signal, orange early warning signal as well as red early warning signal.

All in all, the new system is expected to help the regulator better monitor the performance of banks and spot banking loopholes so that necessary measures can be taken to avoid future problems.

Circular on Further Strengthening Supervision of Tussah Silk Market

关于进一步做好茧丝绸市场监测工作的通知

【Issued By】 Ministry of Commerce

【Subject】 Silk Market

【Promulgated on】 April 18, 2005

【Source】 <http://www.mofcom.gov.cn/>

The Circular is released by the Ministry of Commerce to Administrative commercial sectors (tussah silk offices) in all the provinces, autonomous regions and municipalities.

For the purpose of implementing requirements of "Report Form System for Market Supervision of National Tussah Silk Industry" (hereinafter referred to as "system"), further enhancing supervision on tussah silk market, related matters are now notified in the Circular as follows:

First, promote consciousness to go through the work of supervision and report. All local administrative commercial sectors (tussah silk offices) should select special personages to take responsibilities to trail after and supervise information report of model enterprises. All local administrative commercial sectors (tussah silk offices) should strength cooperation with statistics departments, discuss the implementation of the report form system, and properly punish model enterprises that always refuse to report or fail to report in time in line with relevant regulations of Statistics Law. All fixed model enterprises that cannot submit relevant data in time will not be offered policy support of the nation.

Second, earnestly examine and approve, and properly finish work of adjustment and recommendation of model enterprises. Selection of model enterprises directly effects operation of monitoring system. Provincial administrative commercial sectors (tussah silk offices) will carry out the adjustment and recommendation of model enterprises, maintain those that can report information in time and adjust those that are not fit to be model enterprises any more. The System has already put forward model enterprises initially for local areas to check and approve. In principle, another 6 to 10 should be added to number of original model enterprises in main

tussah silk producing provinces. All provincial administrative commercial departments (tussah silk offices) should submit Model Enterprises Recommendation Form of Tussah Silk Market Supervision of selected enterprises to Tussah Silk Office of Department of Market Operation Regulation before May 31, 2005 and with confirmation, new model enterprises will be adopted.

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