

# Tighter controls set on local govt loans

## Guarantees, limits and credit curbs imposed on construction projects

By **WANG XIAOTIAN**  
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China's top banking regulator has ordered commercial banks to impose tighter controls on lending to local government financing vehicles after a strong rebound in new loans in March.

### BANKING

An official at the China Banking Regulatory Commission confirmed to China Daily on Monday that CBRC has issued a guideline to

banks on April 9, prohibiting them from increasing the scale of loans made to such vehicles.

And the proportion of loans to those projects that cannot be 100 percent covered by cash flows, or with a debt-asset ratio lower than 80 percent, cannot be higher than those made in the previous year, it said.

Apart from loans, banks are required to include corporate bonds, medium-term notes, short-term financing bills, trust plans and wealth management

products in their statistics on financing vehicles' debts.

In addition, banks should not provide guarantees for the vehicles' debts, and must be cautious with regard to holding bonds issued by such vehicles, according to the guideline.

"Banks should continue to control the total amount of loans made to local government financing vehicles, based on the principle of guaranteeing under-construction projects, limiting support for reconstruction projects, and curbing credit to new projects."

The commission's requirements came two days before the People's Bank of China

announced an unexpected amount of new yuan loans in March, sparking concerns over increased local government debt.

Xiang Huaicheng, minister of finance from 1998 to 2003, said earlier this month that he estimated local government debt was around 20 trillion yuan (\$3.22 trillion), nearly double the official estimates.

Banks lent out 1.06 trillion yuan in new yuan loans last month, compared with 620 billion yuan in February, according to central bank data released last Thursday.

Total social financing, which includes all kinds of loans, bond issuance and stock sales, surged

to 2.54 trillion yuan in March compared with 1.07 trillion yuan in February.

"Despite increasing funding constraints, local governments have resorted to trust financing and bond issuance, and enjoyed low financing costs incompatible with the underlying risks, due to perceived implicit guarantees or bailout prospects," said Chang Jian, China economist with Barclays Capital.

Concerns over government debt in the world's second-largest economy have intensified since China introduced a 4 trillion yuan stimulus package in 2008 and later tightened the reins on its white-hot real estate

market, which affects local government land sales, a major contributor to their fiscal revenue.

And slower-than-expected growth of 7.7 percent in the first quarter may add an element of uncertainty to regulators' resolve to control local government lending in a tougher way, said analysts.

"While policy is unlikely to loosen further given Premier Li Keqiang's latest comments, which followed a chorus of concern over China's high debt level and the associated financial risks, we expect growth to slow toward 7.3 percent in the second half, putting pressure on the government to loosen

policy," said Zhang Zhiwei, chief China economist at Nomura Holdings Inc.

He said growth at a rate below the government's target of 7.5 percent would put policymakers under further pressure and runs the risk of a policy mistake being made in the second half — loosening policy to stimulate growth, which would boost growth in 2013 but exacerbate risks in the years ahead.

The CBRC also required its regulatory bureaus at local level to summarize the repayment situation of such loans, and maintain regular communication with local governments to avoid significant defaults.

## Corporate market heats up as industry showcase opens

By **WANG YING** in Shanghai  
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Shanghai is planning to expand its business aviation facilities to meet growing demand, with some industry figures suggesting there could be as many as 650 business jets operating in the country by the end of 2022.

"We will add more business aviation

facilities to Shanghai's two airports, said Jing Yiming, vice-president of Shanghai Airport Authority and chairman of Shanghai Hawker Pacific Business Aviation Service Center.

"There will be a new hangar near the existing one at Hongqiao International Airport.

"We also plan to build a fixed-base operation that will provide support services for business jets at Pudong International Airport together with a parking area," said Jing.

Up to last year, China had 336 registered business jets, and Shanghai's airports accounted for a third of the nation's total business flights, or 3,800 flights, according to Jing.

More efforts will be made to shorten the turnaround times for flights, Jing said, so that there can be more landings and takeoffs in the city.

Shanghai established the nation's first one-stop business jet service base, at Hongqiao

Airport in March 2010, and the facility is now designed to handle 6,000 flights a year.

Fixed-base operations are commercial businesses operating within airports offering various services such as refueling, aircraft hangers, parking services, aircraft rental, maintenance and flight instruction.

Jing was speaking on the eve of the 2013 Asian Business Aviation Conference and Exhibition, the largest business aviation event in Asia, which starts on Tuesday in Shanghai, with more than 180 exhibitors taking part.

The potential of China's business and corporate airline sector has attracted many new players.

According to some recent industry figures from Brazilian aerospace conglomerate Embraer SA, China is projected to have a business jet fleet of 650 by 2022, accounting for 7 percent of the world's total, valued at \$24 billion.

Current estimates put the proportion of registered business jets in the Chinese mainland at less than 1 percent of those in the United States.

Global jet manufacturer Airbus SAS said recently it expects to deliver five large business jets to the Chinese market every year. It has already sold 20 corporate jets to China.

As the US and EU continue to struggle as corporate jet markets, China has become the new growth engine for international players, say industry experts.

Ten years ago, another leader in global aviation, Hawker Beechcraft, said it expected 70 percent of its business jet demand to come from the US, but currently the majority of its aircraft are being sold elsewhere.

In 2011, China became French corporate jet aircraft manufacturer Dassault Falcon's largest market by aircraft sales, and the company said the number of Falcons operated in China tripled by the end of 2012.

In order to better tap the market, the company established a new subsidiary in Beijing in 2012, and a regional customer service headquarters is scheduled to start operating on June 1.

Sha Changan, the deputy general manager of China Aviation Industry General Aircraft, confirmed that the Primus 150 aircraft developed by his company will begin test flights at the end of the year.

A turboprop aircraft seating five passengers and with a range of 1,850 km, the 150 is the first non-military aircraft developed and produced by a Chinese company.



A visitor examines a Bombardier jet model at an expo in Zhuhai, Guangdong province. China had 336 registered business jets as of 2012, with Shanghai's airports accounting for a third of the nation's total business flights.

The 150 will be equipped with a turboprop engine developed by GE of the United States.

Xiong Xianpeng, CAIGA's deputy chief engineer, said GE is not only a supplier but also a partner in its design and project management.

"The China market (for private jets) is still in its infancy, like the auto market was 30 or 40 years ago," he said.

Zhang Xiaoxian in Shanghai contributed to this story.

## Chongqing looking to the skies

By **XU WEI**  
and **TAN YINGZI** in Chongqing

For decades, the motorcycle industry drove Chongqing's economic growth, making the municipality the largest center for motorcycle production in China.

Now, as motorcycles are banned on the roads of nearly 200 cities, and export volumes keep slumping due to the gloomy global economic environment, local authorities and motorcycle producers are looking to the skies for growth.

Chongqing is one of more than 20 provincial areas or cities across China that have devised plans to explore the general aviation industry after State-level plans were issued in 2010.

The general aviation industrial park in Chongqing, in the Liangjiang New Area, is now home to three aircraft or aircraft parts manufacturers, including the Swiss aircraft manufacturer Pilatus Aircraft Ltd and Chongqing Helicopter Investment Co Ltd.

Fan Yong, head of the aviation industry office in the new area, said he believes the sector's key appeal to foreign investment comes from its efforts to help overseas enter-

prises explore the Chinese market.

"The general aviation industry is unique in that it requires strict examination and approval from authorities. We need to make sure that the aircraft manufactured here sell well in the Chinese market," he said.

Pilatus built two production lines for its fixed wing aircraft, the PC-6 and PC-12 passenger and cargo planes, in the industrial park last year. There are more than 40 orders for the PC-6 aircraft, mainly from government institutions and general aviation companies.

Meanwhile, Chongqing Helicopter Investment Co Ltd, which acquired US helicopter manufacturer Enstrom Helicopter Corp in December, has received 10 domestic orders and 40 foreign orders.

General aviation is expected to bring a total production value of 300 billion yuan (\$48 billion) a year to the municipality by 2020, according to Fan.

Huang Qifan, mayor of Chongqing, said at the launch ceremony for Pilatus' Chongqing plants that the municipality aims to become an important producer of general aviation aircraft in China.

General aviation also caught the attention of Zongshen Industrial Group Co Ltd, one of China's largest manufactur-

ers of automotive engines and motorcycles, which is looking to explore the industry while the domestic and foreign motorcycle markets remain gloomy.

Zongshen and Hong Kong Tianze General Aviation Corp have joined forces to form the Chongqing Southwest Aircraft Manufacturing Co Ltd.

### 300 billion yuan

Chongqing's expected annual production value generated by general aviation sector by 2020

The company is planning to introduce a business jet from the US in the next three to five years and expects a yearly production volume of 500 to 600 aircraft.

"It is certainly an expanding market in the long run, and Zongshen needs to seize the opportunity," said Zhang Jian, an investment manager at Zongshen Group.

As of 2009, the United States had more than 230,000 aircraft in the general aviation sector, while China only had about 1,000.

Zongshen has bought a 10 percent stake in a Beijing aviation technology company, and obtained the aircraft manufactur-

ing intellectual property of US manufacturer Windecker Industries in 2011.

Zhang said the company is hoping its experience in the manufacturing sector will help its development in the general aviation industry.

"However, the development of the industry will go closely with national steps toward the relaxation of airspace, and policy support from authorities," Zhang said.

Chongqing is planning to use current airports — including the municipality's Jiangbei airport, as well as county- or district-level airports — as fixed-base operators for general aviation flights.

A fixed-base operator usually provides aircraft fueling, storage, repair and maintenance facilities and sales of aircraft parts, among other services.

Fan from the Liangjiang New Area's aviation industry office said fixed-base operators are as important to general aviation aircraft as gas stations and highway rest areas are to vehicles.

"Without them, we cannot make the most of the general aviation sector," he said.

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healthcarespecial

## Eye surgery center brings expertise to Beijing

By **LI FUSHENG**  
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A Singapore-headquartered eye surgery center is blazing new trails in Beijing's medical market with its cutting edge technological strength and patient-oriented service.

A part of Singapore Medical Group, a publicly listed company in Singapore, Jia Yue Eye Surgery Centre has received nearly 750 patients since opening its doors in June 2012, of which some 20 percent were foreigners living or working in China. This is partly thanks to the clinic's equipment, said Medical Director Ann Xiong.

Targeting the more affluent, Jia Yue has equipped itself with the set of equipment for iLASIK surgery, which NASA recommends for astronauts who are nearsighted.

It is also the first and only clinic in Beijing that has introduced the latest equipment, a fifth-generation iFS150 Hz femtosecond laser device.

"Now it takes just 10 seconds to cut the corneal flap, half the time its predecessor required," Xiong said. "More importantly, the cut is much smoother, ensuring higher precision and consequently better corrective results," she added.

Another element that contributes to the center's fame is its medical team, said Xiong. Xiong, 41, has been in the profession for more than 20 years since her graduation from Shanghai's Tongji University in 1993. In 2006, she studied laser vision correction in the United States to better her skills.

In addition to Xiong, the center has hired two experienced doctors from public hospitals in Beijing. "Both of them are renowned eye surgeons across the country, and they each have done more than 20,000 surgical operations in their medical careers," Xiong said.

The center has also invited some big names in the industry to serve as its consultants, including Steve Schallhorn, who helped introduce Lasik to NASA and the US Navy Top Gun Pilots program.

A professor of ophthalmology at the University of California, Schallhorn was the US Navy's refractive surgery program manager before his retirement in 2007. One of the most famed refraction



Jia Yue Eye Surgery Centre is equipped with state-of-the-art medical facilities and provides patients with considerate service.

surgeons in the world, he also serves as chairman of the Optical Express International Medical Advisory Board.

In addition, the center has access to the Singapore Medical Group's talent pool.

"If necessary, we can hold consultations with five to 10 eye surgeons in Singapore," said the center's President Cheryl Baumann, who is also co-founder and CEO of the publicly listed group.

### Considerate services

Following the group's patient-oriented tradition, the center pays much attention to detail in its service.

"This is how we tap into our world-class Centers of Excellence to fully benefit our patients if the need ever arises," Baumann said.

Baumann said the center's top priority is the best possible medical outcomes based on a world standard of clinical care.

"The primary reason why the Singapore Medical Group came into China and selected Beijing to set up its first Center of Excellence was because of the local government's encouragement to welcome foreign medical groups into Beijing to help raise the level of medical care," Baumann said.

The center has set up a medical counseling section where patients can learn almost anything about their eyes and surgeries, ranging from preparations they need for the operation to post-operation tips, such as when they are allowed to use cosmetics or take airplanes.

"This gives patients a better understanding of their conditions and thus helps dispel their unnecessary fears about the operations," Xiong said. "Of course, they can always come to me if they have any questions," she added.

**LASIK English Forum**  
Date: April 20 (Saturday) 10:00 am  
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