

## Manufacturing Activity

The manufacturing Purchasing Managers' Index (PMI) came in at 51.4 in the last month of 2016, lower than the 51.7 recorded in November but staying above the 50-point boom-bust line for the fifth straight month, the National Bureau of Statistics (NBS) said in a statement.

This is the second highest monthly reading in 2016.

Despite the slight decline in December, the latest data reaffirmed the idea that the Chinese economy is stabilizing, said Zhang Liqun, a researcher with the Development Research Center of the State Council.

The sub-index for production registered 53.3, lower than the 53.9 in November.

The sub-index for new orders

stayed at the same level as the previous month, which was 53.2, the highest in 2016.

The sub-index for new export and import orders stayed above the boom-bust line of 50 for a second month, the NBS said.

On a quarterly basis, the manufacturing PMI rose steadily, from the first quarter's lower-than-50 rating to the second and third quarters' figures slightly above 50, and to over 51 for the fourth quarter.

The PMI for the whole year averaged 50.3, compared to 49.9 for 2015.

Chen Zhongtao, an analyst at the China Logistics Information Center, said positive factors had added up in China's economic activity, including increasing demand, better performance in companies, restructuring and a good job market.

China's non-manufacturing activity also expanded at a fast pace in December, second only to that of November.

## Securities Reform

Foreign firms will be allowed to get listed on China's stock markets to expand their financing channels, said Ning Jizhe, Vice Minister of the National Development and Reform Commission, on December 30, 2016.

The firms will be able to go public on the main board, the SME board or the ChiNext board, or debut on the National Equities Exchange and Quotation system, he told reporters.

The green light will also be given to their issuance of corporate bonds and convertible bonds and use of financing instruments of non-financial enterprises in China, he said.

The policy is part of China's

efforts to level the playing field for foreign firms, he added, referring to a new central government document on further attracting foreign investment and promoting opening up.

The document was approved at a State Council executive meeting on December 28, 2016.

It emphasizes equal treatment for foreign investors, prohibits additional restrictions and cancels minimum registered capital requirements for foreign-funded firms.

## Rural Reform

A shareholding cooperative system will be introduced to reform collectively owned rural assets, according to a guideline jointly released by the Communist Party of China Central Committee and the State Council on December 29, 2016.

Farmers can voluntarily turn their rights in collective operating assets into shares and acquire corresponding revenue, the document said.

It identifies the problems of unclear ownership and operational revenue in operating assets, calling the reform significant in safeguarding farmers' benefits and increasing their property incomes.

The reform will be completed in five years, with a focus in suburban and economically developed villages that own operating assets.

Small-scale pilot schemes have begun since May 2015, allowing farmers to own, benefit from, collateralize and inherit shares.

Rural collective assets consist of resource, non-operating, and operating assets including for-profit houses, buildings, agriculture infrastructure and collectively funded enterprises.

China adopts a three-pronged approach in regulating these three kinds of asset, with operating assets at the forefront of this latest reform.

