

EYES ON JAPAN'S POLITICAL FUTURE P.14 | EDUCATING PARTY CADRES P.22

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## SPENDING SPREE

National Day holiday illustrates potential for domestic consumption

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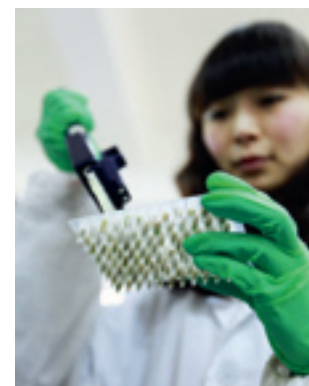
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COVER PHOTO: Tens of thousands of tourists flood the Qibao Ancient Town in Shanghai on October 2, during the eight-day National Day holiday (LAI XINLIN)



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## A Boon to the Economy

During the Mid-Autumn Festival and National Day holiday from September 30 to October 7, about 425 million people—equivalent to the total population of North America—traveled the country, creating sales in the retailing and catering sectors in excess of 800 billion yuan (\$127.04 billion). This sum is roughly 10 percent of South Korea or Mexico's GDP in 2011. The travel rush set a new record for China's eight-day holiday.

Despite China's slowing growth, booming sales during the holiday in China illustrates the potential for consumption.

The holiday reflected the dynamic nature of the economy. Transaction statistics released by China Unionpay (CUP), a financial organization that covers most Chinese banks, showed that the total inter-bank transactions with CUP cards increased by 41 percent compared with the same period last year. According to the Ministry of Commerce, major retailing and catering enterprises increased sales by 15 percent over last year. In 2011, the added value of the service sector accounted for 43.1 percent of the GDP; we are likely to see a higher rate this year.

The flourishing holiday economy raised employment. Scenic spots, transportation, hotels and restaurants had a strong need for service staff. Many enterprises were willing to pay more than usual to recruit new employees.

The number of tourists increased by 40.9 percent over the same period of last year, with crowded tourist attractions, gridlocked highways and packed airports, railway stations and shopping malls the norm during the week. Unprecedented crowds of visitors revealed shortcomings in the tourism industry. For example, the Huashan Mountain in Shaanxi Province attracted 27,000 visitors on October 3, leading to disorder at the famous scenic spot. Numerous visitors were stranded through the night on the top of the mountain. Other tourist sites fared no better. Hotels reached capacity, forcing some visitors to sleep in tents.

However, these problems show the potential for growth and further investment opportunities in the tourism sector.

China is currently carrying out income reform. Rising income will drive economic growth. Meanwhile, spending—from tourism to retail—will see a significant boost. Problems that exist now during holiday periods will be resolved gradually. ■

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## Let's Play Music

Pedestrians walk on piano-style stairs at the Wulin Plaza in Hangzhou, capital of east China's Zhejiang Province, on October 9. When setting foot on the stairs, a sound plays like the keys of a piano. Many pedestrians forgone the convenience of an escalator for the emitting stair music.

**“China is planning a three-phase probe to collect samples from the Mars by 2030. The three stages are remote sensing, softlanding and exploring, and returning.”**

Ouyang Ziyuan, chief scientist of China's lunar orbiter project, said on October 10 at a lecture organized by the Chinese Society of Astronautics

**“Excessive PM 2.5 concentration in the air of Beijing will be detected regularly for a long time to come.”**

Zhao Yue, Deputy Director of the Environmental Monitoring Center of Beijing, commenting on the city's air quality

**“We saw nothing but the back of people's heads. We wanted our 11-year-old son to learn something from the trip, but we only ended up exhausted.”**

Guo Zhijun, a visitor to the Palace Museum in Beijing, describing their tour in the capital during the weeklong National Day holiday

**“As I enter this next chapter, I am excited to play for the Qingdao Eagles in China. I have been to China several times in the last few years and I love the people and the country. It will be an honor to play for them.”**

Tracy McGrady, the seven-time NBA all-star, announcing in a post on his website on October 10 that he is signing on to play for a Chinese Basketball Association team

**“Since boys are about two years behind girls in their stages of mental development, girls should start school at 6 to 7 years old, while boys could start at 7 to 8. The Chinese education system needs to improve and allow alternative education and evaluation methods.”**

Wu Bihu, a professor at the College of Urban and Environmental Sciences of Peking University, questioning the practice of requiring both boys and girls to start school at the age of 6 on his micro-blog



**COLD-RESISTANT TRAIN** A test train pulls into the terminus of the new Harbin-Dalian High-Speed Railway in Dalian, Liaoning Province, on October 8, when China began testing the world's first alpine high-speed rail line

**STUNTMEN** Coast guards take part in a training session in Dalian, a coastal city in northeast China's Liaoning Province, on October 9



## Judicial Reform

The Chinese Government on October 9 issued a white paper on progress made in enhancing justice and protecting human rights.

The white paper, the first of its kind, says that the ultimate purpose of judicial reform is to improve social fairness, justice and human rights.

Improving human rights is vital, the white paper says, citing a 2012 amendment to the Criminal Procedure Law.

In terms of protecting human rights, effective measures are being taken to deter and prohibit the obtainment of confessions through torture, protect the rights of criminal suspects and defendants and protect the right of attorneys to do their work. Measures are also being taken to strictly control the use of the death penalty.

Jiang Wei, a senior official in charge of reforming the judicial system, said at a press

conference that China's reforms would be based on its own present circumstances, instead of simply copying from other countries.

However, he said, China is keen on learning from the experiences of other countries and will try to incorporate judicial concepts and practices used elsewhere.

## CPC Congress Coverage

Journalists have been invited to cover the upcoming 18th National Congress of the Communist Party of China (CPC), according to an official statement released on October 8.

Applications for covering the congress can be submitted between October 9 and November 2.

During the congress, a media center will be set up in Beijing to help organize press conferences and arrange interviews for reporters.

In a meeting on September 28, the Political Bureau of the CPC Central Committee pro-

posed convening the 18th CPC National Congress in Beijing on November 8.

## Drug Monitoring

China's food and drug safety watchdog plans to add imported drugs on the national electronic monitoring network in a move to step up drug management.

Overseas pharmaceutical companies and their designated agents in China will have to apply to be covered by the network and get relevant cipher keys, the State Food and Drug Administration (SFDA) said in a draft regulation.

The electronic network was designed to monitor the entire process of manufacturing, transportation, storage and the sale of drugs. The move will also enable realtime inquiries into inventories and destinations, according to Wang Yingli, chief of the SFDA Information Planning Office.

By assigning each package of medicine a 20-digit unique code, the administration can use the network to track and recall drugs, Wang said.

The electronic monitoring network was

## Chinese Nobel Laureate

Chinese writer **Mo Yan**, whose real name is Guan Moye, won the Nobel Prize in Literature on October 11, a somewhat unexpected choice by a prize committee that has favored European authors in recent years.



The 57-year-old writer, a native of Gaomi in east China's Shandong Province, has used his hometown as the backdrop of many of his novels. His breakthrough came with the novel *Red Sorghum*, published in 1987. Other masterpieces include *Big Breast and Wide Hips*, *Life and Death Are Wearing Me Out*, *Frog*, *Pow*, *Shifu*, *You'll Do Anything for a Laugh*, and *The Republic of Wine*.

The Swedish Academy, which selects the winners of the prestigious award, praised Mo's "hallucinatory realism," saying it "merges folk tales, history and the contemporary."



initiated in 2006. By November 2008, the government had incorporated into the network narcotic drugs, blood products, vaccines, important injections, and some psychiatric drugs.

By February this year, all drugs that were on the country's essential drug list had been covered by the network, according to the SFDA.

## Sandstorm Control

China will invest a total of 87.79 billion yuan (\$13.98 billion) to help limit sandstorms that affect Beijing and Tianjin in north China, according to the National Development and Reform Commission, the country's top economic planner.

The money will be used during the second stage of the sandstorm control project for Beijing and Tianjin during 2013-22, which was approved by the State Council last month, the commission said.

China initiated the first stage of the control project in 2000 to improve air quality in Beijing and Tianjin. In the first 10 years, the government allocated 41.2 billion yuan (\$6.56 billion) to the project, which helped restore 6 million hectares of forests.

The second stage of the project will cover 138 counties in Beijing, Tianjin and other major sandstorm affected areas, including Hebei, Shanxi and Shaanxi provinces as well as the Inner Mongolia Autonomous Region, according to the plan.

## Educational Support

China will beef up its support for secondary vocational education by offering more students free schooling and improving financial aid, according to a statement released by State Council, or China's cabinet on October 10.

Urban students who have financial difficulties but major in agriculture-related subjects will be exempt from paying tuition at secondary vocational schools starting from the fall semester of 2012. The same applies to students in rural areas.

## Organ Donation Database

A Ministry of Health (MOH) spokesman said on October 10 that a national database to



**JAZZ ON** Singer Eliane Amherd (left) performs with her band at an outdoor concert during the 2012 Hong Kong International Jazz Festival on October 7

**KUNGFU CARD** Greeting cards featuring Shaolin kungfu practitioners are released in Zhengzhou, central China's Henan Province, on October 9, World Post Day



record and distribute human organ donations would be established.

A national database will improve distribution efficiency as well as help authorities of the operation and ability to trace the sources of organs, Deng said. A waiting list automatically formed by the computer system will also prevent malpractice, he said.

A network for organ donations and transplants will be composed of 164 qualified hospitals nationwide, and a committee jointly founded by the MOH and the Red Cross Society of China will supervise the network, according to Deng.

Statistics from the MOH show that about 1.5 million people in China need organ trans-

plants, although only some 10,000 transplants are performed annually.

## Rehabilitation Facilities

More than 80,000 physical rehabilitation institutions for handicapped people had been built in China as of the end of 2011.

Large rehabilitation centers are set up in 29 provinces, autonomous regions and municipalities on the Chinese mainland, said Li Jianjun, Director of the China Center on the Study of Rehabilitation, at the Seventh Beijing International Forum on Rehabilitation.

China has 85 million people with physical disabilities, 260 million suffering from chronic diseases and 160 million elders in need of rehabilitation, according to the official.

## Groundless Assertion

China-based telecommunications companies Huawei and ZTE have denied accusations that they threaten U.S. national security.

A report released on October 8 by the U.S. House of Representatives Intelligence Committee says that Huawei and ZTE pose a threat because of concerns over cyber-attacks allegedly traced to China.

In a conclusion to a yearlong investigation, the report recommends that the U.S. government computer system exclude equipment from the two firms. It also urges the Committee on Foreign Investments in the United States (CFIUS) to block acquisitions, takeovers or mergers involving the two companies.

“Huawei is a business in the business of doing business,” William Plummer, Huawei’s U.S. Vice President of External Relations, told Xinhua News Agency. The report “is an unfortunate political distraction from very real issues related to cyber vulnerabilities on a global scale,” he added.

Huawei made “\$32.4 billion in revenue last year across 150 different markets, or 70 percent of our business outside of China. Huawei is not going to jeopardize its commercial success for any government, period,” he said.

In a statement, ZTE said it “has been forthcoming in responding to this assertion.”

The two global leading telecom companies operate in over 140 countries. Huawei is servicing 45 of the world’s top 50 telecom

operators, including Vodafone, Motorola, France Telecom and T-Mobile. ZTE is also servicing 500 telecom carriers across the world.

## Polysilicon Price

China’s polysilicon imports jumped during the first eight months of this year but prices slid, further squeezing profit margins for domestic producers, official data have indicated.

China imported 56,000 tons of polysilicon, a raw material used to make solar cells, from January through August, up 32.8 percent year on year, with import prices averaging \$26.92 per kg, down 54.2 percent compared with last year’s average, according to a statement posted on the website of the General Administration of Customs.

South Korea, the United States and Germany accounted for 87.8 percent of China’s polysilicon imports in August.

The average import prices from South Korea and Germany fell from the previous month to \$23.33 per kg and \$29.1 per kg, respectively, according to the statement.

China has been suffering from an overcapacity of polysilicon following massive investment in the sector after prices peaked four years ago.

Customs data showed that China only exported 166 tons of polysilicon in August, bringing total exports in the first eight months of this year to 897 tons, mainly due to waning demand in Europe.

## Boosting Innovation

Authorities overseeing state-owned companies signed an agreement on October 10 with the Chinese Academy of Sciences (CAS), a major government think tank, to boost technological innovation in state enterprises.

According to the deal inked by the State-owned Assets Supervision and Administration Commission of the State Council and the CAS, both sides will jointly conduct research



**TRASH TURNED TREASURE** A power plant converting daily waste into electricity in Shanghai, the largest of its kind in Asia, is put into use on October 10, providing daily electricity for nearly 100,000 households

## Numbers

# 10,000

The number of jobs created for Americans by increasing Chinese investment in the United States, according to a study report released by the Asia Society on October 9.

# 1.4 million

The number of vehicles that Toyota will recall from the Chinese market from November 1 over faulty window switches, according to an announcement on October 10 by the General Administration of Quality Supervision, Inspection and Quarantine.



on technological innovation, share resources and cooperate in other ways.

CAS-affiliated institutes and large state enterprises have collaborated on key state programs such as manmade satellites, the manned space program, the lunar exploration project and the development of the manned deep-sea submersible *Jiaolong*, said an official statement released after the pact was signed.

Under the agreement, state companies and the CAS researchers will further cooperate in areas such as information technology, energy conservation and environmental protection, biology, high-end equipment manufacturing, renewable energy, new materials and green vehicles.

## New District

The State Council has approved a plan to develop the Nansha New District in Guangzhou, south China's Guangdong Province.

Located in the southern tip of Guangzhou, the Nansha New District has a planned area of 803 square km. It is 38 nautical miles away from Hong Kong and 41 nautical miles away from Macao.

The district will serve as a cooperative zone between Guangdong, Hong Kong and Macao, the plan says. After 10 years of development, the zone is expected to be a model of urbanization, a new hub for service industries and a pilot zone for innovation in public services.

## Afforestation Efforts

The Chinese Government allocated 46.2 billion yuan (\$7.22 billion) to the return-farmland-to-forests program between 2008 and 2011, according to the National Development and Reform Commission (NDRC), the country's top economic planner.

As of the end of 2006, around 9.3 million hectares of farmland had been converted to forests since the government launched a na-

## Talent Show Champion

A 21-year-old college student named **Liang Bo** earned the top prize of the first season of *The Voice of China*, a popular singing competition program on Zhejiang Satellite TV, on September 30.

The program, which premiered in July, is based on Dutch program *The Voice of Holland*. It captivated viewers because of its emphasis on talent rather than appearance. Contestants are selected through blind auditions by four coaches who cannot see the singers, but only hear their voices.

Born in Changchun, capital of northeast China's Jilin Province, Liang is now a senior student at the Jilin College of Arts.



tional campaign in 1999. Around 15 million hectares of hillside was closed to facilitate afforestation during the period, said the NDRC.

Under the program, farmers received grain and cash subsidies if they converted their farmlands to woodlands to combat soil erosion.

By 2006, some 124 million farmers had been subsidized, giving an added boost to the environment, the NDRC said.

The emphasis on boosting forest coverage came amid the country's efforts to increase its "forest carbon sink capacity," or using forested areas to remove carbon dioxide from the atmosphere, thereby helping address global climate change.

China's forest coverage reached 20.36 percent in 2010, up from 18.2 percent in 2005, and is expected to further increase to 21.66 percent by 2015.

**FINAL STEP** The finishing stages of the second cross-sea bridge in Hangzhou Bay in east China on October 10. Begun in 2008, bridge construction is estimated to be completed in November



# 2.5 billion yuan

The amount offered by the Ministry of Finance to importers this year to boost imports of certain products, according to a statement on October 10.

# 100,257

The number of existing homes sold in Beijing this year, making 2012 the fourth consecutive year in which more than 100,000 homes have been bought in the city, according to the latest data



WANG LEI

A firefighter introduces a fire alarm system to children during events to celebrate the Fire Safety Day at Rockefeller Center in New York City on October 9

## THE UNITED STATES



XINHUA

Chief of General Staff of the Turkish Armed Forces Necdet Ozel looks through giant binoculars during an inspection tour along the border with Syria on October 9. Tensions escalated following a continued exchange of artillery

## TURKEY





YI LAN QING

A military band marches during celebrations of the 50th anniversary of Uganda's independence in the capital city of Kampala on October 9

## UGANDA



LI OHLIA

Visitors examine roses at the Ludwig's Rose Garden in Pretoria on October 9 during the annual Spring Rose Festival, where nearly 1,000 varieties of the flower were on display

## SOUTH AFRICA

## JAPAN

Mother Rauhin holds her baby, born in August, at the Adventure World Zoo in Shirahama in western Japan on October 5, the day the 2.7-kg baby was named Yuhin



XINHUA/AF

## GERMANY

Staff members of a seal station in Norddeich release four young seals at a beach on the North Sea island of Juist on October 4. Between 50 and 100 orphaned seals are raised at the seal station each year before being returned to the wild



XINHUA/AF

A large crowd of people is seen walking along the Great Wall of China. The wall stretches across the frame, with a dense line of tourists. In the background, there are green, hilly mountains under a clear sky. The scene is captured from a low angle, looking up the wall towards the horizon.

COVER STORY

# GOLDEN HARVEST

Holiday spending could signal the dawn of a new growth era  
By Zhou Xiaoyan





OFPI

**SIGHT SEEING OR PEOPLE SEEING?:**  
Tourists inch forward on the Badaling Great Wall. On October 3, 81,000 tourists visited the world-renowned tourist spot

October 2 was a day that Lin Chaoyue, a civil servant in Beijing, had long awaited. After having been together for seven years, he and his college sweetheart got married in his hometown of Shantou, south China's Guangdong Province. Witnessed by about 200 guests in an exquisite five-star hotel, Lin and his bride exchanged glimmering rings. During the sumptuous reception dinner, the couple made a toast to each table in glasses filled with pricey, fine wine.

"I spent 300,000 yuan (\$47,700) on the wedding, including 150,000 yuan (\$23,850) for catering and the wedding planning company, 50,000 yuan (\$7,950) for guests' hotel rooms and plane tickets, and 100,000 yuan (\$15,900) for the wedding gown and tuxedo and my wife's jewelry. The reason we chose the National Day holiday is because it's the only long vacation we have and everybody is free from work," said Lin.

Lin's spending spree didn't seem out of touch during the National Day holiday, dubbed the Golden Week (normally October 1-7). This year's holiday was one day longer, which bridged the Mid-Autumn Festival (September 30) and the Golden Week.

With countless weddings, family dinners and other rendezvous, restaurants raked in a windfall. According to the Ministry of Commerce (MOFCOM), sales revenue for the retail and catering sectors totaled 800.6 billion yuan (\$127.3 billion) during the holiday, up 15 percent year on year. Sales revenue of key catering enterprises and restaurants in Shanghai, Tianjin and Qingdao in Shandong Province grew by an average of 22.1 percent.

Sales revenues of key retail enterprises in Guizhou, Liaoning and Shaanxi provinces and Tianjin Municipality grew on average by more than 20 percent year on year, according to data from MOFCOM.

Besides buying goods and filling their stomachs, some more well-off Chinese chose to travel. A total of 425 million Chinese traveled during the period, up 40.9 percent, resulting in 210.5 billion yuan (\$33.47 billion) tourism income, up 44.4 percent year on year, according to the National Tourism Administration (NTA).

The country's 119 centrally monitored scenic spots received a total of 34.25 million visitors, up 20.96 percent year on year. Tourism income of those spots surged to 1.77 billion yuan (\$281.4 million), up 24.96 percent year on year, according to the NTA.

This spending prowess could add vigor to the world's second largest economy, which expanded by a modest 7.6 percent in the second quarter of 2012, the lowest level since the first quarter of 2009. Holiday spending sprees highlight the potential for increased domestic consumption in China, and the government is under pressure to create a more favorable environment for consumers to dispose their cash.

## Policy support

Amid a sluggish global economy, 15-percent year-on-year growth in the retail and catering field during the holiday is seen as remarkable. This is attributed to the Central Government's incentive plans, like the toll-free policy, which has directly freed up income for hotels and restaurants, said Wang Jinbin, a professor at the School of Economics at Renmin University of China.

Zhang Weiguo, Director of the Economic Institute ►►

at the Shandong Academy of Social Sciences, attributed the better-than-expected tourism figures to several factors.

“An eight-day super-long holiday, the first-time exemption of highway tolls and a mark-down in the ticket price of many scenic spots to woo visitors spurred a passion in the Chinese people for tourism,” he said.

To attract tourists, more than 150 well-known scenic spots cut their ticket prices by an average of 30 percent, official statistics showed.

The holiday saw a significant increase in the number of road travelers due to the government’s toll-free policy.

In an effort to stimulate consumption, the Chinese Government in August decided to lift highway tolls on roads and bridges nationwide for passenger vehicles with seven seats or less during the four major Chinese holidays—the Spring Festival, Tomb Sweeping Day, May Day and the National Day. For this past holiday, roads were toll free from September 30 until October 7.

A record of 80.87 million people traveled by road each day during the holiday, for a total of 647 million, according to the Ministry of Transport.

The free pass on highways saved road travelers 20 billion yuan (\$3.19 billion) but will bring about 200 billion yuan (\$31.86 billion) in tourism revenue nationwide, said Peng Zhizhong, Director of the Logistic Management Research Institute at the Shandong University, to Xinhua News Agency.

## Lifting the economy

The spending carnival during the Golden Week supports the argument that Chinese consumers are a bright spot in a slowing economy.

“Chinese tourists are in a spending mood,” said Uwe Parpart, chief strategist and head of research with Reorient Financial Markets in Hong Kong. “People don’t travel and spend when the economy is in terrible shape.”

Doomsayers once predicted a “hard landing” for the Chinese economy, which thus far has been proven groundless. Judging from the



consumption figures during the Golden Week, we see that hard landing enthusiasts have completely underestimated and ignored the growth potential of the Chinese economy, said Zhang Yongjun, a research fellow at the China Center for International Economic Exchanges.

Zhang’s view is supported by a report from Bank of America-Merrill Lynch.

Anyone who previously believed that China was in trouble because of falling stock prices and suffering from a slowdown in economic growth should be astonished by the Golden Week consumption figures, Ting

Lu and Larry Hu, economists with Bank of America-Merrill Lynch, said in the report.

The report also notes that tourism figures during the Golden Week can reflect the condition of the country better than the data routinely used by economists, such as power usage and industrial production.

“Chinese consumers are still relatively confident about China’s economic fundamentals,” Lu and Hu said in the report. “Strong tourism data support our soft-landing views ... and also point to a shift of consumption toward leisure, a new source of demand.”

The Chinese economy has many strengths. First, although economic growth has slowed to 7.8 percent in the first half of 2012, recession isn’t necessarily coming as 7.8-percent growth is still among the fastest around the globe. Second, wage growth, which has a direct impact on the consumer spending, remains fairly robust. While wages in the first half of 2012 grew 13.1 percent from the year before, though lower than the 14.4 percent from 2011, wage growth actually picked up due to lower inflation. Third, housing prices haven’t changed much compared with last year and market expectations predict a recovery in the property sector. Fourth, infrastructure construction has





1. DINNER TIME: Pictured is a sea food restaurant in Sanya, Hainan Province, on October 6
2. TIME TO SHOP: Discount signs to lure customers to a shoe shop in Beijing on October 6
3. HEADING OUT: Cars flood roads in Dalian, Liaoning Province on September 30, the first toll-free day for passenger vehicles with seven seats or less



expanded over the past several years, which is bound to have a positive impact on current and future domestic consumption; finally, Chinese consumers have strong confidence in the economy and are willing to spend, said the report.

"The yearly Golden Week allows the whole world to see the enormous potential of the Chinese economy," said Cheng Shi, a macro-economic analyst at the Industrial and Commercial Bank of China.

"The upbeat travel data reflect that the consumption confidence of Chinese families overshot market expectations. The confidence derives from Chinese people's strong anticipation for higher disposable income, for a stable economy and for sustainable economic development," said Cheng.

Consumption is gradually becoming a pillar for economic growth and will continue to be a highlight in the future, said Cheng.

Among the three driving forces for economic growth, domestic consumption has been the strongest and most sustainable. In light of the bigger picture of "sustaining growth," encouraging domestic consumption has become a central tenant in economic development, and the Central Government is preoccupied with how to provide more incen-

tives for consumption, according to a report by the Xinhua News Agency.

The Chinese Government has been trying to rebalance the economy by expanding consumption as a greater portion of the GDP and reducing the nation's reliance on exports in the face of slowing demand overseas. According to Parpart, the upbeat tourism data during the Golden Week should give China's rebalancing ambitions a boost.

"It's a positive signal. Chinese salaries have increased by an average of over 20 percent in the past year and a half," he said. "If some of that now goes to consumption, it is what the government likes to see—an economy less dependent on exports."

In May 2012, the State Council earmarked 36.3 billion yuan (\$5.78 billion) to encourage consumption on energy-saving household appliances, efficient lighting products, greener vehicles and efficient electrical machines. Industry insiders predict that consumers will spend over 450 billion yuan (\$71.6 billion) as a result.

"The focal point this year is promoting online shopping and credit consumption," said Fang Aiqing, Assistant Minister of Commerce.

Although online shopping and credit consumption are currently in focus, they must be seen as a complement to offline shopping, said Bai Ming, a research fellow at the Chinese Academy of International Trade and Economic Cooperation (CAITEC).

If online and offline spending and credit consumption are integrated, China's domestic consumption could receive a further boost, he said.

## Tapping the potential

The key to boosting spending lies in more holidays and stricter implementation of the paid leave policy, according to analysts.

Chinese who have worked for one to 10 years are entitled to one paid five-day vacation. Those who have worked for 10 to 20 years are given 10 days of paid vacation. This minimal amount of vacation means Chinese are often propelled to make full use of their time off.

In 2008, the seven-day Labor Day holiday was replaced with four shorter breaks, leaving Chinese workers with only two seven-day holidays each year, the National Day holiday and the Spring Festival.

As the Spring Festival is traditionally a time for family reunions, the National Day holiday is used for trips longer than two or three days.

Despite the Regulations for Paid Annual Leave for Employees policy, which came into effect in 2008, 54.5 of respondents in one survey said they never took their annual leave, according to Xinhua.

The key to increasing domestic consump-

tion is to give consumers more time off and ensure they take their paid holidays, said Zhao Ping, Deputy Director of the Department of Consumption Economy Studies at CAITEC.

The paid leave system is still at a preliminary stage in China, said Luo Biao, Deputy Director of the EMBA Center at the University of Science and Technology of China. "In developed countries like the United States or in European countries, the tourism sector is very advanced. In order to further develop China's tourism sector, a flexible vacation system is badly needed. Economic development has given Chinese more money, but not so much time to spend it," he said.

The potential for tourism is huge, said Zhang Guangrui, Director of the Tourism Research Center of the Chinese Academy of Social Sciences. "However, too much emphasis on tourism could have a negative impact on travelers, such as road gridlock and overcrowding," he said.

On October 2, 186,000 people visited the Forbidden City in the heart of Beijing, setting a record for the largest number of single-day visitors ever. "I saw nothing but people's heads in the Forbidden City," said a tourist surnamed Guo.

While the holiday spending spree has brought to light the potential for consumers to blow their cash, some argue more needs to be done to ensure sustainable long-term consumption.

"To spur the economy, we should first spur domestic consumption. To spur domestic consumption, we should continue fiscal and tax reforms to improve people's livelihood, especially for those of low-income," said Liu Yuanchun, deputy head of the School of Economics at Renmin University of China. "In the long run, income distribution reform should be initiated as soon as possible."

In order to fully tap the potential of consumption to shore up the economy, more long-term policies, such as improving the consumption environment, scrapping unreasonable charges related to commodities and lowering tariffs for imported goods are needed, said Zhang of the China Center for International Economic Exchanges.

"In the long run, the country needs to optimize income allocation in order to increase people's incomes," he said.

More money in your pocket often leads to more consumption and more consumption leads to a happy life, at least for some, like the newly wedded Lin.

"After holding a 300,000-yuan wedding during the Golden Week, my wife and I have a better relationship and we feel happier," said Lin. "It was totally worthwhile." ■

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