# Senior Chinese banking regulator under probe

**BEIJING:** A senior official at the China Banking Regulatory Commission (CBRC) is under investigation for suspected links to a loan scandal, the financial magazine Caixin reported, citing sources close to the matter. Yang Jiacai, assistant chairman of CBRC, has been under investigation since April 9 in connection with the scandal in Hubei province, Caixin said late on Saturday, following days of rumors circulating online that Yang had gone missing.

China's graft watchdog on April 9 also announced an investigation into the chairman of the country's insurance regulator, Xiang Junbo, the most senior financial regulator to be investigated as part of a government fight against graft. Yang could not be reached for comment.

No official announcement of an investigation into him has been made. His name and profile were still accessible on the CBRC website yesterday.

Caixin reported last Friday that Yang had been relieved of his duties, citing people with knowledge of the matter. CBRC did not respond to a faxed request for comment on Friday or to a second fax yesterday about the investigation. Yang's last public appearance was on April 7 speaking at a news conference about new risk control guidelines for lenders as part of efforts to contain risks from a rapid build-up in debt. China's top leaders have pledged this year to address financial risks and asset bubbles. President Xi Jinping has pledged to wage war on deep seated graft in the ruling Communist party until officials at all levels dare not be corrupt, warning that a failure to check the rot could threaten the party's existence. — Reuters

# Saudi to shelve, reform billions of dollars of unfinished projects

## Government compiling list of unfinished projects

**RIYADH:** Saudi Arabia's government is ordering its ministries and agencies to review billions of dollars' worth of unfinished infrastructure and economic development projects with a view to shelving or restructuring them, government sources said.

Riyadh's Bureau of Capital and Operational Spending Rationalization, set up last year to make the government more efficient, is compiling a list of projects that are under 25 percent complete, the sources told Reuters. Many of these projects are relics of a decade-long boom of high oil prices and lavish state spending, which ended when oil began sliding in mid-2014, making it increasingly difficult for Riyadh to find the money needed to complete their construction.

Officials will study the feasibility of the projects in light of the government's reform drive, which aims to diversify the economy beyond oil exports, and decide whether to suspend them indefinitely or try to improve how they are conducted. "Some projects could be retendered so they can be executed in partnership with the private sector, possibly through build-operate-transfer (BOT) contracts," said one source familiar with the plan, declining to be named as the matter is not yet public.

Under BOT contracts, private investors finance and build projects and operate them for a period of time to earn a profit before eventually transferring ownership to the government. Riyadh has said it is keen to begin bringing the private sector into projects to ease pressure on state finances.

"Other projects could be suspended if they do not meet the current economic objectives," the source said. Recommendations for some projects may be made within days, he added.

Seeking to close a huge budget deficit caused by low oil prices, the government clamped down on infrastructure spending last year. Finance Minister Mohammed Al-Jadaan said in February this year that the efficiency bureau had so far saved the kingdom 80 billion riyals ($21.33 billion).

The plan to review unfinished projects suggests the government is looking for large additional savings this year. In a report at the end of last year, it estimated the cost of completing all capital spending projects currently underway at about 1.4 trillion riyals. In a January report, consultants Faithful+Gould estimated at least $13.3 billion of government projects were at risk of being cancelled in Saudi Arabia this year because of fiscal pressures and changing government priorities. The government is likely to prioritize projects with strong social welfare and business justifications such as power and water generation, while less essential "vanity projects" such as sports infrastructure, some transport systems and perhaps nuclear energy could be cut back, it said. — Reuters

# Tears and cheers greet China's economic zone

**XIONGAN:** Business owner Hu Weibing weeps at the prospect of losing everything, including his home, after China's surprise announcement to transform a rural spot outside Beijing into a modern metropolis nearly three times the size of New York City.

Hu's family run-clothing factory in the northern province of Hebei could close at the expense of a new special economic zone similar to those in Shanghai and Shenzhen. The planned Xiongan New Area currently measures 2,000 square kilometres (772 square miles) and has less than one percent of Beijing's economic output, but last weekend's announcement sparked a real estate speculation frenzy as out-of-town home buyers from across the country descended on the previously unknown area.

"It's certainly good for Hebei and the regional economy, but it's a disaster for mid- and small-sized business like ours," said Hu, staring at the bare concrete walls of the four-storey dream home he began building last year but will never be able to finish. Though authorities have not yet told him what is next, he is bracing for things to progress in the fashion that has become typical for government mega-projects: forced relocation and modest monetary compensation. The changes will scatter his 40 local employees, each painstakingly trained for two years to produce the winter jackets that Hu's Yuhua Clothing Manufacturing sells to clients in Moscow.

And land prices elsewhere are guaranteed to be out of his reach. "To build another factory or another villa like ours will be impossible. It's a terrible shame," he said quietly, unable to stop tears sliding down his face after devoting decades of his life to the business.

"There will be no way to ever compensate us, but this is a huge national issue, so whatever comes we must support it."

**'It's crazy'**

There are some 19 national-level "New Areas" scattered across China, 13 of which have been established since 2014. But Xiongan stands out: President Xi Jinping personally designated its location during a February trip to the fields just outside Hu's village of Dawang, according to Xinhua News.

Following the announcement, housing prices doubled in a single day, as speculators queued outside real estate offices, clogging the streets with luxury vehicles as they battled to snap up properties for cash.

Shocked by the chaos, local authorities quickly imposed strict bans on home sales and ordered brokers to close up shop.

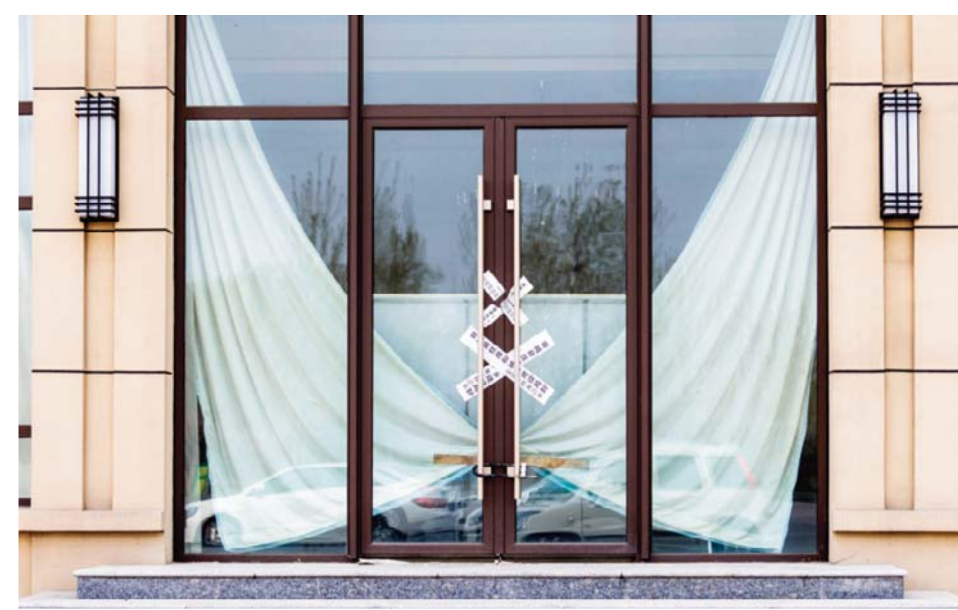
By mid-week, offices across the area were closed, their metal grates pulled down and crosses of white tape over them for good measure. But individuals with properties for sale were still willing to approach potential buyers with prices that had gone up 300 percent in three days, they told AFP.

An investor surnamed Wang had come to check out opportunities from Beijing, 100 kilometres away, but declined an offer to buy at a rate higher than the average cost of a home in the bustling port city of Tianjin. "I could've accepted some 13 or 14,000 yuan ($2,000) per square metre, but 30,000 is simply too much for an investment of at least ten years where you don't even know how things will turn out in the end," he said. "It's crazy-they're still planting crops here! What if Old Xi steps down and they never build anything here at all?"

**'Life-changing'**

Currently, the flat fields of the three counties that make up the proposed Xiongan New Area are speckled with traditional tombs-waist-high mounds of dirt topped with fluttering paper offerings.

The two-lane roads that traverse them are lined with cement producers, factories noisily churning cobs into cornmeal and, thanks to a robust commercial network with Russia, shops selling mink and raccoon furs dyed garish shades of blue and pink. Yet authorities hope the area will flourish into a new centre for growth in the world's second-largest economy, which last year expanded at its slowest rate in a quarter of a century. Analysts, however, predict its overall economic punch will be "limited", as the venture lacks measures to spur the types of exciting new financial reforms that were the real drivers of growth for the Shenzhen Special Economic Zone, established in the 1980s, and Shanghai's Pudong New Area, set up in the 1990s.



**This file photo taken on April 3, 2017 shows a closed real estate agency in Rongcheng county in China's Hebei province. —AFP**

"The project is still effectively just a major push to improve the infrastructure and integration of the Hebei region, rather than a test bed for deeper market reforms that could have a much wider economic impact," said Julian Evans-Pritchard of Capital Economics.

But for many who've toiled in the fields around Xiongan for generations, the development is guaranteed to be "life-changing", said a resident surnamed Zhang, 63, who recalled the extraordinary hardships of his childhood in the early 1960s. "It's such good luck-living here is better even than in Xiamen," he said, referring to a warm southern Chinese port city popular with retirees. "Now we're all special economic zone residents!" — AFP