Incremental Decision Making and Corporate Restructuring

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In 2005, the Western press has probably run more stories on Chinese economics and business than in any previous year. The dynamic "rising China" burst into American consciousness in an unprecedented fashion. Yet ironically, policy- and decision making within China seem to be sliding back toward a less imaginative, more bureaucratically dominated pattern. There has been little significant policy innovation during 2005. In this issue, we review and update developments in four areas, each of which demonstrates this pattern of cautious, incremental, and bureaucrat-dominated policymaking. The four areas are RMB revaluation, the conversion of shares from noncirculating to circulating, the consolidation of firms by SASAC, and the NDRC's new Industrial Policy for the steel industry. Together, the four areas also illustrate an effort by economic bureaucrats to step up the pace of corporate restructuring.

RMB Appreciation

Thousands of pages of reporting and analysis, in nearly every written language, have appeared on the appreciation of the RMB. Its revaluation with respect to the U.S. dollar, and the shift to a managed float against a basket of currencies took place on July 21, 2005.[1] A currency's value is the single most important "price" in an economy. Changes in the currency's value and in the mechanism through which that value is determined therefore have enormous implications to an economy. There is no consensus among economists about the best way to determine a currency's value in the case of a "medium-size, medium developed" economy such as China's. Similarly, there is no generally accepted yardstick to determine what a currency's value ought to be. The scope for discussion and analysis of the economic implications is thus virtually endless. This note can only touch on a few of the policymaking implications, which, happily, are much more straightforward. A few simple observations stand out.

First, the decision to allow the RMB to appreciate was delayed for as long as possible. By the time the decision was implemented, it had already become clear that China's economic growth was accelerating rather than slowing in 2005, and her exports and trade surplus were both growing rapidly as well. China's overall trade surplus, which had been moderate in recent years, grew from just $1.7 billion in the second quarter of 2004 to a whopping $23 billion in the same quarter of 2005.[2] These facts made it clear that macroeconomic adjustment was *not* occurring through the administrative and monetary measures adopted since 2004, and made the decision to revalue the RMB virtually irresistible.

Second, the cautious policy that was adopted on July 21 followed exactly the proposal developed by the group of monetary economists surrounding the governor of the People's Bank of China (PBC), Zhou Xiaochuan. This blueprint had been talked about in Beijing for at least a year, with knowledgeable economists predicting a small revaluation (about 2 percent) accompanied by a shift in the exchange rate mechanism to a peg to a nondisclosed basket of currencies. The adoption of Zhou's policy is significant for a number of reasons. The cautious size of the revaluation shows that the government wishes to minimize the costs of revaluation to exporters (especially those of textiles and garments) and to the farm sector, which must compete with imports. It shows also that policymakers would prefer to err on the side of an undervalued currency. Technocrats such as Governor Zhou know very well that a small revaluation encourages capital inflows, because the market expects that it will be followed by further appreciation. Faced with the large international capital flows China is experiencing, the technocrats decided that the struggle of managing large inflows is preferable to taking even the slightest chance of overshooting the currency's value and precipitating sudden capital outflows.[3]

Third, the decision to actually implement this policy was communicated to American officials more than three weeks before the policy was announced. We know this because on June 30, Treasury secretary John Snow, accompanied by Federal Reserve Board chief and general economic guru Alan Greenspan, met with senators Charles Schumer and Lindsey Graham to persuade them to postpone their bill imposing punitive tariffs on imports from China. The unusual action of communicating a major policy change in advance to U.S. policymakers shows how thoroughly the currency issue had become entangled in larger U.S.-China tensions. Chinese decision-makers were undoubtedly influenced in the timing of the appreciation by their evaluation of how much stress the U.S.-China relationship—or perhaps the U.S. Congress—could bear, given the large number of economic issues currently on the table. At the same time, the approach of the U.S. Treasury, which kept up steady, but relatively quiet, pressure probably made it easier for China to move when it did, by allowing her to avoid the appearance of caving in to external pressure.[4]

Summing up, then, the revaluation proposal was drawn up systematically by the relevant professional bureaucracy within the government—the PBC in this case. That proposal and all its implications, including those for foreign policy, were then assessed by the top of the hierarchy—presumably by Premier Wen Jiabao in consultation with the Politburo Standing Committee. The final decision was then made slowly, with significant delays, after having been vetted for minimum impact and risk.

Share Conversion: Circulating Status

The previous issue of CLM discussed in detail the first pilot batch of firms that implemented the transformation of noncirculating state shares into circulating shares. It was emphasized there that the policy was being implemented on a company-by-company basis, after the shareholders of each company had agreed on a conversion plan. Shareholders' approval was obtained primarily by allocating them bonus shares as compensation for any potential loss of value they might suffer through dilution of their existing shares.

The list of the second batch of pilot firms was finalized on July 20, when the Zhongfu Corporation became the 42nd and last firm to present its restructuring plan.[5] Forty of the firms granted bonus shares to the existing holders of circulating shares. Ten of these firms revised their initial offers, and in nine out of the ten cases, these revisions made the offers unambiguously more attractive to the existing holders of circulating shares. Such interactions turned the process into something of a bargaining game, with participants in essence haggling over the price at which shares would be converted to circulating form. Chinese commentators have generally described the process as going smoothly, and characterized by better communication among the interested parties than in the first round. As they have become more familiar with the procedure, both shareholders and firms have begun to see the reform as a negotiation—one from which both sides can benefit, provided they agree on a way to divide the gains. That conversion can be beneficial to both sides has become increasingly clear as some of the restructured firms have begun to outperform the broader market.[6] An offer that is more generous to the existing holders of circulating shares is inevitably more costly to the government organizations that hold 74 percent of the noncirculating shares.[7] However, the governmental holders of noncirculating shares can benefit from the greater freedom to dispose of their shares: from the appreciation of stocks if the conversion is successful, and ultimately from higher profits if corporate restructuring creates more-efficient firms.

What exactly do the two sides bargain over? First is the “price,” which generally means the number of new bonus shares allocated to existing holders of circulating shares (typically three to five new shares for each 10 existing shares). A few firms—including Shanghai’s Baosteel—proposed stock options or other forms of compensation, but these proposals were initially too difficult for investors to evaluate and were abandoned. The second key focus of bargaining is the promise that holders of noncirculating shares make to retain a certain proportion of their shares. In general, if the government promises to retain *more* of its shares after the conversion, the conversion proposal is more attractive to existing holders of circulating shares, since the value of their shares would be less diluted. As a result, each of the firms in the first two batches of firms made a specific promise to hold on to a specified minimum number of shares for a specified period. On the basis of these two key bargaining elements, most firms were able to agree on proposals, and the general process is now ready to be expanded to all listed firms.[8]

SASAC’s Role in Conversion

These trends in the share-conversion process have contributed to an increasingly prominent and regularized role for the State-owned Assets Supervision and Administration Commission (SASAC), a role that it has finally embraced. SASAC’s job, after all, is to represent the government as owner of firms, and the share-conversion process increasingly calls for an active party to represent that ownership interest in the negotiation over specific proposals. At first, SASAC resisted share conversion on the grounds that it was not eager to reduce government ownership quickly, and that it was simply not ready to go ahead. In the early stages, China Securities Regulatory Commission (CSRC) pushed for share conversion, while SASAC dragged its feet. Meanwhile, the SASAC organizational form has been steadily building up—or rather, down—starting with the central State Council SASAC, which began operating in June 2003, extending through all the provincial branches, and, as of September 2005, covering the municipal level, which holds the bulk of the industrial assets.[9] Given these circumstances, central SASAC gradually changed its attitude, and became more amenable to share conversion. SASAC has begun to see greater advantages in allowing the state, as owner, to have more flexibility and ability to enhance the value of its own assets, and so has begun to support share conversion for its own central government enterprises. At the same time, central SASAC is increasingly setting guidelines for local SASACs, which are less likely to run the kind of firms that fall under the larger entity's purview, such as natural monopolies, national security enterprises, and firms producing public goods. The gradual evolution in SASAC's position reached a milestone on June 17, when it published its "Guiding Opinions on the Share Conversion of State-Controlled Listed Companies."[10] The "Guiding Opinions" (GO) calls on all local SASACs to positively support share conversion, and stresses that company quality and competitiveness are the ultimate guarantors of stock market stability. The GO also provides guidance to local SASACs in setting the proportion of shares that the government should retain after share conversion. It specifies three situations: national security and keypoint sectors where state control should be maintained; cases where the listed firm is fundamental to the core business of the controlling shareholder and control should be maintained; and all other cases, where stability, reasonableness, and accordance with government policies is all that is required.[11]

This reasonable division of enterprises into different economic categories suggested a bright idea to someone in SASAC: SASAC should systematically set a minimum government equity share ratio for each business sector, that is, a requirement that a certain proportion of total outstanding shares be owned by the government. This would guide both the share-conversion process and the local state asset management planning process, giving both of them a more orderly and rational basis. One can immediately see the appeal such a proposal would have to the officials in SASAC. In the first place, each of the firms undergoing the share-conversion process had already been setting a minimum government share-ownership level—implicitly establishing a government ownership ratio—with their individual promises not to sell off government shares. But these agreements were purely ad hoc, and determined by the firm-by-firm bargaining process. Why not give them a scientific basis? This would also be consistent with the general approach of the Wen Jiabao administration, which is to first establish broad principles, and only subsequently the specific policy actions needed to implement them.

At the same time, local SASACs, most of them brand new, were struggling to find some guiding principles for their own planning, so why not provide them with some minimums to serve as a rule of thumb? As the local SASACs begin operation, they establish long-range plans for their own roles, which naturally include projections about the role of state ownership. Generally, these plans include concentrating public ownership in sectors with public goods, natural monopoly, or social service characteristics, and reducing the overall share of public ownership. For example, Shanghai projects an overall state share in operational assets of 20 percent by 2008, with more than 80 percent of this concentrated in public goods or monopoly sectors.[12] Local SASACs are also playing a prominent role in developing the share conversion plans discussed in the previous section. For example, Central SASAC intervened in a share conversion plan developed by Shanxi Coking Corporation in order to defend a higher share sales price in the red-hot energy sector, but this was an extraordinary piece of guidance in what is normally a local determination.[13] But perhaps most crucial of all is that setting up minimum government ownership ratios would validate SASAC's own sense of mission, which is to valorize state ownership. It would reinforce SASAC's assertion that state ownership will continue to have an important role in the economy, and thus, that SASAC will also continue to have an important role. At the same time, SASAC's sense of mission also includes the belief that the state role should be determined by logical principles and good business strategy, rather than by ideological strictures. SASAC wants government to be a wise, strategic, long-term value-maximizer. Very much in line with this vision, the "Guiding Opinions" also allows state firms to repurchase shares in order to bring stakes up to a desired level (thus reversing the earlier CSRC regulation prohibiting state firms from buying or selling shares on the open market). Subsequent to the "Guiding Opinions," SASAC also approved managerial stock options, specifying that the earlier prohibitions of management buy-outs do not prevent managers from being rewarded with shares from the increased value of government firms.[14]

Actually implementing the idea of setting sectoral government ownership ratios is, however, quite difficult. In the first place, while there may be real economic reasons why a certain product or service should or should not be provided by a public agency, it is difficult to move from the yes/no decision to setting various thresholds and levels. But the share-conversion process requires specific numerical commitments—in order that investors may calculate the value of their circulating shares—precisely as an alternative to yes/no decisions about future state ownership. In fact, SASAC has solicited opinions and floated potential plans, but as of this writing has not come up with a final blueprint. The most popular proposal specifies five broad categories: a minimum of 60 percent government ownership for national security and pure public-goods provision; a 51 percent requirement for natural resources and keypoint high-tech enterprises; and minority stakes of 35 percent, 25 percent and 10 percent for sectors without entry barriers or economies of scale.[15] Of course, SASAC officials are smart enough to recognize that these guidelines lack any permanent significance, so they stress that the guidelines are provisional, and designed to manage current work only. This raises more questions, though: if the guidelines are only provisional, what is the value of the promise not to sell off more state shares? And on what economic logic do such guidelines ultimately rest (especially those for minority ownership)? Finally, if SASAC does set a minimum government shareholding ratio for each sector, doesn't this, in some sense, defeat the whole purpose of share conversion? For in this case, don't the state shares within this ratio become a new category of "cannot yet circulate" shares, replacing the old category of " noncirculating shares"? Isn't there a danger that at some point in the future another round of share conversion may become necessary to allow the "cannot yet circulate" shares to be traded? SASAC spokespersons were careful to specify that the idea was only provisional, and no specific numbers had been decided.[16]

NDRC's New Steel Industry Industrial Policy

At least one government agency was quick to follow through on SASAC's proposal. After weeks of discussions and news leaks, the National Development and Reform Commission (NDRC) on July 20 posted their Steel Industry Development Policy.[17] The item in this document with the most immediate impact was a sentence tacked on to the end of Article 23 that read, "When foreign businesses invest in the steel industry, they may not, in principle, take controlling stakes." This provision immediately derailed pending acquisitions by multinational firms in China's steel industry. Worldwide, the steel industry is restructuring rapidly, with new multinational groups arising, and these groups are eager to incorporate China into their international networks. The multinationals Arcelor and Mittal were each seeking controlling stakes in Shanghai-listed steel firms, as well as in Valin and Laiwu, of Hunan and Shandong, respectively. These plans were halted by the new regulations.

The promulgation of a formal industrial policy for a specific sector is a surprisingly rare event in China. Given that planners and officials in China talk about industrial policy all the time, it is something of a shock to realize that the last time that planners actually promulgated a formal policy for a specific sector was a decade ago, when the State Council approved one for the automobile industry in 1994. Since that time, China has certainly implemented packages of incentives and directives that constitute de facto industrial policies in certain sectors (for example, semiconductors), but there had not been a formal document for any sector until this summer. The reasons are not hard to find: approving a formal document requires multiple compromises between different constituencies, and between desires and reality. Industrial policies have a way of looking slightly ridiculous five years after their inception, and that could certainly be true of this steel policy as well. The basic intent of the document is to strictly limit (and perhaps prevent altogether) the creation of new steel mills. It reproduces many of the standard features of industrial policy: the desire to concentrate production in a smaller number of larger, more efficient firms; technical standards to benchmark industry progress; and energy and water conservation targets. It also contains a clear regional dimension, with new construction concentrated in southern coastal areas that have deepwater ports and access to global ore and energy resources, and where demand is strong.

The document contains internal contradictions about whether and when steel industry investments must be approved by the NDRC. (Article 22 proclaims a sweeping approval requirement affecting everyone, while Articles 8 and 9 merely state that large integrated producers with a capacity exceeding 5 million tons need report only their long-range development plans.) Clearly, the NDRC is attempting to lay some legal basis for the extraordinary administrative intervention powers they gained during the 2004 Macroeconomic Recontrol period, which was significantly focused on steel.[18] Article 24 says that projects that have not been approved, or which violate this industrial policy "will not have their land use rights approved by the Ministry of Land and Resources; will not be allowed to register by the Industrial and Commercial Administration; will not have their contracts and chops approved by the commercial departments; will not have their lending applications . . . " (the list goes on). Clearly, a lot of this document is about the assertion of NDRC power and influence.

Restrictions on foreign investment do not seem to have been an integral part of the drafting process. Most of the document is careful to use the term *jingwai qiye*, or "external enterprises," which is precisely defined to include Taiwanese and Hong Kong firms as well as foreign companies, and lays out a series of financial and technical requirements for these companies. These go along with provisions that require all large firms to convert to joint stock companies; to seek listing on the stock exchanges; and to accept ownership stakes from diverse parties, explicitly including private Chinese firms (*baokuo minying ziben zainei*). The prohibition on "foreign businesses" (*wai shang*) stands out from this careful language: it is not precisely defined, and applies only in principle—indeed, it seems to have been inserted at the last minute. Perhaps this is not surprising, since the promulgation of an industrial policy offers a once-in-a-lifetime opportunity for lobbying and the creation of special privileges.

SASAC Accelerates Restructuring

Returning to SASAC, we find an accelerated commitment to restructuring the firms under central SASAC's purview. The previous issue of CLM reported SASAC's intention to reduce the number of firms under its control from 176 to fewer than 100, although SASAC head Li Rongrong refused to reveal the target firms. SASAC's engagement on this project has clearly stepped up, as a series of mergers and consolidations have now reduced the total number to 169.[19] One of three pairs merged in the most recent announcement was the Great Wall Computer Group and China Electronics Corporation (CEC). This speaks volumes about SASAC's ongoing efforts to create a national champion in the electronics arena. In fact, just before this announcement, a report claimed that SASAC envisages a mega-merger of the main hardware manufacturing firms under SASAC, including Great Wall Computer and CEC as well as Panda Electronics, China Electronics Technology Corporation, and Putian Manufacturing Group. If this came to pass, it would create an enormous conglomerate with almost 100 large subsidiary companies and manufacturing plants.[20] However, it should also be kept in mind that these restructuring plans are also a testimony to the complex and unsuccessful groupings that currently exist. Many of SASAC's "companies" are in fact hurriedly patched jumbles of firms, labeled as corporations when their ministries were abolished. Both Putian and CEC fit into this category, and neither is very likely to survive as a viable firm in anything like its current organization. Furthermore, a mega-merger would create more problems than it would resolve.

The SASAC merger activity that has provoked the most speculation is that among telecommunications firms. For over a year, a stream of reports has come out suggesting that SASAC will reorganize the different telecommunications firms in order to create three strong competitors and lay the organizational basis for the (long-delayed) issuance of third-generation telecommunications licenses. Given the fact that most of these telecom firms are listed on foreign stock exchanges, and given the importance of this issue to many foreign equipment providers, the possibility of reorganization has attracted a great deal of attention. SASAC hopes to ameliorate a situation under which only two firms (China Mobile and China Unicom) have mobile telephony licenses; but China Unicom operates two different systems using two different mobile technologies (GSM and CDMA). SASAC has solicited opinions widely from industry leaders and stakeholders, and the Ministry of Information Industry and the NDRC have submitted formal proposals. SASAC has now entered the "closed door" period of evaluation and decision making. A final determination is expected in September or October (though earlier deadlines have already been missed), followed shortly thereafter by issuance of third-generation licenses.[21]

Conclusion

What do these economic policy measures from the summer of 2005 have in common? All of them are testament to a much more regularized policymaking process in China than we have observed for some time. Wen Jiabao's government systematically aggregates advice from agencies within the government bureaucracy. It then systematically—but slowly—evaluates that advice and churns out policy decisions. This means the pattern of policymaking is highly deliberative, incremental, and slow. Moreover, it means that bureaucratic interests are more represented, and that the policymaking process is more contained within government agencies. This produces a steady and gradual process, but may have long-run costs in terms of decisiveness and creativity.

The government continues to put out extremely broad programmatic documents, such as the State Council's "Opinions on Deepening Economic System Reform in 2005."[22] This document has ten articles covering virtually ever aspect of the economic system, but providing no more than general and vague guidance in each area. In practice, however, bureaucratic operators tend to be concerned with their own policy areas, and they generate actionable policies slowly and with much consideration to maintaining the status quo. Nevertheless, markets continue to spread, develop, and become more competitive: as a result, government officials are increasingly preoccupied with restructuring their own enterprises, in the hope that they can face market competition successfully.

Notes

1 People's Bank of China, "Public Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime," July 21, 2005, (http://www.pbc.gov.cn).

2 See the excellent commentary by Andy Mukherjee or Bloomberg News: "Surging economy undercuts China's stance on yuan," July 22, 2005, at http://www.iht.com/bin/print_ipub.php?file=/articles/2005/07/21/bloomberg/sxmuk.php. Although Mukherjee attributes the surge in RMB forward value to the impact of this new information, it was more likely due to leaks about the imminent appreciation.

3 For this reason, American economists Nicholas Lardy and Fred Bergsten had urged a much larger first stage of revaluation, arguing that this would meet market expectations of the ultimate scale of revaluation and contribute to short-run stability. Instead, Governor Zhou has had to repeatedly deny that the July 21 revaluation was only the first step of a gradual appreciation.

4 Andrew Balls, Mure Dickie and Edward Alden, "Foreign exchanges: The American diplomacy behind China's revaluation," Financial Times (London), July 25, 2005, p. 11.

5 Cao Chuang, "Shidian fang'an sida qishi zhaoliang weilai [The trial point proposals reveal four facets of the future]," *Zhongguo zhengzhuanbao*, August 2, 2005, at www.ce.cn/economy/stock/gushigc/gcpl/200507/21/t20050721_4237923.shtml

6 Xiao Jianjun, "Panqian cankao: duanxian chongji 1100 Dian," Zhongcaiwang, August 2, 2005, at http://www.ce.cn/economy/stock/gszb/jsjp/200508/02/t20050802_4323738.shtml. Note that this conclusion may not be rigorous, since there is clearly a selection bias in the firms that participate early in this reform.

7Fang Yuan, "Guoziwei huading gugaihou guozi chigu xiaxian bili 60%-10% [SASAC sets minimum government share-holding ratio at 60% to 10% after share conversion] July 20, 2005, 21 Shiji Jingji Daobao, at www.ce.cn/economy/stock/gushigc/yaowen/200507/20/t20050720_4228408.shtml; Yu Mi, "Guoziwei guanyuan biaoshi gugaihou sanzhong qingkuang guquan liutong xu shenpi [A SASAC official specifies three situations in which stock sales must be approved after share conversion]," at http://www.ce.cn/economy/stock/gushigc/gcpl/200507/18/t20050718_4209997.shtml

[8]A thorny unresolved issue is how to carry out the conversion for the large number of unprofitable firms.

9 Zong Zheng, "Guoziwei Li Rongrong: Gugai yao wending youxu zhankai; Chongxu guanliceng he zhigong cengliang chigu [SASAC's Li Rongrong: Share reform should proceed according to stable rules; Managers and workers can hold shares from increased value]," *Zhongguo zhengzhuanbao*, July 28, 2005, at www.ce.cn/economy/stock/gushigc/yaowen/200507/28/t20050728_4289196.shtml; Shui Pi, "Zhongguo gushi 10 wange weishemma: Shei rang Li Rongrong buhao yisz [100,000 Whys on the Chinese stock market; Who is embarrassing Li Rongrong?]" *Zhonghua Gongshang Shibao*, July 29, 2005, at www.ce.cn/economy/stock/gushigc/gcpl/200507/29/t20050729_4297950.shtml\

[10] SASAC, "Guowuyuan Guoziwei guanyu Guoyou kunggu shangshi gongsi guquan fenzhi gaige de zhidao yijian [State Council SASAC's Guiding Opinions on the Share Conversion of State-Controlled Listed Companies]," June 17, 2005, at http://www.sasac.gov.cn/gzjg/cqgl/200506200097.htm

[11] Some English-language accounts of this document include "State's dominant position to be maintained in state-owned firms: Watchdog" *Xinhuanet*, June 17, 2005, at http://news.xinhuanet.com/english/2005-06/17/content_3100329.htm; "Key SOEs to keep control," *China Daily*, June 18, 2005, at http://en.ce.cn/Business/Macro-economic/200506/18/t20050618_4029414.shtml

[12] Fang Yuan, "SASAC sets minimum . . . "

[13] Fang Yuan, "Shanxi Jiaohua anli: Guoziwei qianding guoyougu zhuanrang dixian [The case of Shanxi Coking: SASAC reveals its bottom line for circulation of state shares]" *21 Shiji Jingji Daobao*, July 13, 2005, at http://www.ce.cn/economy/stock/gsfx/gsdt/200507/13/t20050713_4180200.shtml

[14] Zong Zheng, "SASAC's Li Rongrong . . . "

[15] Fang Yuan, "SASAC sets minimum."

[16] "Guoyou gudong canyu gaige banfa jiang chutai [There will soon be regulations about the reform allowing state shareholders to buy shares]," *Zhongguo zhengzhuanbao*, July 12, 2005, at http://www.ce.cn/economy/stock/gushigc/yaowen/200507/12/t20050712_4163904.shtml

[17] "Gangtie chanye fazhan zhengce [Steel industry development policy]," athttp://www.ndrc.gov.cn/zwjjbd/hyyw/t20050720_37471.htm

[18] On this episode, see Barry Naughton, "Macroeconomic Recontrol and the Struggle for Wealth and Power," *China Leadership Monitor* No. 12 (2004).

[19] SASAC, "Guanyu Zhongguo Dianzi Xinxi Chanye Jituan Gongsi deng 6 hu qiye chongzu de tongbao [Notification on reorganization of 6 firms including China Electronic Information Industry Group]," August 1, 2005, at http://www.sasac.gov.cn/gzjg/qygg/200508010197.htm

[20] "Wuda dianzi jituan yunniang hebing; 1200 yi chaoji hangmu jiang yansheng [Considering merging five big electronics groups; a 120 billion yuan super-carrier would be born]," July 27, 2005, at http://www.ce.cn/cysc/telecom/home/news/200507/27/t20050727_4285407.shtml

[21] Xin Wei, "Dianxin chongzu fang'an keneng chida 10 yue; 3G jinsuiqihou [Telecom reorganization proposal may be delayed until October, with 3G following immediately thereafter]," *Diyi Caijin Ribao*, July 14, 2005, at http://www.ce.cn/economy/stock/hyts/hydt/200507/14/t20050714_4185658.shtml; see also Zhang Yao, "Chuan dianxin chongzu fang'an niding daipi 3G fapai shoukun jiang yanchi [It is reported that telecom reorganization and approval of 3G licenses will be delayed]," *Caijing Shibao*, July 4, 2005, at http://www.ce.cn/economy/stock/hyts/hyyj/200507/04/t20050704_4115194.shtml; Li Pen, "Juchuan Dianxin Chongzu Fang'an yihuopi, 8 yuegongbu [According to a report, the telecom reorganization plan has already been approved and will be announced in August]," *Beijing Shidai Shangbao*, July 28, 2005, at www.ce.cn/cysc/telecom/home/news/200507/28/t20050728_4289596.shtml

[22] "Guowuyuan guanyu 2005 nian shenhua jingji tizhi gaige de yijian," at www.sasac.gov.cn/gzjg/qygg/200504180065.htm