

Shares boosted by national urbanization plan

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Share prices for companies related to China's urbanization drive rose Wednesday after the Political Bureau of the Communist Party of China (CPC) announced late Tuesday that a national urbanization plan will be implemented in 2014.

In addition to the new urbanization plan, China will also push forward with reforms for its land management system, according to the statement released after the meeting, which was presided over by CPC General Secretary Xi Jinping.

Share prices for some major real estate developers and construction firms climbed Wednesday, with Beijing New Building Material (Group) Co seeing its share price rise by 2.02 percent.

"The announcement has propped up confidence in the stock markets," Li Daxiao, director of research with Yingda Securities Co, told the Global Times Wednesday.

Many companies will gain business opportunities from the new urbanization plan, according to Li, such as those in the infrastructure construction sector.

China's urbanization rate hit 51.27 percent in 2011, according to a blue book released by the Chinese Academy of Social Sciences (CASS) in 2012.

In another blue book released by the CASS earlier this year, the research institution noted that China's urbanization rate is expected to reach 70 percent by 2030.

Analysts said that urbanization will speed up next year because of the plan, and noted that the new approach is different from previous urbanization announcements.

"The previous urbanization strategy was mainly focused on housing construction, which led to a large number of vacant apartments and a waste of money," Xu Hongcai, director of the Department of Information under the China Center for International Economic Exchanges, a government think tank, told the Global Times Wednesday.

Media reports last year said that some Chinese cities, such as Ordos in North China's Inner Mongolia Autonomous Region, have a large number of newly built apartments in suburban areas that are sitting vacant.

Xu said the new urbanization plan will be more comprehensive, and will cover areas such as increasing employment for migrant workers, and speeding up industrialization in small towns and cities.