

Mega hydro project starts construction

Li attends groundbreaking ceremony in Xizang for 1.2 trillion yuan program

By CAO DESHENG

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China has begun the construction of a hydropower project in the lower reaches of the Yarlung Zangbo River, with a groundbreaking ceremony held on July 19 in Nyingchi, a city in the Xizang autonomous region.

Premier Li Qiang announced the start of the project, which will consist of five cascade hydropower stations, with a total investment estimated at 1.2 trillion yuan (\$167.8 billion).

China Yajiang Group Co was inaugurated recently for the smooth construction and operation of the hydropower project, which will primarily deliver electricity for external consumption while also addressing local demand in Xizang.

The central government approved the construction of the project in December last year. A statement issued following the approval said that the project is of great impor-

tance in advancing the country's strategy for carbon peaking and carbon neutrality, and coping with global climate change.

By harnessing the abundant hydropower resources of the Yarlung Zangbo River, the project will also spur the development of solar and wind energy resources in surrounding areas, creating a clean energy base featuring a complementary mix of hydro, wind, and solar power, the statement said, adding that this represents a major move in China's green and low-carbon energy transition.

During an inspection tour in Xizang from July 18 to 19, Li called for efforts to develop major national projects with high quality, promote economic and social development, and enhance the well-being of the people from different ethnic groups.

Describing the Yarlung Zangbo hydropower project as a project of the century, the premier called for the adoption of advanced technologies, equipment, techniques and materials to provide robust support



Premier Li Qiang learns about plateau agriculture during his inspection tour in Lhasa, Xizang autonomous region, on July 19. LIU BIN/XINHUA

for high-quality construction of the project. He noted that the hydropower project is monumental in scale, long-term in duration, and far-reaching in impact.

Special attention must be paid to ecological conservation to prevent environmental damage, he said.

Li called for meticulous efforts in the relocation and resettlement of local communities involved in the project, as well as for integrating infrastructure advancement with job creation and increasing the income of local people.

He underlined the need to build the project into a major signature project of the new era by upholding a strong sense of mission and a firm commitment to history and the people.

Li also visited a construction site of the Sichuan-Xizang Railway project in Nyingchi. Noting that the railway is of great significance in pro-

moting Xizang's development and improving people's livelihoods, he highlighted that quality and safety must always be the top priority.

Fully affirming Xizang's achievements in economic and social development, Li also urged officials and the public in Xizang to step up efforts to maintain stability, promote development, protect the ecology, and boost development in border areas.

In Beijing on July 23 Chinese foreign ministry spokesperson Guo Jiakun said the construction of the hydropower project in Southwest China is conducive to disaster prevention and mitigation across the entire basin and will not have adverse impact on downstream areas.

Guo told a daily press briefing that China has carried out cooperation with relevant downstream countries in areas such as hydrological infor-

mation sharing, flood control and disaster mitigation, and conducted necessary communications regarding the hydropower project.

China will continue to step up cooperation with downstream countries for the benefit of the people by the river, Guo said.

China has always adhered to a highly responsible attitude in the development of transboundary rivers and has rich experience in hydropower project development, Guo said, adding that the planning, design and construction of this project strictly follow China's highest industry standards.

As comprehensive project construction is carried out, ecological and environmental protection measures will be taken, such as avoiding multiple key ecologically sensitive regions while retaining the original ecosystem to the greatest extent possible, he added.

Nation urged to cut US debt holdings

China likely to increase its investments in non-dollar assets, say economists

By ZHOU LANXU

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Economists and policy advisers have said that it is a strategic necessity for China to further scale back holdings in United States government debt in order to safeguard national financial stability, amid waning confidence in the dollar-based system and persistent geopolitical tensions.

To pursue a more balanced, controllable allocation of foreign exchange reserves, the country is also likely to increase investments in non-dollar assets, including financial instruments of its Asian trading partners and crucial resources such as gold, energy, and food, they added.

Yu Yongding, an academic member of the Chinese Academy of

Social Sciences, called for China to continue reducing US government debt holdings in an orderly manner.

"The ideal approach would be to increase imports and utilize the excess foreign exchange reserves to purchase high-tech capital goods and strategic materials. This could require China to narrow its trade surplus, move toward a basic balance in the trade of goods and services, or even run a trade deficit for a while."

"Extraordinary times call for extraordinary measures. We must closely monitor the US fiscal situation and prepare contingency plans," Yu said.

After stepping back from being the second-largest holder of US debt to third place in March, China further reduced its holdings of US Treasury securities in May by \$900

million, to \$756.3 billion, the lowest since February 2009, when the reading was \$744.2 billion, according to the US Department of the Treasury.

The reduction bucked the overall rebound of foreign holdings in US debt after a drop in April. Foreign holdings of US Treasury securities increased from April's \$9.013 trillion to \$9.046 trillion in May, with major US debt holders such as Japan, the United Kingdom, and Canada increasing their holdings.

Wang Peng, an associate researcher at the Beijing Academy of Social Sciences, said that China's holding cut in May — the third consecutive month of decrease despite other major holders' increased exposure — stems from a continued effort to optimize the structure of foreign exchange reserves.

The aim is to reduce the risks of

overreliance on US government debt and limit potential economic losses from geopolitical tensions, including the risk of asset freezes in the event of US sanctions, Wang said.

Pan Gongsheng, governor of the People's Bank of China, the nation's central bank, has pointed to the risks associated with the US dollar's dominance as the global reserve currency, saying in June that US fiscal and financial regulatory problems could spill over, while the dollar could be weaponized in geopolitical conflicts.

Guan Tao, global chief economist at investment bank BOCI China, said there is no immediate risk of a US sovereign debt crisis, as market demand for US Treasuries remains strong, and US Treasury yields could fall if the US Federal Reserve cuts

rates later this year. Bond yields move in the opposite direction of prices.

But the deeper concern, Guan said, is US debt's long-term sustainability. If US government debt keeps expanding without a path to stabilization, it will eventually trigger problems.

Credit ratings agency Moody's downgraded the US credit rating to Aa1 in May, citing runaway deficits, while the US administration's massive tax-and-spending bill could intensify such concerns.

Chen Weidong, director of the Research Institute of Bank of China, said, "As the third-largest holder of US Treasuries, China must build a multilayered, systematic strategy to guard against mounting risks tied to US sovereign debt and the dollar-based financial system."