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New law adopted to protect state assets

The top legislature Tuesday approved a law to safeguard the country's 30 trillion yuan (\$4.4 trillion) worth of State assets.

Following years of debate and repeated revisions by the National People's Congress (NPC), the Enterprise State Assets Law will now oversee the capital of nearly 120,000 State-owned companies, including financial ones, and prevent their assets from illegal seizure.

Government statistics show that between 80 billion and 100 billion yuan worth of State assets are lost each year because of mishandling.

Lawmakers have attributed slack management and misconduct of State asset managers to much of the loss over the years.

"China has been devoted to the reform of its State-owned enterprises, and there is an urgent need for legislation to safeguard the management of State capital. This is the collective suggestion of many legislators," Wu Bangguo, the nation's top legislator, said yesterday.

"With the law passed, it has become a pillar to supervise the colossal State capital," Wu said before bringing to a close the bimonthly NPC legislative session.

The new law stipulates that if "malicious collusion" is found to have taken place in a deal involving State assets - leading to the loss of assets - the deal is deemed invalid.

Also, State companies are subject to the current Company Law and other related regulations.

While the law covers State-run companies, it excludes the assets owned by government agencies or the State's natural resources such as land, forest, mines and water.

"It is very difficult to cover all assets in one law and I doubt there will be another law governing the other assets, because the current regulations will do," An Jian, a senior NPC lawmaker told reporters at a news conference.

The State Council and its ministries have been implementing a series of laws supervising natural resources, such as the Mineral Resources Law.

Before the six-day legislative session concluded, an amendment to the Fire Control Law was also passed. The revision puts more onus on governments and building owners to ensure fire safety.

Both laws will take effect from May 1.

The session also ratified an extradition treaty China signed with Portugal early last year, and adopted the Convention on the Physical Protection of Nuclear Material as well as a convention and protocol on mobile devices.

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