



Reforms on Foreign Investment Facilitation in China

Main topics

- Background on deepening reforms and opening-up to FDI**
- Deepening administrative reform**
- All-round construction of FTZs**
- FIEs record-filing**

Background

Year 2013 (3rd plenary session of 18th CPC Central Committee)

--to set up fair, open and transparent market rules

--to promote facilitation on business registration:

Background

--to create a business environment by the rule of law

--to transform government functions

Year 2014 (4th plenary session of 18th CPC Central Committee)

Focus: “comprehensively advancing the rule of law” in China.

To promote transparency of

Background

government affairs

**Year 2015 (5th plenary session of
18th CPC Central Committee)**

To create a new system of opening-up with an international, legally-based and convenient business environment.

Deepening administrative reform

Government Report 2017:

Tasks of transforming government functions:

- list-based administration system ;**
- institutional reform: : improving oversight on matters being handled and after they have been handled.**

Transformation of government functions

Transformation of government functions is a profound revolution, a revolution that the government imposes on itself.

A reform from the traditional administrative system based on reviews and approvals.

Deepening administrative reform

Cutting red tape, provide greater convenience, remove the last crucial hurdle

Reduction on institutional transaction costs and ease burdens for business.

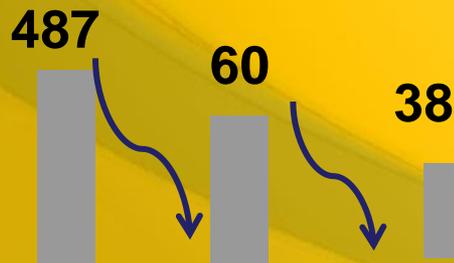
“To free the hands of businesses for their innovation and operation ” – by Premier Li Keqiang

Development of streamlining administration

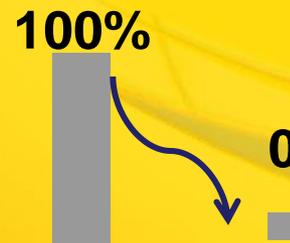
review and approvals at the State Council level cancelled or delegated



Items requiring licensing

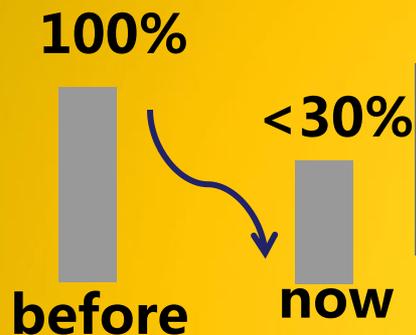


non-administrative license reviews required



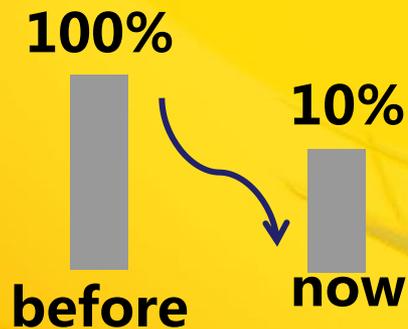
Development of streamlining administration

professional qualifications set by departments under the State Council



over 95% FIEs set up through record-filing

investment projects approved by the central government



Business registration system reform

Reform development

replacing the pre-approval registration with post-setup regulation.

--preliminary review and approval procedure before registration reduced by over 87%

Transform registered-capital from contributed to subscribed forms

Merging certificates; separation of

Cutting institutional transaction costs

operating permits and business licenses

Easing the burdens of taxes and fees on enterprises

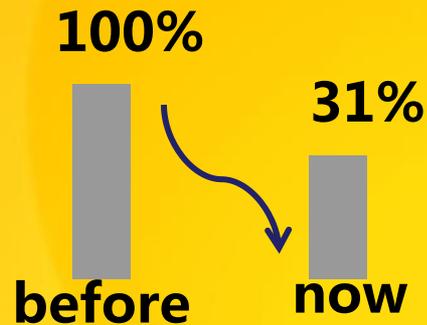
--Work on comprehensively carrying out the value-added tax (VAT) reform, and cleanup of administrative fees.

Cutting institutional transaction costs

--Clarification of preferential tax policy on collecting income tax from medium, micro and small enterprises.

Cutting institutional transaction costs

fees collected from
administrative operating expenses



> 1100 fees collected by central and provincial governments banned or reduced

> 2 trillion Yuan shed from burdens of enterprises 2013-2016, 1 trillion this year

Transparent lists of fees on enterprises open to the public

Measures to improve FDI environment

“ The State Council’ s measures on expanding opening up and actively utilizing foreign investment”

20 measures:

--To speed up reform on the foreign investment administration regime;

--To create and uphold a level playing field , including equal treatment on

Measures to improve FDI environment

**foreign firms with domestic firms
in accreditations for qualifications,
standard-setting, government
procurement.**

All-round construction of FTZs

1

Shanghai
September 2013

2

Guangdong, Tianjin, Fujian
April 2015

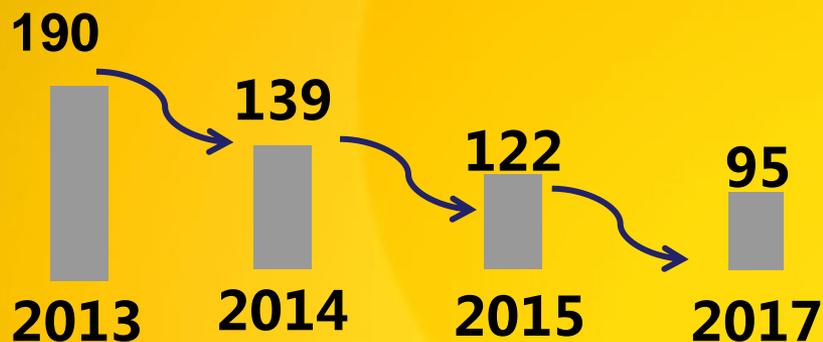
3

Liaoning, Zhejiang, Henan, Hubei,
Chongqing, Sichuan, Shannxi
March 2017

FTZs were designed to be testing ground for reforms implementation across the board.

Reform development of FTZs

Development of the negative list

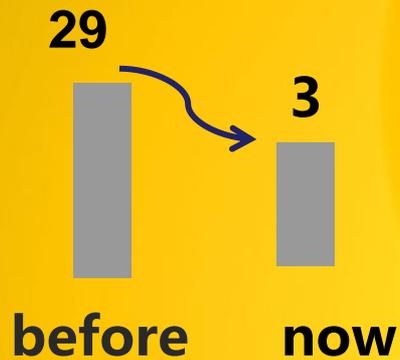


114 pilot reform measures have been introduced

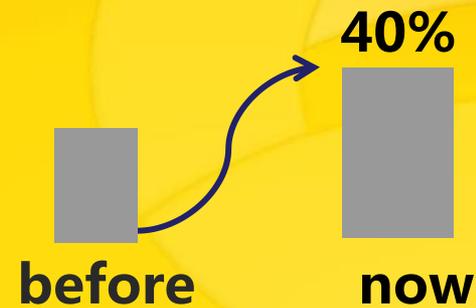
98% of FIEs are set up by record filing

Reform development of FTZs

Number of working days



Clearance efficiency



1/20000 territorial area, 1/10 FIEs

Record-filing reform

**Nationwide record-filing approach
Transformation from the screening
mechanism**

**--FDI in restricted, prohibited,
encouraged but subject to equity
or senior management restrictions
of the Catalogue are subject to
special entry administrative
measures.**

--other FDI can go to record-filing

Record-filing reform

FIEs established through record-filing



time consumed(working days)



Record-filing reform

--FDI information reporting system and notice platform.

Example : FIEs in Beijing going through online record-filing on Beijing public information service

Record-filing reform

**platform: “single-window”
a network connected to the
internet between MOFCOM Beijing
branch office and SAIC(state
administration on industry and
commerce) Beijing branch**

Remarks by President Xi Jinping

China's policy to attract foreign investment will not change, the protection over legitimate rights and benefits of FIEs will not change, the direction of providing better services to foreign companies which invest and operate in China will not change.

Remarks by Premier Li Keqiang

China's door will be opened wider, China will continue to be one of the most attractive destinations for foreign investment.

China will further expand market access in the service and manufacturing sectors, relax restrictions on foreign ownership, and treat domestic and foreign companies on an equal basis.

Remarks by Premier Li Keqiang

We also encourage multinational corporations to set up regional headquarters in China, and encourage foreign capital to invest in central and western regions and the northeastern industrial base, where lie tremendous potential.

Although China would applaud foreign companies to reinvest their profit in the country, there' s no such restriction on

Remarks by Premier Li Keqiang

the capital flow.

The Chinese economy with its steady, long-term growth and gradual openness will generate more opportunities for other countries, and China will remain the most attractive destination for investment.

Thank you!