POLICY REVIEW

Global companies get helping hand

Guideline makes it easier for foreign businesses to enter Chinese market

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Global companies — which have long played a key role in China's thriving economy — will gain greater access to the country's vast, lucrative market as it takes further steps to improve the business climate and lower government-imposed costs, to ease the burden on market entities and unleash their vitality.

To ensure legitimate market access, negative lists will be enforced, but all unnecessary barriers are to be removed before the end of this month, according to a circular issued on Sept 15 by the State Council, China's Cabinet.

The negative list lays out the specific industries in which foreign investors are not permitted to operate.

Further efforts will be made to facilitate registration. By the end of this month, unified regulations concerning the establishment of foreign businesses, inspection standards and changes in registration should be compiled. To gradually realize integrated services for both domestic and foreign companies, online processing for the set-up of foreign companies and registration changes will be advanced, said the circular.

"We appreciate the further guidance regarding foreign investment and see the new regulation as a signal to ease market access for German and other global companies," said Jens Hildebrandt, executive director of the German Chamber of Commerce in North China.

The Chinese market is of paramount importance to many German companies, which are committed to it and continue to invest in it. These companies expect growth in many industries, especially in the fields of decarbonization, e-mobility and connected driving in the years ahead, he said.

Zhang Yongjun, a researcher at the China Center for International Economic Exchanges in Beijing, said the enhancement of the domestic market to meet international standards should be prioritized to boost investor confidence.

China has reduced the number of industries on negative lists for five consecutive years. The number of off-limits industries for foreign investors was reduced to 31 last year from 33 in 2020, while the number of restricted industries in pilot free trade zones fell to 27 from 30 during the same period.

Both online and offline business-related services will be optimized, including those pertaining to digital business licenses, contracts, seals, investment and construction project approvals, cross-border trade and tax payments, the circular stated, adding that fair competition among market entities and enhanced intellectual property rights protection will be ensured, according to the circular.

In addition, administrative approval and arbitrary certification will be regulated for industrial product manufacturing, circulation and use. Unnecessary administrative approvals, inspections, tests and certifications will be canceled.

By the end of August, the government had abolished, revised or enacted 520 regulations to improve the legal environment for foreign investment, according to information released by the Ministry of Commerce.

Zhao Ping, vice-president of the Academy of China Council for the Promotion of International Trade in Beijing, believes that foreign investment will continue to flow steadily into the country this year, as many global companies are considering not only the sheer size of the market but also its rising profile in the international division of industries, the significance of its complete industrial system, and its future plans for industrial and consumption upgrades.

Stefan Hartung, chairman of the board of management of Robert Bosch GmbH, a German industrial and technology group, said that China is the largest single market for the group and offers long-term growth opportunities.

"To tap future long-term potential, Bosch will continue to develop local expertise in China, especially in strategic growth areas such as electrification, hydrogen, fuel cells, artificial intelligence and the internet of things, or IoT," he said.

Over the past few years, China has made great progress in improving the business environment by significantly reducing the number of restricted industries, which has deepened the opening-up of the manufacturing sector and eased the entry of service industries into its pilot free trade zones, said Nicolas Poirot, president and CEO for the China unit of Air Liquide Group, a French industrial and medical gas supplier that runs 120 plants in the country.

In addition to building two large-scale hydrogen production plants in the Shanghai Chemical Industry Park earlier this year, Air Liquide's first biomethane production unit in the country will enter service by year's end.

China has urged its working teams to provide greater support to key foreign-funded projects to stabilize foreign investment, officials said at a meeting held by the Ministry of Commerce in late September.

While strengthening regular communications with foreign companies and improving their level of service, these teams are encouraged to promote the early construction of landmark foreign-funded projects in the manufacturing sector, said Guo Tingting, assistant minister of commerce.

The working teams have been established by the government to enhance service guarantees for foreign-funded companies and key foreign-funded projects, to permit foreign trade and foreign investment coordination mechanisms to operate more freely.

SHI YU / CHINA DAILY

Policy Digest

Emphasis placed on cultivating skilled talent

China will step up efforts to cultivate highly skilled talent to boost core competitiveness and optimize employment.

By the end of the 14th Five-Year Plan period (2021-25), both policy support and the training system will be optimized, according to a guideline released by the General Office of the Communist Party of China Central Committee and the General Office of the State Council on Oct 7.

Skilled talent is due to account for more than 30 percent of the employed, while highly skilled personnel is due to account for one-third of all skilled workers by the end of 2025, the guideline said.

By 2035, both skilled and highly skilled talent should have developed to the point where China will be able to realize its socialist modernization goals.

Intensified efforts should also be made to train highly skilled talent that is most urgently needed, while giving emphasis to vocational schools in their training.

The guideline noted that employment mechanisms, occupational standards and evaluation systems for highly skilled talent should also be optimized.

State Council pushes for more one-stop services

Businesses and individuals will no longer have to travel from department to department when dealing with matters like opening new businesses and applying for birth certificates, as the State Council is working on ways to provide better government services.

In a guideline issued on Oct 3, the State Council, China's Cabinet, required governments at all levels to establish a working mechanism that enables coordination and connection among different departments before the end of this year in order to provide one-stop services for 13 official matters related to businesses and individuals.

By the end of 2025, the coverage of one-stop services in all localities should be further expanded.

In order to provide one-stop services, the guideline stressed efforts to organize processes, streamline application procedures and inform applicants of all the materials they need to avoid the need for repeated visits.

Relending facility to assist equipment upgrades

The People's Bank of China, or the central bank, announced that it has set up a relending facility worth more than 200 billion yuan ($28.1 billion) to help manufacturers and other companies upgrade their equipment, according to a statement issued on Sept 28.

In all, 21 financial institutions will give loans to qualified firms in support of equipment upgrades, with interest rates no higher than 3.2 percent between Sept 1 and December 31, the statement said. The PBOC will then issue the funds to approved institutions with an interest rate of 1.75 percent.

According to the PBOC, the lending facility will support sectors including education, health, culture, tourism and sports, electric vehicle chargers, urban underground facilities, new infrastructure and industrial digital transformation.

Efforts to boost equipment upgrades in weak sectors will help expand demand in the manufacturing sector and boost socioeconomic development, the central bank said.

XINHUA—CHINA DAILY

International investment improving due to friendlier environment

By ZHONG NAN

China's ability to attract foreign direct investment is expected to improve this year thanks to opening-up measures, multiple and bilateral free trade agreements and a flourishing domestic market, officials and business leaders said.

Bolstered by a complete industrial system, social stability and free trade deals such as the Regional Comprehensive Economic Partnership agreement, China has created a solid foundation for the growth of foreign companies despite challenges threatening its economic recovery, said Hong Junjie, vice-president of the University of International Business and Economics in Beijing.

In the first eight months of this year, foreign direct investment in the Chinese mainland increased 16.4 percent year-on-year to 892.74 billion yuan ($124.81 billion), data from the Ministry of Commerce showed.

China is deeply integrated with economic globalization and international production systems. The successful development of globalization requires international cooperation and competition, as well as a strong connection to international industrial and supply chains, said Liu Chang, president of the Government Affairs Forum at the European Union Chamber of Commerce in China.

To that end, multinational companies can make full use of their technological advantages and global perspective to facilitate the development of the dual-circulation growth paradigm, she said.

The paradigm, proposed by China last year, recognizes the domestic market as the national economic mainstay, with domestic and foreign markets reinforcing each other.

Apart from expanding manufacturing, innovation, sales and service networks in China, foreign companies in the country saw trade value rise year-on-year by 2.4 percent between January and August to 9.17 trillion yuan, accounting for 33.6 percent of China's total trade value, according to the General Administration of Customs.

Eager to evolve its agricultural exposure and value chain in China, Bayer AG, a German agricultural and pharmaceutical group, will relocate its crop protection equipment production site to Hangzhou, Zhejiang province, with a new investment of over 300 million yuan to meet market demands in China and the Asia-Pacific region by 2025.

The company's crop science unit has developed a 10-year strategy to contribute to China's goals to grow its agriculture division and build a more sustainable food production system through a farmer-centric, outcome-based and digitally-enabled approach.

Gao Yong, vice-president for China of Bayer AG, said that the company hopes to introduce more innovative seeds and crop production products and solutions, while continuing to expand local cooperation and investment to contribute to the modernization of China's agricultural sector in the coming years.

"Thanks to China's efforts to accelerate innovation and improve its business environment, we have been able to bring in the latest innovative products and solutions more quickly, especially in the pharmaceutical area," Gao added.

Echoing this sentiment, Kenichi Tanaka, president of Fujifilm (China) Investment Co Ltd, said that for Japanese businesses, the consistency of the Chinese market is rare, even unique, in terms of language and culture, on a global scale.

Though some companies plan to implement the "China Plus One" strategy by diversifying supply chains to disperse risk, the country's complete industrial chains and broad market prospects are still advantageous, he said.

"With China deploying more resources to push digital transformation, reach peak carbon emissions before 2030 and achieve carbon neutrality before 2060, our healthcare and highly functional materials businesses will be two key areas of future growth," he said, adding that China makes up about 13 percent of the group's annual revenues.

High-tech industries saw a foreign direct investment increase of 33.6 percent between January and August. Specifically, foreign investment rose 43.1 percent in the high-tech manufacturing sector and 31 percent in the high-tech service sector, the Ministry of Commerce said.

The government will continue to optimize the business environment, improve services for foreign investors, strengthen regular exchanges with foreign companies and business associations and actively respond to their needs, said Chen Chunjiang, director-general of the ministry's foreign investment administration.

The number of newly established foreign-funded enterprises in China has been rising over the years and reached 48,000 in 2021, up 23.5 percent from the previous year, according to ministry data.