

POLICY REVIEW



SHI YU / CHINA DAILY

# Foreign businesses get assurance as new trade rules ensure equality

Move to enhance fairness in the commercial environment will help attract greater global investment

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Non-discrimination will be a cornerstone, as will harsher punishment, in amending trademark infringement laws in the latest move that will offer domestic and foreign businesses equal treatment and nurture fair competition.

The move was determined at an executive meeting of the State Council, the Cabinet, which was presided over by Premier Li Keqiang on Wednesday.

A number of draft amendments to the laws concerning administrative approvals, trademarks, and digital signatures, were passed at the meeting to ensure effective implementation of the Foreign Investment Law, which was adopted during the annual session of the National People's Congress last month. The drafts are to be submitted to the top legislature.

According to the draft amendments, the principle of non-discrimination will be added to administrative approval procedures, along with increased financial penalties imposed on violators

who infringed trademark rights, said a statement released after the meeting. In the meantime, the procedures and time it takes to get construction permits will be sharply reduced.

The meeting was a follow-up of what Li promised last month at the annual NPC session in Beijing and the Boao Forum for Asia 2019 Annual Conference in Hainan province.

Experts said the amendments, if adopted, could help attract overseas investment and keep China as one of the world's leading destinations for foreign direct investment.

In the Government Work Report that Li delivered on March 5, he said fair competition is the core of market economy and all regulations and actions that impede unified market and fair competition will be sorted out.

At the annual conference's opening ceremony on March 28, the premier said in a keynote speech that the government has started formulating regulations and rules matching with the Foreign Investment Law.

By the end of this year, operational rules will be released and

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Cui Fan, professor of international trade at the University of International Business and Economics

**60,533** foreign companies registered in China last year, an increase of 69.8 percent year-on-year.

will take effect on Jan 1 next year to keep in line with the new law, the premier said. He also pledged further reform and opening-up by clearing up or revising any rules and regulatory documents that are inconsistent with the new investment law.

Last year saw 60,533 new foreign-invested companies registered in China, an increase of 69.8 percent year-on-year, according to the Ministry of Commerce. China used foreign investment of 885.6 billion yuan (\$134.9 billion), up by 0.9 percent year-on-year, excluding those in banking, securities and insurance sector, the ministry said. FDI from Germany even went up by 79.3 percent year-on-year last year.

However, facing rising protectionism and unilateralism, Chinese leaders have reiterated that the door will open even wider to the outside world. From January to December last year, nearly 1,700 contracts were signed for projects worth more than \$50 million, up by 23.3 percent, showing the confidence foreign investors have in the Chinese economy, the ministry said.

Over the past several months,

some people had the suspicion that foreign-owned companies might move their production out of China to areas such as Southeast Asia, where they can find cheaper labor.

Cui Fan, a professor of international trade at the University of International Business and Economics, said the State Council meeting was the central government's first step to fulfill promises made before.

The non-discrimination principle, or competitive neutrality, is in line with clauses in the Foreign Investment Law as a key to offer foreign investment equal treatment to that of domestic companies, Cui said. From his perspective, an improved business environment can also be a magnet for foreign investors into China.

As Cui and his fellow researchers found, many international companies are confident in China's great market potential and complete production chains, which cannot be found in other areas. “In an easier and more convenient business scenario, foreign investors will judge what's best when it comes to where they put their money,” he added.

Policy digest

Cut to levied charges will ease company costs

The State Council decided at an executive meeting on Wednesday to cut government-levied charges and operating service charges to reduce the burden on businesses and individuals.

According to a decision at the meeting, chaired by Premier Li Keqiang, charges on real estate registration will be cut or canceled from July 1. Fee reductions for patent applications will also be expanded, coupled with measures to cut the annual fees of patents.

According to a statement released after the meeting, charges for passports, the registration of certain trademarks, radio frequency use and the Internet of Vehicles will be further reduced. The charges for ownership registration for real estate, such as garage and parking spots, will be reduced from 550 yuan (\$82) to 80 yuan. The registration fee for continued use of trademarks will also go down from 1,000 to 500 yuan.

As part of efforts to reduce corporate burdens, payments by airline companies to the civil aviation development fund, as well as contributions by electricity users to the national major water conservancy construction fund, will be halved.

Enterprises and public institutions administered by the central government will have their contributions to the national cultural programs cut by half, effective until the end of 2024. Local authorities are also encouraged to apply similar policies for such businesses and institutions administered at local levels.

Mobile internet service rates and broadband service rates for small and medium-sized enterprises will be reduced by about 180 billion yuan this year. The average electricity rates for general industrial and commercial businesses and prices for rail freight transport will be cut, with port charges set to be cut or merged. The charge for citizen ID information certification will be revoked, the statement said.

The above measures are expected to lighten the fee burden on companies and individuals by more than 300 billion yuan this year after their full implementation, the statement said.

Pilot program will help reduce drug concerns

China will further move forward with a pilot program for the pooled procurement of pharmaceuticals and improve capacities to cope with a shortage of drugs, according to a decision from the State Council executive meeting on Wednesday.

According to a statement released after the meeting, the pilot program for pooled procurement of pharmaceuticals will be further refined, with measures to step up the quality supervision and supply of drugs selected in the procurement. The experience from the pilot program will be summarized in a timely manner as a pre-step for nationwide promotion.

The country launched a pilot program in March for pooled procurement of pharmaceuticals in 11 cities to bring about more affordable prices of key medicines. As part of the program, healthcare security authorities will conduct pooled procurement of drugs based on the amount required at public medical institutions in targeted regions.

The meeting also highlighted the importance of ensuring the supply of basic drugs and drugs for emergency rescue purposes. The monitoring and early warning mechanism will be refined, and more will be done to ensure the supply of drugs that are in shortage or irreplaceable. Unreasonable price hikes of drugs that are commonly used or in urgent demand will be prevented.

The medical aid mechanism will be further optimized, and more measures, including direct aid or offering subsidies to poor individuals in medical insurance, will improve the sense of gain among the public, the statement said.

XU WEI

# Eye surgery, tourism safety and soccer goal among key issues

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Several ministry-level departments, including health, culture, tourism and education, have responded recently to issues of public concern.

New oversight boost for children's eye surgery

China will step up oversight of refractive eye surgeries that are performed mainly on children and young people, according to a notice released on Wednesday.

The notice, jointly released by ministries including the National Health Commission and the Ministry of Education, called for greater oversight of institutions and individuals.

These institutions and individuals should not mislead parents with slogans that refractive eye surgery



could enable the “curing” or “rehabilitation” of symptoms of myopia. It also vowed harsh penalties for institutions or individuals that misled the public with slogans that they could use traditional Chinese medicine to cure myopia.

It also urged local health authorities to step up crackdowns on unqualified institutions or individuals performing eye surgery. Institutions found with products or devices that are below standard will be punished.

The notice also called for market regulators to enhance law enforcement to reduce misleading advertisements in the sector and step up quality inspection on contact lenses.

Safety checks to be increased for tourism

The Ministry of Culture and Tourism has called for enhanced safety checks to ensure the safety of individuals and the prevention of large-scale accidents in a notice issued on April 2.

The ministry required strict examination of chartered vehicles and their drivers for tour agencies. Tour agencies are urged to pay close attention to flood conditions. Fire safety checks will also be conducted in scenic areas.



The ministry also asked for enhanced safety checks on overseas tourist products and to bar the sale of products with potential safety hazards.

The ministry stressed enhancing communication and coordination with public security, transportation, health and meteorological authorities and to widely release warnings in a timely manner via television, the internet and broadcasting.

Kindergartens get a soccer goal for pupils

The Ministry of Education launched a pilot program to promote soccer in kindergartens.

The ministry said in a notice issued on April 1 that 50 to 200 kindergartens will be selected in each provincial-level region for the program that aims to cultivate interest in the sport and create an atmosphere favorable for soccer culture to grow, the ministry said.

Various physical activities tailored for children will be held, during which they will be encouraged to run, jump, climb, pitch and bounce balls to promote the development of their basic sports abilities.

The authorities said it is important to enable children to enjoy the fun of soccer and nurture their interests. Kindergartens should provide the children with learning materials on soccer that can stir their interest to learn and explore the game.

It added that kindergartens must give top priority to children's safety and health, and encourage parents to take part in the soccer games.



Swine fever checks to be beefed up nationally

China will beef up endeavors for the monitoring and testing of Afri-



can swine fever, according to a notice released on Wednesday.

Pork product processors, sellers and restaurants must establish strict mechanisms for the checks and records as they purchase pork products, said the notice, jointly released by the State Administration for Market Regulation and another two departments.

They must also ensure that pork they purchased carried quarantine reports showing that they were free of African swine fever, the notice said, adding that pork processors must immediately lock down pork found to be positive of the swine fever and report the case to authorities.

Market regulators must also beef up oversight at markets, sellers of agricultural products and restaurants and focus their efforts on ensuring pork products had adequate quarantine reports, the notice said.