



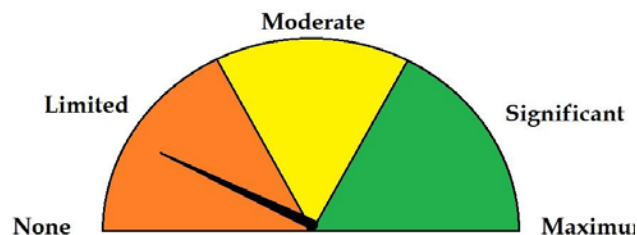
USCBC China Economic Reform Scorecard: Steps Forward Undermined by Steps Back

October 2016

Executive Summary

- The latest US-China Business Council (USCBC) assessment of China's economic reform efforts has not changed since the previous update in February 2016. Although some positive steps were made in a few areas, setbacks and counterproductive policies persist, and doubts remain about the government's follow through on the three-year old pledge at the Third Plenum to allow the market to play a "decisive role."
- In the first nine months of 2016, Chinese government agencies released several policies that show incremental positive movement in a few areas.
 - Recent liberalizations in China's financial sector include the ability for foreign firms to directly trade more products in China's inter-bank bond market, the relaxation of quotas for Qualified Foreign Institutional Investors (QFII), and the nationwide expansion of a free trade zone (FTZ) pilot that seeks to improve cross-border financing mechanisms for foreign firms.
 - The State Council announced a regulatory review mechanism intended to ensure fair competition in the market. The system requires government agencies to self-review policies and eliminate anti-competitive components before implementation. While these changes would be positive, the mechanism lacks a process to enforce compliance.
 - China revamped its tax regime for the services sector by replacing the decades-old business tax with a value-added tax, which largely aligns with international practice.
- In that same period, there were several setbacks for reform.
 - Highly touted reforms to the nationwide system managing inbound foreign direct investment implemented in early October failed to introduce any new sector openings and, after bureaucratic infighting, failed to use the "negative list" piloted in free trade zones over the past three years. Top leaders had repeatedly pointed to the free trade zone pilot as the next wave of reforms and openings.
 - Meaningful state-owned enterprise (SOE) reform remains largely stagnant. While some initial steps to address overcapacity in certain sectors have been announced, SOE reform to date largely favors government-directed industry consolidation and allows struggling borrowers to swap bad debt for equity, rather than promoting or encouraging bankruptcies, acquisitions, and commercial restructuring that would be expected in a market-driven approach. SOE corporate governance also remains untouched.
- Additionally, there has been a lack of movement on other major systemic issues affecting American and other foreign companies in China. For example, mandates to use "secure and controllable" technology in key sectors operate as a *de facto* market access barrier, as many end users assume that Chinese technology is necessary in order to comply with new and existing measures and make purchases accordingly. Chinese regulators also continue to issue problematic regulations that prohibit cross-border data sharing. These types of regulations disrupt the flow of information for firms whose efficient business operations and security rely on smooth global communications.
- The 13th Five-Year Plan, released in March 2016, highlights the need to expand sector openings, reduce market access barriers, and encourage foreign capital and advanced technology to improve the overall quality of foreign investment in China. However, these statements remain aspirational. Changes from Third Plenum reform priorities to the "supply side" reforms in the 13th FYP leave doubt about whether—and to what extent—policy changes will have a meaningful effect on market access or help level the playing field for foreign companies. Tangible reforms, such as reducing foreign ownership restrictions in key sectors, would boost business confidence in China's reform policy direction.

USCBC Assessment: Steps Forward, Steps Back



USCBC's latest assessment of China's economic reform efforts has not changed since the previous update in [February 2016](#). Although some positive steps were made, setbacks and counterproductive policies persist.

Between January and early October 2016, Chinese government agencies released some narrowly tailored reform-related policies that address foreign company market access and level playing field concerns. Simultaneously, other actions and policies have raised questions about whether market forces will be allowed to play a bigger role in driving key sectors of China's economy. In the technology sector, the use of "national security" for protectionist purposes continues to raise concerns. These mixed signals from the Chinese government foster uncertainty among foreign businesses about China's reform direction, and work against China's own goals for economic transformation.

Among the reform-related policies tracked during this period are some that aspire to cultivate a more competitive environment, change pricing methodology and other regulations in the healthcare sector, and offer a few liberalizations for foreign financial firms. For example, the State Council established a [review mechanism for fair competition](#) in the market. The system requires government agencies to review policies and eliminate anti-competitive components before finalization. Policies regulating market access, industrial development, investment, bidding, government procurement, codes of business conduct, and qualification standards are among those specified for review. This plan is ambitious in scope and has the potential to help level the playing field for foreign companies operating in China. However, there is no mechanism to ensure compliance, and the broad exclusions outlined in the plan might undermine its effectiveness.

This period also saw the release of the Draft [Market Access Negative List](#). First announced in October 2015, the full list released in April is an important step in codifying the laws and regulations affecting market access. Because the list did not include any new liberalizations, it instead served as a collection of existing laws and regulations – falling short of foreign company expectations for meaningful market openings.

The Chinese government made incremental strides to further liberalize the financial services sector by allowing foreign firms to directly trade more products in China's inter-bank bond market, relaxing quotas for Qualified Foreign Institutional Investors (QFII), opening third party payment card processing to foreign companies, and expanding nationwide an existing FTZ pilot that seeks to improve cross-border financing mechanisms for foreign firms. Other new policies laid out key tasks for the reform of China's healthcare sector, including allowing the prices for some medical services to be set by the market, rather than by the government.

However, a number of developments offset this incremental forward progress. Foreign investment law amendments implemented in early October failed to introduce new sector openings and, after bureaucratic infighting, failed to use the "negative list" piloted in free trade zones over the past three years. The resulting mechanism is based on the existing 2015 Catalogue Guiding Foreign Investment (CGFI), rather than the FTZ negative list. Had the latter approach been used, foreign ownership restrictions would have been liberalized in a handful of additional areas, such as oil seed processing, gas stations, biofuel production, and shipping agencies. Top leaders had repeatedly pointed to the free trade zone pilot as the next wave of reforms and openings. Failure to implement it nationwide as promised sent a negative signal about the politics of the reform debate in China.

Additionally, regulations in the information and communications technology (ICT) sector continue to use "national security" for protectionist purposes have yet to be addressed. Policies, such as the second draft of the Cybersecurity Law, have been released with little to no improvement upon previous versions. A lack of clarity on the meaning of "secure and controllable" or "secure

and reliable” technology in the medical device, insurance, and ICT industries places foreign companies at a competitive disadvantage for sales to certain customers since many assume that Chinese technology is necessary in order to comply with new and existing measures and make purchases accordingly

13th Five-Year Plan: Supply-side and SOE Reforms

The March 2016 National People’s Congress (NPC) concluded with the release of [China’s 13th Five-Year Plan \(FYP\) on Economic and Social Development](#). The priorities, which will guide China through 2020, include resolving nationwide industrial overcapacity, promoting investment, supporting SOE reform, reforming healthcare coverage, and advancing technological innovation. [Supply-side economic reform initiatives](#) are present throughout the FYP.

The supply-side concept, appearing prominently in the FYP and other official editorials and documents, refers to reforms in population mobility and support, land transfers, and the financial sector, as well as tax cuts and continued administrative simplification. Few of these topics are new, and while [some statements](#) have called for allowing the market to play a decisive role, implementation plans contradict overall goals on the market’s role.

Recognizing the negative effect of overcapacity on the industrial system, the FYP calls for the reduction of supply in affected sectors by merging, upgrading, and restructuring underperforming companies. The plan strikes a cautious tone on layoffs and relocation of displaced workers — an inevitable outcome if a company goes out of business. To further illustrate the mixed messages, one section of the plan, entitled “Vigorously push forward SOE reforms,” begins by calling for implementers to “unswervingly strive to make SOEs strong, superior, and large.”

If implemented as envisioned, supply-side reforms would reduce the government’s role in the economy, and could reduce regulatory barriers, increase competition, and create a market where foreign companies compete more equitably with domestic companies. To date, however, the effectiveness of the reforms remains unclear. While steps to address overcapacity in certain sectors have

been announced, policy changes favoring government-directed industry consolidation have resulted in larger, yet still inefficient, enterprises. Truly progressive reform measures would allow bankruptcies, acquisitions, and commercial restructuring of failing or inefficient companies.

The State Council decision in October to allow debt-for-equity swaps for struggling firms indicates that market-driven solutions are taking a back seat to government intervention and support. This program will remove debt from the ledgers of borrowers by making banks shareholders of insolvent firms, rather than forcing the liquidation or reorganization of those companies.

The FYP notes the need to expand openings, reduce market access barriers, and encourage foreign capital and advanced technology to improve the overall quality of foreign investment in China. Specific examples include calls to expand market access for foreign companies engaged in banking, insurance, securities, and pensions. USCBC analysis of policies released after the FYP indicates limited progress in all of these areas.

Although the FYP makes a passing reference to “allowing the market to play a decisive role in allocating resources,” this guiding concept of economic reform announced at the Third Plenum three years ago continues to fade as other reform priorities emerge.

Despite the number of reform policies released by Chinese government agencies since economic reforms began in 2013 (more than 570, by USCBC’s latest count), many are still not broadly applicable across industry sectors or specific enough in implementation detail to address foreign company issues, and few reduce market access barriers for foreign companies. Instead, many of these policies address minor operational issues or are limited to particular sectors. Others do not clearly apply to foreign companies.

This lack of meaningful change is further reflected in USCBC’s 2016 annual member survey results, in which most companies indicated they are not seeing significant changes to the business environment from China’s reforms.

USCBC encourages Chinese officials to move forward with policies that will send a clear signal that meaningful economic reforms remain viable, such as those in the [USCBC Board of Directors' Statement of Priorities in the US-China Commercial Relationship](#). Key steps should include establishing concrete policies that liberalize investment, boosting the role of the market in the economy – including in reforming SOEs and addressing

overcapacity – creating a level playing field for foreign and domestic firms, and promoting further legal and regulatory reform.

For more information about USCBC's methodology, see Appendix 1. For USCBC's complete list of reform-related policies, see Appendix 2.

Appendix 1: Methodology

USCBC tracks reform developments to address two major questions:

- What tangible progress have Chinese central government agencies made toward implementing economic reform?
- What effect will reforms have on US companies and their operations in China?

To answer these questions, USCBC has compiled a list of reform-related policies since the start of the Xi Jinping administration. The current assessment includes more than 40 months of policies from March 2013 through early October 2016. These policies are divided into themes, such as the role of the state and the market, foreign investment, and institutional reforms. Given the role of the China (Shanghai) Pilot Free Trade Zone (Shanghai FTZ) as the “test lab” for nationwide reforms, this report also analyzes specific Shanghai FTZ-related policy announcements. USCBC will continue to monitor policies developed for the Shanghai FTZ and the three subsequent free trade zones in Fujian, Guangzhou, and Tianjin.

This report assesses the effect of China’s reform efforts on foreign company operations by rating each policy’s direct and immediate effect on foreign company concerns.

- Each policy is assessed as having either a significant, moderate, limited, negative or no effect for foreign company operations in China.
- USCBC’s overall assessment uses a multi-color dashboard, rating China’s reform effort as limited, moderate, or significant based on its effect on foreign companies.

Research and Data Collection

For the purposes of this report, USCBC compiled a database of policy developments and announcements related to economic reform. These policies include:

- National-level policies that direct and implement reforms in broad areas;
- National-level policies that promote reforms in specific priority areas or individual sectors;
- National-level policies that apply to operations in four free-trade zones

(Shanghai, Fujian, Guangzhou, and Tianjin); and

- Policies related to the Shanghai FTZ, given the zone’s importance in testing and promoting economic reform.

This report does not attempt to include every policy change since the March 2013 leadership transition, nor does it include draft policies. Instead, this report focuses on concrete and finalized policies that might affect business operations and are tied to economic reform goals. This report also reviews landmark reform documents – such as the Third Plenum Decision – that set clear, high-level direction for wider economic reforms. This report excludes speeches and pronouncements by Chinese leaders about *intended* reforms unless they include specific policy announcements or changes.

USCBC’s research focuses on the central government for several reasons. First, reforms are being directly driven in most cases by the central government leadership. Second, it is extremely challenging to track and assess local government policies or to assess their implementation. Thus, this report excludes reform policies by provincial and local governments unless they have national implications, such as those related to the Shanghai FTZ and the free trade zones in Fujian, Guangdong, and Tianjin.

To compile data for this report, USCBC conducted detailed reviews of relevant government webpages on a fixed schedule. USCBC also monitored other government websites, media sources, and a broad mix of information channels to identify concrete policies related to economic reform.

Assessing Individual Policies

Each policy was categorized from a list of key reform themes and subthemes. USCBC used the following themes to categorize policies:

- Overall Reform
- Foreign Investment
- Administrative Licensing and Approvals
- Institutional Reforms
- Role of the State and the Market
- Financial Reforms
- Pricing Reform and Competition Policy
- Rule of Law/Legal and Judicial Reform
- Taxation and Budget
- Corruption, Bribery, and Party Discipline
- Urban/Rural Issues

- Other Reforms

Each policy's effect on foreign company operations in China was then assessed, with consideration given to the breadth of impact across industries, the geographic scope of the policy, and the level of foreign company concern addressed. For each policy, USCBC considered the direct effect and the impact of follow-up implementation policies. The effect of each policy is rated on a five-color scale:

- **Significant** (green) The policy has a positive effect on a wide variety of industries with foreign investment in China, and it has the potential to significantly impact companies' abilities to operate in those sectors nationwide. For these policies, implementation is either completed or likely. This category may also include State Council or National People's Congress directives that indicate a significant shift in policy direction across multiple areas of reform.
- **Moderate** (yellow) The policy has: the potential to have a significant positive impact on companies in a wide variety of industries with foreign investment in China, but questions remain regarding implementation speed or ability; a moderate impact on a wide variety of industries with foreign investment in China, with implementation completed or likely; or a significant positive effect for companies in only one sector or in a narrow range of sectors with foreign investment in China, with implementation completed or likely.
- **Limited** (orange) The policy has a limited effect on one sector or on a narrow range of foreign investment sectors, or it has only an indirect effect or benefit for foreign companies investing in China.
- **None** (white) The policy will have no clear direct or indirect effect on foreign companies.
- **Negative** (red) The policy will have an adverse effect on foreign companies.

The database includes a handful of broad policy documents that set high-level strategic direction for economic reform but do not contain guidelines for implementing those reforms, such as the November 2013

Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms. In these cases, the assessment is based on how relevant the scope of reform is to top foreign

company issues. These policies are marked with specific text indicating that the effect of these policies is aspirational.

Providing an Overall Assessment

Based on an overall review of the importance and effect of individual policies, this report assesses the Chinese government's overall efforts to promote meaningful economic reform.

As detailed above, USCBC's overall assessment uses a three-color dashboard, rating China's overall reforms as limited, moderate, or significant based on their effect on foreign companies. USCBC's overall rating is based on multiple rounds of internal discussion about numerous factors, including the average rating of policies in the database and how much of an effect the overall body of reform policies has had on the business environment as a whole.

Appendix 2: Policy Announcements Related to Nationwide Economic Reform

I. Overall Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
5/24/13	Notice on Key Priorities in Deepening Economic Reforms	State Council	Sets key priorities for deepening economic reform in 2013, and assigns them to key agencies. Key areas include administrative licensing, tax and budgeting, financial reform, investment, pricing, social security, and urbanization.	<u>Limited</u> : While the document laid out key areas of reform in 2013, little progress was made on these areas in 2013 and early 2014. Progress has been made in some of these areas, such as administrative licensing, urbanization, tax and financial reform, and resource product pricing, but these reforms continue to have a limited impact and it is not clear that such progress is tied to this particular plan.
11/15/13	The Decision on Major Issues Concerning Comprehensive and Far-Reaching Reforms	CCP	Outlines more than 300 reform priorities discussed during the Third Plenum. Reforms are to be implemented by 2020.	<u>Limited</u> : Describes a litany of government reforms that will have a direct impact on foreign companies. Clearly defines government priority to allow the market to play a greater role in the economy. While potential policy impact remains high, limited implementation of major reforms has so far limited the impact.
11/16/14	Several Opinions on Promoting the Healthy Development of Domestic Trade Circulation	State Council	Lays out high-level goals for improving domestic trade development, including promoting e-commerce, expediting logistics and distribution development, emphasizing the development of chain stores, and strengthening logistics infrastructure.	<u>Moderate</u> : The opinions do not lay out concrete measures for improving domestic trade, but more recent moves on e-commerce indicate that these opinions have begun to be implemented. There has been less progress to date in other areas.
1/29/15	Notice on Expanding Reform Trial Experiences out of the China (Shanghai) Pilot Free Trade Zone	State Council	Introduces a mix of 35 openings and administrative procedures from the Shanghai FTZ now available on a national scale. Highlights include online tax registration, foreign exchange capital settlement for FIEs, allowing the	<u>Limited</u> : A positive step at replicating on a national scale a number of reforms that will affect a broad range of companies across multiple sectors. The list is limited to 35 items indirectly related to core issues of equal treatment and market access. The

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			establishment of FIE credit research companies, and allowing the establishment of FIEs in the form of shareholding companies.	limited scope means a moderate, instead of significant, rating.
2/14/15	Several Opinions on Accelerating the Development of Trade in Services	State Council	Lays out seven primary tasks to develop trade in services, including promoting the growth of a handful of large Chinese companies in certain services sectors that are competitive abroad. The Opinions also attach a list announcing the work priorities for 25 service areas, with specific government agencies in charge of the tasks.	<u>Limited:</u> High-level opinions that promote reform and supporting trade with a focus on Chinese companies. There is a lack of any specific measures, so there is limited immediate impact until follow-up details are provided.
3/23/15	Several Opinions on Deepening Regime Reform and Accelerating Innovation-Driven Development Strategies	State Council	Proposes to create a policy and legal system by 2020 focused on supporting innovation-driven development. Principles to be followed include creating a market based on fair competition that inspires innovation, strengthening financial innovation, and encouraging the commercialization of scientific and technological results.	<u>Negative:</u> Aspirational long-term goals without detail on how to achieve these goals. Discussions on promoting domestic innovation could have an important impact on companies in many sectors, depending on implementation, but the extent that innovation policies are used to favor domestic over foreign innovation causes a negative impact.
3/28/15	Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road ("One Belt, One Road")	NDRC, MOFCOM	Sets an ambitious economic vision for the development of regions and countries along China's "One Belt, One Road" corridor. Cooperative development priorities will include policy coordination, facilities connectivity, investment and trade cooperation, financial integration, and people-to-people bonding.	<u>Limited:</u> This policy integrates high level foreign policy and economic goals through development of markets outside of China via infrastructure improvement and other projects, but immediate impact on foreign companies is likely limited.
4/9/15	Implementation Plan on Carrying out the Decisions of the Fourth Plenary Session of the 18th CCP Central Committee to Further Deepen the Judicial System and Social	CCP General Office, State Council General Office	Identifies 84 judicial and social system reform measures that came out of the Fourth Plenum and divides them into three categories: ensuring the fair administration of justice, promoting societal rule of law, and strengthening	<u>None:</u> While work to assign specific reform tasks to agencies is a positive step, the list of 84 measures and their assignments is not public, which makes it impossible to assess the specific tasks and their likely implementation. Without

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	System Reform		team building to enforce rule of law. Each task is also assigned to a specific set of government departments and includes desired outcomes to be measured against. However, the list of 84 measures and their agency assignments was not made public.	further details, no impact on foreign company concerns can be attributed at this time.
4/13/15	Notice on the Development Plan for City Clusters on the Central Yangtze River	NDRC	Introduces a plan for developing China's central, western, northeast, and other inland regions that are currently underdeveloped. The overall goal for the plan is to shrink the development gap between different regions in China. The plan focuses on integrating development of urban and rural areas and connecting infrastructure across regions.	Limited: It creates broad plans for developing regions in China through joint infrastructure development and urbanization efforts. Potential opportunities for foreign companies involved in supplying infrastructure developers and in consumer goods in China, but little detail at this point to suggest that specific opportunities for foreign investment would result from this policy.
5/12/15	Several Opinions on Accelerating the Cultivation of New Competitive Edges in Foreign Trade	State Council	Aims to shift China's economy to become more quality driven and profit oriented by diversifying China's export destinations, leading the creation of international rules, and pushing Chinese companies to compete on quality rather than price.	Limited: The opinions are vague and lack specific implementation details. The focus is primarily on increasing exports from domestic companies. The only reference to foreign investment is regarding bringing in foreign capital, technology, and know-how. The policy encourages the propagation of Chinese standards, a potential concern for companies who abide by existing internationally recognized standards.
5/15/15	Notice of the Work Plan for Promoting Decentralization and Transformation of Government Functions in 2015	State Council	Cancels all non-administrative approvals (removes the entire category) and delegates/cancels more than 200 administrative approvals, but does not specify which approvals. Sets the timetable and clarifies ministries' responsibilities in finalizing decentralization work.	Limited: Promotes reform in administrative licensing and approvals. Assigned timetables and ministry responsibilities are positive steps in accountability, but a lack of detail on industry scope and depth of reform makes it difficult to forecast impact.

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5/18/15	Opinions of the Working Priorities in Deepening Economic Reform in 2015	State Council	Specifies 39 targets in eight reform areas, with priority on administrative reform, fiscal reform, and financial reform, as well as reforms related to urbanization, environmental protection, and social safety nets. The opinions also detail the framework for SOE reforms, touching upon state asset administration, SOE restructuring, and privatization.	Limited: Many of the reform priorities are not new, such as drug price reform and reduced foreign investment restrictions already included in the Catalogue Guiding Foreign Investment. Largely domestically focused, the opinions fall short of introducing any measures with significant and immediate impact on foreign companies.
7/24/15	Several Opinions on Promoting the Stable Growth of Imports and Exports	State Council	Calls for eliminating or regulating import/export fees, maintaining a reasonable RMB exchange rate, enhancing support for export credit insurance, and expanding the scope of preferred interest rates for imported technologies and consumer goods.	Limited: The opinions are a guiding document that focuses on macro policy and do not set any rules or regulations. The immediate impact on companies is limited.
9/17/15	Several Opinions on Constructing the New Open Economic System	CCP Central Committee and the State Council	Further opens the Chinese economy by improving foreign capital management, encouraging outbound investment, and stabilizing foreign trade. The policy calls for the release of a negative list with improved investment supervision, and for particular openings for foreign companies in both manufacturing and services. An October 2015 policy provided a more concrete roadmap for releasing initial negative lists.	Limited: The nationwide negative list approach laid out in these policies could represent important changes for foreign companies once released, and the policy has already seen further implementing details. This could be significant if the first draft negative list contains real openings, but in October 2016, China again delayed the move to a national negative list.
12/10/15	Guiding Opinions on Strengthening the Construction of Enterprise Environmental Credit System	MEP, NDRC	Establishes a credit system that collects environmental management information produced or obtained by the departments of environmental protection in the process of performing their duties, and records them into the enterprise environmental credit record. This information can be divided into basic credit information and bad credit information. Relevant environmental	Limited: Has the potential to increase the transparency of environmental regulations and decisions in China. As foreign companies generally implement global best practices that exceed local environmental requirements, this could be a positive development for foreign companies when applying for administrative licenses and preferential policies. The full impact of the opinions

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			protection departments shall treat enterprises in administrative licensing, policy support and other aspects according to their credit status. This system will take effect nationwide by 2020.	remains unclear.
1/12/16	Opinions on Accelerating the Construction of Traceability Systems for Important Products	State Council	The opinions aim to perfect the standard for planning the construction of traceability systems by 2020, as well as to improve the relevant legal system; form a unified sharing and exchange mechanism for national traceability data; and achieve sound communication and sharing of traceability information among relevant departments, regions, and enterprises.	Limited: This set of opinions represents a modernizing step for tracking the movement of agricultural, food, pharmaceutical, and other valuable products, and has major implications for identifying and curbing counterfeiting. These opinions could increase burdens on foreign companies with production chains in China.
2/14/16	Online Publication Regulations	MIIT, SAPPRFT	The regulations set measures governing the publication of online materials by companies within China regarding approvals, content, and mandates requiring server localization within Chinese borders.	Negative: The provisions explicitly prohibit foreign companies from engaging in online publication services. This is already proving problematic for foreign companies engaged in the audio visual industry, and may also implicate a broader swath of sectors.
2/16/16	Implementing Opinions of Shanghai Municipality on Promoting the Internet+ Initiative	Shanghai Government	The opinions propose that by 2018, the internet should be integrated with other sectors of the economy, and there should be systems encouraging internet-based innovations to boost the competitive edge of the Shanghai Municipality. The opinions also set out requirements facilitating the development of a sound financial services system.	Limited: This regulation is restricted to the Shanghai municipality. It calls for implementation of a development plan with potential openings for foreign firms. If foreign companies are able to participate in Internet+ projects, then these opinions could have a limited, but positive, impact on foreign company operations.
3/3/16	Several Opinions on Strengthening the Construction of Weak Logistics Fields to Promote Effective Investment and Residents' Consumption	NDRC	The opinions define the key tasks for local governments to strengthen the planning and construction of rural logistics networks, including: integrating and utilizing existing logistics resources	Limited: Continued modernization of China's logistics infrastructure will benefit a large proportion of companies, but these movements do not address market barriers or licensing issues impacting foreign

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			like the postal service; facilitating the construction of county-level warehousing and distribution centers and public pick-up and delivery outlets for logistics and courier services in rural areas. These opinions also encourage the integrated development of e-commerce enterprises with agricultural product producers and processors, and establish logistics and traceability standards for agricultural products in e-commerce.	companies engaging in logistics or e-commerce.
3/3/16	Action Plan for Enhancing Information Sharing and Promoting Industrial and Financial Cooperation	PBOC, MIIT, CBRC	The action plan specifies that relevant authorities shall, by making full use of IT resources such as big data and cloud computing, establish service platforms for industrial and financial information connection; create convenient, fast and efficient information communication and exchange channels; and offer online application, instant summarization, classification and timely recommendations for enterprises' financing demands to efficiently connect industrial and financial information. Proposes that more support be granted to key enterprises that conform to the Made in China 2025, Internet+ action plan, the One Belt and One Road initiative, Coordinated Development of Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt, and other major strategies. These enterprises must meet credit conditions for intelligent manufacturing equipment, aerospace and aviation, new energy vehicles, electronic information, marine engineering equipment and high-tech	<u>Limited</u> : It is unclear what role foreign companies will be allowed to play in development plans like Internet+, the One Belt and One Road initiative, Coordinated Development of Beijing-Tianjin-Hebei Region, and the Yangtze River Economic Belt. As such, this reform may have only limited impact on foreign companies.

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			vessels, new materials and other sectors as prioritized by the State.	
3/11/16	Guidance on Promoting the Transformation and Development of the Catering Industry	MOFCOM	The guidance promotes the catering industry by encouraging the use of information technology; encouraging the cooperation of catering enterprises and e-commerce applications or network service platforms; promoting environmentally friendly development of the catering industry; improving organic food industry standards; implementing standardized management systems; introducing international quality control standards; and seeking to establish a modern food traceability system.	Limited: The guidance shows promising signs of further aligning China's domestic food safety standards with international best practices and may offer opportunities for foreign companies to contribute their expertise in these processes. However, because these improvements affect a limited subset of companies and lack implementing regulations, the broader economic reform impact is judged to be limited.
3/11/16	Guiding Opinions on Promoting the Healthy Development of the Pharmaceutical Industry	State Council	The opinions specify key pharmaceutical reform tasks in seven areas: strengthening technological innovation and enhancing core competitiveness; speeding quality upgrades and promoting green and safe development; optimizing industrial structure and intensifying industrial development; developing modern logistics and building a pharmaceutical credit system; keeping close pace with health care reforms and creating a favorable market environment; deepening international cooperation and expanding the space for international development; nurturing emerging business forms and promoting intellectual industrial development.	Limited: While some items might promote a more mature market for foreign pharmaceutical companies, calls for "domestic core competitiveness" imply an emphasis on domestic company development and may work against a level playing field for foreign companies.
3/22/16	Circular on Carrying out the Pilot Integration of Public Resources Trading Platforms	NDRC	The circular establishes a pilot program integrating public resources trading platforms in Anhui Province, Hubei Province, Guangdong Province, Guizhou Province and the Ningxia Hui	None: Although this pilot encourages a single, more centralized, and more transparent platform for identifying a host of bidding opportunities, it does nothing to facilitate foreign company participation

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			Autonomous Region ending in 2016. The circular seeks to integrate scattered trading platforms for the bidding of engineering and construction projects, transfer of state-owned land use rights and mining rights, trade in state-owned property rights, and government procurement projects. It also seeks to promote the incorporation of other public resource trading activities into a unified platform.	in government procurement and trading activities.
3/23/16	Special National Plan for the Development of Ecommerce Logistics (2016-2020)	MOFCOM	The plan encourages building a logistics network system that supports the development of ecommerce and accelerating the development of ecommerce logistics in small and medium-sized cities and rural areas. It lists major projects including: the standardization of ecommerce logistics; furthering ecommerce logistics services in rural areas; developing ecommerce cold-chain logistics; and encouraging cross-border ecommerce logistics.	Limited: This plan is aimed at further developing China's ecommerce industry, and may also foster the growth of cross-border ecommerce. However, the goals articulated in the document remain largely aspirational. Further developments in ecommerce will likely come from the ecommerce law, set to be released in late 2016.
3/23/16	Key Tasks for Ecommerce and Informatization in 2016	MOFCOM	The key tasks determine 18 priorities in ecommerce and informatization work for 2016, and divide them into four areas: strengthen planning and guidance and advance institutional development; focus on key fields and speed up innovative development; perfect the demonstration system to popularize models and experiences; and innovate in modes and means to improve administrative efficiency.	Limited: Though implementing these tasks may spur further development of ecommerce in China, this document is largely aspirational, so the projected impact on foreign companies and the overall reform environment remains limited.
3/28/16	Administrative Measures for the Guaranteed Purchase of Renewable Energy-generated	NDRC	The measures outline the annual capacity of renewable energy grid-connected power generation projects will be	Limited: The measures focus on the purchase of renewable energy resources in China and encourage non-fossil energy

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	Power in Full Amount		divided into the power purchased in a guaranteed manner and the power subject to market trading.	consumption, which may have some positive impact on foreign firms in related industries. Further marketization of energy prices may also lead to a more competitive process for all companies operating in China.
3/30/16	Guiding Opinions on Promoting the Development and Reform of Private Economy in Northeast China	NDRC	The opinions encourage establishing private banks, village banks, and consumer finance firms to serve private enterprises in Northeast China. They also encourage qualified equipment manufacturing enterprises to incorporate financial leasing into their offered services. In addition, private enterprises are encouraged to participate in mixed-ownership reforms involving state-owned enterprises through contributions, equity acquisitions, convertible bond subscriptions, and equity replacement.	<u>Limited:</u> Although a multi-level diversified capital system is beneficial for China's overall financial sector reform, this opinion is limited to the northeastern region of China. The policy references private capital when discussing private bank investments – private capital is generally understood to exclude foreign investment – so this policy is unlikely to directly impact foreign companies. Potential indirect impacts on foreign companies remain unclear.
3/31/16	State Council Notice on Approving the National Development and Reform Commission's Opinions on the Priorities of Deepening the Supply-side Economic Reform in 2016	State Council	This notice aims to deepen reform and stimulate the economy by setting out 50 supply-side reform targets in 10 areas. These include advancing the reform of state-owned enterprises (SOEs) to invigorate market players; improving the innovation-driven development system; promoting the transformation of government functions; reforming mechanisms that cut industrial overcapacity and eliminate excess inventories; speeding up the reform of fiscal and taxation systems to serve a moderate financial environment for structural reform; improving efficiency in the financial sector; pushing forward innovation for new urbanization,	<u>Moderate:</u> While often articulated in aspirational terms, supply-side economic reform has become a cornerstone of China's economic reform plans. The notice aims to tackle tangible problems in China's economy, including overcapacity and other issues stemming from overreliance on state financing to fuel economic growth, and the outsized influence of state-owned enterprises. Supply side reforms have been stymied by an apparent lack of internal government consensus, but the central government in recent weeks has reaffirmed its commitment to such reforms.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			agriculture, and villages; developing new and more impactful ways of opening China to the world; and enhancing supervision and evaluation of reform in test areas.	
4/12/16	Guidelines for the Construction of Innovation-oriented Provinces	MOST	The guidelines propose that by 2020, more provinces and cities across the country should be "innovation-oriented." This document also calls for the establishment of regional innovation centers, important birthplaces of science and technology and sources of emerging industries with national and global influence.	<u>None</u> : Though foreign companies could contribute to China's drive for innovation, many provincial-level innovation plans seem to prohibit foreign participation. The provincial scope of these guidelines, as well as the lack of new openings articulated in them, suggest that they likely will have little to no direct impact on foreign operations.
04/12/2016	Draft Market Access Negative List	NDRC	This draft market access negative list builds on an announcement in October 2015 that set the goal of finalizing and implementing a market access negative list in 2018. This list is applicable to both foreign and domestic investors. A second list applicable only to foreign investment is yet to be released.	<u>Significant</u> : Although this list does not contain any major market liberalizations, it does indicate an adherence to the timeline initially set by NDRC for finalizing and implementing a market access negative list. As such, it is an important development in the creation of a policy that promises significant market-wide impact for foreign companies.
4/15/16	Guiding Opinions on Giving Active Play to the Environmental Protection Function to Promote the Supply-side Structural Reform	MEP	The opinions set out 18 environmental protection tasks in four areas, including strengthening mandatory environmental constraints to drive the elimination of outdated and excess capacity, and imposing strict environmental access conditions to improve the quality of additional capacity.	<u>Limited</u> : The opinions seek to reduce overcapacity, a top drag on China's economic restructuring, and leverage environmental considerations to restrict new capacity. While the rhetoric of this policy is positive, overcapacity reduction has fallen short of government targets. Further implementing regulations that achieve more aggressive reductions to excess capacity are needed.
4/21/16	Opinions on Fully Implementing the Internet+Distribution Action Plan	State Council	The opinions urge the transformation and innovation of distribution with measures to advance ecommerce development in rural areas. They also	<u>Limited</u> : This policy explicitly mentions the use of foreign capital as a means of developing ecommerce and distribution channels, but fundamentally, it is just a

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			encourage the development of a new model sharing economy by drawing on the successes of other countries and encouraging enterprises to optimize distribution of social resources via the Internet. These opinions urge the promotion of green products, and measures limiting heavy energy-consuming, heavy polluting, and excessively packaged products from entering circulation and consumption circles.	continuation of the larger Internet+ development plan. While certain advancements brought about by the Internet+ development plan may benefit foreign companies, the application of this development plan does not represent a fundamental economic reform, especially when considered in the context of remaining market barriers impacting foreign operations that rely on the Internet.
4/26/16	Key Tasks in Deepening the Medical and Health System Reform in 2016	State Council	This document stipulates that in 2016, China will further highlight key areas and links to advance the coordinated reform of the medical and health system, the medical insurance system, and the medicine production and distribution system. To this end, the tasks include: comprehensively deepening the reform of public hospitals; accelerating the construction of a graded diagnosis and treatment system; consolidating and improving the full-coverage medical insurance system; and perfecting the guarantee mechanism for drug supplies.	<u>Moderate</u> : The document sets out key tasks for reforming China's healthcare sector. Other detailed reform plans for certain tasks have already been released. Though it focuses mostly on reforming public hospitals, the plan should reshape the industry environment and offer new opportunities for foreign companies in healthcare, pharmaceutical and medical device sectors.
4/29/16	Notice on further Advancing Trade and Investment Facilitation and Improving the Authenticity of the Audit	SAFE	The notice requires expanding the lower limits of foreign exchange settlement positions, and clarifies that holding more negative positions helps banks raise and provide more foreign exchange. The notice also suggests diversifying forward settlement delivery methods. Where banks handle forward settlement business for institutional clients, the clients shall have the discretion to choose	<u>Limited</u> : The notice aims to advance the implementation of foreign exchange administration reforms and promote foreign trade, but any impact on foreign company operations is indirect. This policy may help improve the administration of foreign exchange trading, an area that does not involve a wide range of foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
5/20/16	Guiding Opinions on Deepening the Coordinated Development between Manufacturing and the Internet	State Council	gross settlement or balance settlement. The opinions provide that by 2018: 80 percent of key enterprises will employ Internet-based platforms for entrepreneurship; enterprises using cloud technology will double; the development cycle of new products will be shortened by 12 percent; inventory turnover will be increased by 25 percent; and energy usage rates will increase by 5 percent. The opinions also urge the government to help enterprises create Internet-based platforms for entrepreneurship with the integrated application of various cloud and big data techniques, and use of new patterns of production and business operation.	Limited: Increased efficiency in manufacturing may benefit the economy as a whole, but this policy does not address other, more significant market barriers for foreign companies in cloud computing or data processing industries, and appears largely aspirational.
5/20/16	National Innovation-driven Development Strategy Outlines	State Council	The strategy proposes three strategic goals for China's innovation-driven development: 1) become an innovation-oriented country by 2020 and construct a national innovation system with Chinese characteristics to strongly support the development of a well-off society; 2) become one of the top innovation-oriented countries by 2030, improving the international competitiveness of domestic firms; and 3) become a leading global scientific center of innovation by 2050.	Negative: While the plan mentions the importance of foreign investment in strategic emerging industries, the outline includes numerous references to promoting "indigenous innovation" and "indigenous control," which are terms widely understood to exclude foreign companies. This raises significant questions regarding opportunities and restrictions that may apply to foreign companies in China's innovation strategy.
5/23/16	Three-year Implementation Plan for Internet+Artificial Intelligence	MIIT	The plan proposes that by 2018, China will build up the basic resources and innovation necessary for artificial intelligence; make breakthroughs in the industrial system; and synchronize overall technologies and industrial development with those around the	Negative: This policy calls for the creation of strong domestic enterprises in artificial intelligence, raising serious questions regarding the opportunities or restrictions that may be placed on foreign enterprises in these sectors.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			world. The plan also calls for the cultivation of several globally-leading enterprises specializing in artificial intelligence in core sectors to form a RMB 100 billion market for artificial intelligence application.	
5/25/16	Implementing Scheme of the Ministry of Commerce on the Work of Publishing the Government Affairs in 2016	MOFCOM	The scheme describes six main tasks for improving the quality and effects of publishing government affairs, with a focus on commercial work; strengthening the construction of public platforms to open channels for public access to government information from all dimensions; and promoting the Market Access Negative List to be open and transparent.	Moderate: Increased transparency among China's commercial regulators will have a positive impact on the business environment for foreign companies, especially as the Market Access Negative List comes into force. However, additional work remains to be done with regard to the formulation of regulations, and the tendency for China's regulators to issue normative documents without periods for public comments.
5/31/16	Circular on Affairs in Connection with Promoting Ecommerce Development	NDRC	The circular announces that a third group of ecommerce demonstration cities will be launched and major ecommerce projects will be organized.	Limited: Although these pilot programs are only operating in a handful of cities and key foreign licensing issues remain to be addressed, the expansion of these programs to a third round of cities is encouraging.
6/5/16	Guiding Opinions on Promoting Signed Contract Services of Family Doctors	State Council	The opinions plan to extend family doctor services to the entire population by 2020 and ensure more convenient health services for residents who have signed contracts with family doctors.	Limited: This reform will be important for expanded health coverage, but foreign healthcare providers are still barred from participating in this and other important aspects of China's healthcare system.
6/6/16	Pilot Plan for Pharmaceutical Product Market Authorization Holder System	State Council	Specifies that drug research and development agencies and individual researchers can directly apply for licenses to mass produce drugs they develop. Previously, only drug manufacturers could apply for drug registration and receive approval licenses. The reform aims to narrow the gap of pharmaceutical development	Limited: Although foreign pharmaceutical companies can participate in this pilot program, it does not address other concerns for pharmaceutical companies operating in China, including those surrounding the production of generic drugs, and drug registration in general.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			between China and developed countries and promote China-made generic drugs in the global market by giving more incentives to researchers.	
6/16/16	Guiding Opinions Optimizing the Market, Upgrading the Industrial Structuring and Boosting the Nonferrous Metal Industry	State Council	The opinions provide that strictly controlling new capacity and weeding out unqualified enterprises will be among the government’s top priorities in improving the nonferrous metal industry. This document also calls for building digital mine and pilot factories featuring intelligent manufacturing in key areas of research and development, production, and services.	<u>Limited:</u> This document only affects a narrow section of industries, and is aspirational in nature.
6/20/16	Made in China 2025 - Implementing Proposals for Energy Equipment	NDRC	The proposals provide that by 2025, China's new energy equipment manufacturing industry will have competitive advantages and enjoy strong international competitiveness; and the standards for technical energy equipment will be linked to global standards. The proposals establish tasks for energy equipment development in 15 fields, including the application and promotion of green and intelligent equipment for coal mining, washing and dressing; equipment for the exploration and development of deep water and unconventional oil and gas; oil and gas storage and transportation equipment; clean and efficient coal-fired power generation equipment; hydropower equipment; wind power generation equipment; and solar power generation equipment.	<u>None:</u> While foreign companies may be able to participate in the Made in China 2025 development plan, these implementing regulations do not remove equity caps or ownership requirements in the energy sector – primary issues for companies in that industry.
6/23/16	State Council General Office Guiding Opinions on	State Council	The opinions aim to achieve cross-sector and cross-regional data resource sharing	<u>Negative:</u> While the modernization of the healthcare sector could provide

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Promoting and Regulating the Development of Big Data Application in Health and Medical Sectors		<p>in the health care industry. Key points include establishing national and provincial population health information platforms, and interconnecting application platforms for national medicine bidding and purchasing by the end of 2017; building 100 regional clinical medicine data demonstration centers across the country based on current resources; making efforts to build unified and interconnected platforms regarding population health; promoting the sharing and opening up of health and medical data resources; and boosting big data applications for management in the health and medical industries.</p>	<p>opportunities for foreign companies to impelment data services, these opinions contain problematic "secure and controllable" language that could also further limit foreign participation.</p>
7/4/16	Notice on Further Doing a Good Job in Private Investment Work	State Council	<p>This notice urges governments at all levels and related departments to promote the healthy development of private investment and ensure effective implementation of relevant policies. The measures include: requiring local governments to further carry out reforms in administrative streamlining; delegating power and optimizing services; removing more administrative approvals for private firms; and improving service capability. In the second half of this year, the Reform Office of the State Council will jointly work with relevant departments to carry out an inspection of these reforms, urging a quick introduction of the market access negative list and opening more sectors, such as civil airports and oil and gas exploration and development; and calling for local</p>	<p><u>Moderate</u>: This notice calls for equal treatment of investors and the further opening of certain sectors important to foreign companies. The proposed inspection for administrative streamlining would help ensure that reforms are carried out. This notice also calls for greater international cooperation in healthcare applications.</p>

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			governments to cancel additional conditions and discriminatory provisions aimed at private enterprises.	
7/5/16	Guiding Opinions on Actively Promoting the Linkage among Medical Treatment, Medical Insurance and Medicine Reform	MHRSS	This document seeks to control increased medical expenses during reforms of public hospitals by enhancing the link between relevant departments to quickly straighten out prices for medicine and medical services. It also supports local reform and innovation and encourages the public to participate in medical reform policymaking.	Moderate: As part of healthcare reform, the document clarifies the roles and responsibilities of MHRSS and seeks to enhance the public medical insurance system and salary scheme for healthcare professionals in coordination with other aspects of healthcare reform. The reform promises meaningful impact for foreign healthcare providers and medical companies.
7/8/16	Plan for the Development of the Advertising Industry during the 13th Five-Year Plan Period	SAIC	The plan states that during the 13th Five-Year Plan period, China will build large advertising groups with international service capabilities and annual turnovers exceeding RMB 100 billion, as well as 20 advertising enterprises with annual turnover of more than RMB 10 billion and 50 advertising enterprises with annual turnover of over RMB 2 billion.	None: This plan is limited to the advertising sector, and is largely an aspirational plan for the development of the domestic industry.
7/28/16	National Informatization Development Strategy	CPC Central Committee and the State Council	This strategy provides a broad outline for the comprehensive development of China's information and communications technology (ICT) sector, and relates to other high-level plans, including the 13th Five-Year Plan, Made in China 2025, and Internet+.	Negative: While largely aspirational in terms of propelling China's leadership in emerging ICT technology, ranging from mobile telecommunications standards, big data, internet technology, and cloud computing, it includes worrying language mirrored in draft policies identified as problematic by foreign companies. The plan repeatedly calls for the adoption or construction of "secure and controllable" core technology systems, implementing cybersecurity review audits, and creating a comprehensive multilevel protection scheme, without providing details on how these frameworks will interact with

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				foreign ICT operations.
7/29/16	Implementing Opinions on Internet+ Efficient Logistics	NDRC	These implementing regulations establish a policy system to encourage the use of advanced information technology in logistics, leading to more efficient cross-border logistics and customs clearance processes.	<u>Limited:</u> This policy stands to benefit companies engaged in cross-border logistics and companies selling IT hardware and software systems, but as a fundamental continuation of the Internet+ development plan, it does not represent any unique liberalizations for foreign logistics firms.
8/3/16	Guidance on Adjusting Structure, Promoting Transformation, and Increasing Efficiency of Petrochemical Industry	State Council	These guidelines state that outdated petroleum facilities must be shut down, and the industry's competitiveness should be increased by consolidating production and reducing pollution. The guidelines set to cut energy consumption per 10,000 yuan of output by 8% from the 2015 level, with carbon dioxide emissions and water consumption reduced by 10% and 14%, respectively. The guidelines also encourage foreign companies to participate in mergers and acquisitions, and for major Chinese petroleum companies to engage in overseas operations.	<u>Limited:</u> The policy may ease industrial overcapacity in the petroleum industry and have a positive impact on environmental pollution. Although foreign petroleum companies are specifically encouraged to participate in this reform measure, its effects are limited to one industry with unaddressed ownership caps.
3/28/16	Circular on Effectively Carrying out Affairs in Connection with Green Distribution in 2016	MOFCOM	This circular proposes the construction of a green shopping mall demonstration project. In particular, distribution enterprises must set green operations in accordance with industry standards; establish long-term mechanisms for efficient and recyclable use of resources; make energy-saving transformations; promote the use of energy-saving and environmentally friendly technologies and products; and feature the integration of energy-saving in stores, sales of energy-saving products, and waste	<u>Limited:</u> Foreign firms that excel at environmentally friendly technologies may benefit from greater market opportunities as a result of these projects, but this circular does not appear to eliminate the market restrictions faced by such firms.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			recycling.	

II. Foreign Investment

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
2/7/13	Implementation Opinions on Further Developing Local Medical Institutions	Shanghai Municipal Health Bureau and 13 other Shanghai-based agencies	Encourages foreign investment and pledges future reductions in investment barriers in healthcare services, including new medical institutions, high-level medical service centers, and underdeveloped healthcare services including elderly care, rehabilitation, mental health, pediatrics, and obstetrics.	Limited: Although the policy does not create direct investment openings, follow-up regulations (such as the Notice on Carrying out the Pilot Program Establishing Wholly Foreign-Owned Hospitals) indicate some progress in Shanghai and various Chinese provinces, but no evidence to date indicates that approvals under the pilot are being issued. Other moves – such as the inclusion of medical institutions in the "restricted" category of the 2015 Catalogue Guiding Foreign Investment – indicate restrictions will continue.
5/2/13	Notice on Renminbi Qualified Foreign Institutional Investors (RQFII) issuing securities in China	PBOC	Clarifies specific procedures and requirements for RQFII registration process and the responsibility of regional PBOC office in regulating pilots.	None: Process-oriented reform with limited impact on foreign companies.
5/11/13	Regulations on the Administration of Foreign Exchange in Onshore Direct Investment by Foreign Investors	SAFE	Simplifies procedures and policies on foreign exchange issues for foreign direct investment including issues regarding registration, opening an account, payment, selling and purchasing foreign exchange. The regulation also abolishes 24 foreign exchange administrative regulations.	Moderate: Applies directly to foreign companies investing in China and streamlines relevant foreign-exchange related procedures, but only applies to SAFE rules and does not address broader barriers and delays that concern foreign companies.
6/8/13	Modification to Regulations on Foreign Insurance	CIRC	Modifies regulations for foreign insurance companies to allow them to make capital	Limited: Process improvements for insurance companies on registered capital

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Companies		contributions via RMB or other currencies, and allows foreign insurance companies to allocate working capital to their branches in China via RMB-denominated income.	issues, but does not impact market access and is limited purely to one sector.
9/23/13	Notice on Relevant Matters Regarding RMB Settlement of Foreign Investors Investing in Domestic Financial Institutions	PBOC	Allows foreign investors approved to invest in domestic financial institutions to use RMB in specific activities including capital increases, mergers and acquisitions, equity transfer, distribution of profits, and liquidation.	<u>Moderate</u> : Broadens the ability for foreign companies to directly use RMB to expand investments in China.
12/2/13	Catalogue of Investment Projects Subject to Government Approval (2013 revision)	State Council	Transitions numerous investment projects to the record-filing system from the approval system in an effort to streamline administrative approvals. Adopts a "negative list" approach to designating investment projects that will still be subject to administrative approvals.	<u>Moderate</u> : Impacts companies across a range of sectors, and supports government efforts to shift to a negative list approach in investment approvals. However, the impact is limited to local NDRC approvals and does not affect the other steps in the foreign investment approval process, such as MOFCOM or other agency reviews.
12/28/13	Notice on Improving Regulations of the Approval of Investment Projects and Strengthening Coordinated Supervision	NDRC, MLR, MEP, MOHURD, CBRC	Reduces pre-examinations and strengthens supervision during and after the approval process. NDRC will no longer review certain issues determined by enterprises, such as market prospects, economic profitability, and fund sources.	<u>Moderate</u> : Streamlines the approval process by cutting the pre-approval process for foreign and domestic investment projects. However, the impact is limited to local NDRC approvals and there is no effect on the other steps in the foreign investment approval process.
3/1/14	Administrative Provisions on Company Registered Capital Registration	SAIC	Brings SAIC's company registration rules in line with amendments to China's Company Law by eliminating minimum registered capital requirements, transitioning from a paid-in capital system to a subscribed capital system, and replacing the annual inspection system with an annual reporting system.	<u>Moderate</u> : Streamlines administrative processes, marking an important step. Impact is limited to SAIC steps in the approval process, but other agencies (such as NDRC) have also promoted reforms. Foreign company registration is still subject to a separate set of MOFCOM rules.
4/8/14	Notice on Tianjin Pilot Free Trade Zone Overall Plan	State Council	Announces the official approval for a FTZ in Tianjin.	<u>Moderate</u> : Introduction of new FTZs shows expansion of pilot program for using negative lists to regulate foreign investment. Although the Shanghai FTZ

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				reforms have fallen short of company expectations, the trend toward eliminating the positive list approach is positive.
4/8/14	Notice on Guangdong Pilot Free Trade Zone Overall Plan	State Council	Announces the official approval for a FTZ in Guangdong.	<u>Moderate:</u> Introduction of new FTZs shows expansion of pilot program for using negative lists to regulate foreign investment. Although the Shanghai FTZ reforms have fallen short of company expectations, the trend toward eliminating the positive list approach is positive.
4/8/14	Notice on Fujian Pilot Free Trade Zone Overall Plan	State Council	Announces the official approval for a FTZ in Fujian.	<u>Moderate:</u> Introduction of new FTZs shows expansion of pilot program for using negative lists to regulate foreign investment. Although the Shanghai FTZ reforms have fallen short of company expectations, the trend toward eliminating the positive list approach is positive.
5/15/14	Opinions on Promoting Foreign Trade	State Council	Encourages Chinese government agencies to increase multilateral trade and outbound investment, promote a free-floating RMB exchange mechanism and RMB settlement, strengthen trading competitiveness, and improve online and traditional trading platforms.	<u>Moderate:</u> Contains positive language about liberalizing trade. Although the general opinion contained no specifics, follow-up moves allowing the RMB exchange rate to move both up and down and expanding RMB settlement indicate progress for companies in a range of sectors.
5/20/14	Administrative Measures for the Approval and Filing of Foreign Investment Projects	NDRC	Allows some foreign investment projects to use a streamlined filing process. Eligible projects include those listed in the "encouraged category" of the Catalogue Guiding Foreign Investment that do not have Chinese ownership requirements and do not fall under one of the special approval requirements in the 2013 Catalogue of Investment Projects Subject to Government Ratification.	<u>Moderate:</u> Allows numerous foreign investment projects to go through a simplified filing system, and uses a much-welcomed negative list approach. Impact is limited to NDRC steps in the approval process, but other agencies (such as SAIC) have also promoted reforms.

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5/26/14	Administrative Measures on the Government Examination and Approval of Investment Projects	NDRC	Provides more specific process guidelines for regulating NDRC's review of investment projects based on a previously released catalogue that allows foreign companies to use a simplified filing system.	Moderate: The measures provide broad oversight authority to the NDRC to review investment projects based on a previously released catalogue that allows foreign companies to use a simplified filing system.
5/30/14	Notice on Carrying out the Optimization of Approval of Foreign Investments	MOFCOM	Launched a pilot program that would streamline approvals of foreign investment projects by foreign companies and FIEs, eliminating steps in the approval process and attempting to simplify the documentation to establish an FIE. The pilot program ran for three months, until August 31.	Limited: The scope of the pilot project allowed investments across a range of industries to benefit from process improvements to make foreign investment approvals faster and easier. However, the pilot program was quite short – leading to questions about whether such a short pilot with such a short lead time could lead to meaningful implementation. Improvements are primarily process-related.
8/27/14	Notice on Carrying out the Pilot Program Establishing Wholly Foreign-Owned Hospitals	NHFPC, MOFCOM	Lays out the requirements, standards, and approval processes for foreign investors applying to qualify for establishing wholly foreign-owned hospitals in China. Currently seven provincial/ municipal pilot regions have been selected.	Limited: Potential to have a deep impact on foreign companies looking to invest in this sector, as it essentially creates equal treatment for foreign and domestic investors in hospitals nationwide (with the exception of traditional Chinese medicine hospitals). However, the revised 2015 Catalogue Guiding Foreign Investment added medical institutions to the restricted category, limiting foreign investment to EJVs and CJVs. Due to policy uncertainty, this notice has limited significance.
10/14/14	Reply to Issues Concerning the Provision of Online Data Processing and Transaction Processing Services by Service Providers from Hong Kong and Macao in Guangdong	State Council	Provides approval for implementing an MIIT plan to allow service providers from Hong Kong and Macao to provide ecommerce in Guangdong with a 55 percent ownership cap.	None: This announcement, while potentially representing a big step in expanding a Shanghai FTZ liberalization beyond the zone, is limited to market openings for Hong Kong and Macao investors in ecommerce in Guangdong.

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	Province			
11/18/14	Catalogue of Investment Projects Subject to Government Approval (2014 Version)	State Council	Adjusts catalogue of investment projects requiring government approval, including delegating approvals to lower-level authorities and lifting control of foreign investments.	Moderate: Positive step toward decentralizing decision making and improving foreign investment access for certain projects. However, like the 2013 catalogue, the impact is limited to local NDRC approvals and it does not have any effect on the other steps in the foreign investment approval process, such as MOFCOM or other agency reviews.
12/2/14	Announcement on Encouraging Foreign Investors to Establish For-Profit Elder Care Facilities	MOFCOM, MCA	Encourages foreign investors to set up for-profit elder care institutions in China as a WFOE or JV.	Moderate: Potential to have important impact on foreign investment, but limited to a narrow sector (elder care industries). Although the announcement lacks details, implementing regulations released in April 2016 open the market for full foreign ownership.
2/2/15	Notice on the Foreign Investment Statistics System (2015)	MOFCOM	Defines comprehensive rules and requirements for a statistical reporting system for FIEs to report their investment data to all local MOFCOM offices. Information provided includes basic information about the company, investment, operations, and shareholding; companies in banking, insurance, securities, and energy have additional requirements.	None: While a significant document in terms of FIE reporting and operations, the 2015 system is an update of older rules, and does not make major changes that would impact operations.
3/13/15	Catalogue Guiding Foreign Investment in Industry (2015 Revision)	NDRC, MOFCOM	Comprehensive catalogue outlining sectors of the Chinese economy where foreign investment is encouraged, restricted, or prohibited.	Limited: Presents new openings in a number of areas, focusing mainly on manufacturing. However, many key concerns raised by foreign companies, such as barriers in agriculture and financial services, were not addressed in the revisions. Discussions with members highlight that the newly opened sectors are not areas in which foreign companies are looking to invest.
4/22/15	Decision to Implement Management of Market	State Council	Sets new conditions for investment in China's bank card clearing sector to be compliant with	Limited: Significant opening in a narrow industry that has been traditionally

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	Access for Bank Card Clearing Agencies		commitments made as part of China's WTO accession. To qualify, companies must have at least RMB 1 billion in registered capital, adhere to national and industrial bank card clearing system standards, and have senior leadership receive CBRC approval for employment credentials.	monopolized by one company. Potential direct benefit to a number of foreign bank card clearing companies, but several stringent qualification requirements still exist that will make market entry difficult.
5/29/15	Announcement on Loosening Part of the Regional Restrictions on Facilities for Value-added Telecom Services	MIIT	Expands the geographical scope from the FTZ to all of Shanghai for call centers and virtual private network service edge routers, and allows website accelerator servers to be placed nationwide.	<u>Limited:</u> This measure has a narrow geographic and sectoral scope.
6/19/15	Announcement on Lifting the Restrictions on the Foreign Equity Ratios on the Online Data Processing and Transaction Processing Businesses (Operating E-commerce)	MIIT	Removes caps on foreign equity ratios in online data processing and transaction processing businesses, allowing foreign investors to have 100 percent ownership in such businesses nationwide.	<u>Limited:</u> Despite allowing foreign investors 100 percent ownership in online data processing and transaction processing businesses, foreign companies would still need to obtain an Internet content provider (ICP) license to operate in this space. However, ICP licenses are only given to 50-50 or minority JVs, eliminating any benefit from wholly foreign-owned online data processing and transaction processing business. The measure also is limited to one sector.
7/1/15	Implementing Rules of the Administrative Regulations of the People's Republic of China on Foreign-invested Banks	CBRC	Cancels the requirement to establish a representative office before establishing a commercial operation. Relaxes requirements for conducting business in RMB to having one or more years' experience from the previous three or more years' experience. Cancels the requirement that applicants have two consecutive years of profits. Cancels the minimum operating capital requirement foreign banks must allocate to domestic branches.	<u>Limited:</u> The implementing rules ease administrative requirements for foreign-invested banks, but did not result in significant operational changes or openings.
9/30/15	PBOC Announcement [2015] No.31	PBOC	Allows foreign central banks, official reserve management agencies, international financial	<u>None:</u> Applies only to certain official institutions, and does not create direct

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			institutions, and sovereign wealth funds to freely enter the Chinese market through various means to practice a wide variety of trades such as spot exchange, forward transaction, swap transaction, and futures trading.	opportunities for foreign commercial or investment banks.
10/27/15	Decision on Temporarily Adjusting the Special Administrative Measures for Administrative Approval and Access in Beijing Municipality	State Council	Offers a few market access openings, enabling foreign-owned performance brokerage institutions to provide services in specific areas of the culture and entertainment industry in Beijing and canceling restrictions on foreign holdings in foreign-invested aircraft maintenance projects.	Limited: Offers a few market access openings, but liberalization is limited to these sectors.
12/7/15	Practical Guidelines for the Quota Administration on Qualified Foreign Institutional Investors	SAFE	Relaxes rules governing how QFII investors can use credit transfers between products and gives foreign investors greater flexibility to invest in China's domestic market.	Limited: Encourages more foreign capital in China's stock market, creating additional investor opportunities while also strengthening China's stock market. However, the announcement does not address market access issues.
2/4/16	Administrative Provisions on Foreign Exchange for Domestic Securities Investments by Qualified Foreign Institutional Investors	SAFE	The provisions deregulate investment quotas for individual qualified foreign institutional investors (QFII). Changes are aimed at stemming capital outflows and better facilitating cross-border investment and financing. Among other changes, the provisions relax investment quotas for single institutions under QFII programs; shorten lock-up periods for the withdrawal of QFII funds from China from one year to three months; and allow QFII mutual funds to make subscriptions and redemptions daily instead of weekly.	Limited: This reform in theory makes it easier for foreign entities to invest in the Chinese bond market, but because demand is low for QFII, these reforms have little actual impact on the primary concerns-of foreign financial institutions.
5/27/16	Circular of the State Administration of Foreign Exchange on Foreign Exchange Management Issues on Foreign Institutional Investors	SAFE	The circular aims to open the inter-bank bond market and normalize foreign exchange management for foreign institutional investors in the inter-bank bond market. It also implements registration management for foreign institutional investors. Foreign	Moderate: The circular narrowly opens a sector restricted to foreign investment.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Investing in the Inter-bank Bond Market		institutional investors shall apply for exchange registration via settlement agents. There will be no limits for a single institution. Finally, it requires the currency of the repatriation and remitting of funds to be the same.	
8/30/16	Circular on Managing Domestic Security Investments by RMB Qualified Foreign Institutional Investors	SAFE, PBOC, CSRC	The circular states that following approval from CSRC, foreign investors can have their investment quota calculated as a proportion of their total assets. The circular also provides the precise formulae for calculating the quota, along with other administrative details such as deadlines for applications to SAFE for approval. Foreign investors must have domestic Chinese representatives to file the required applications and registrations.	Limited: This reform is seen as a signal that financial regulators will allow global investors to play a bigger role in owning A-shares; but because demand is low for QFII, these reforms have a limited impact on the primary concerns of foreign institutional investors.

III. Administrative Licensing and Approval Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
5/15/13	Decision on Canceling and Decentralizing Administrative Items by the State Council	State Council	Eliminates or decentralizes 104 administrative items on the State Council website, including administrative approvals, awards, and administrative fees.	Limited: Few of the items included are among those of most concern to foreign companies, though the notice did make some changes in areas such as representative office registration, shipping, service outsourcing, and education appointments.
7/13/13	Decision on Removing 50 Administrative Approvals	State Council	Eliminates or decentralizes 50 administrative approval items.	Limited: Eliminates a small number of approval items that apply to foreign investments in specific areas such as certain types of imported cosmetics, medical services, and the movie

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				industry.
7/24/13	Notice on the Release of Regulations on Services Trade Foreign Exchange	SAFE	Shortens the approval process for cross-border services to ensure the healthy growth of the domestic services industry.	<u>Limited</u> : Relaxes requirements restricting domestic companies from depositing foreign exchange overseas, but such moves have a limited impact on the main challenges that many foreign companies face.
8/2/13	Notice on Partially Cutting Administrative Fees	NDRC, MOF	Lowers administrative fees for a variety of approvals required by 14 ministries.	<u>Limited</u> : Marginally reduces administrative fees in certain areas (e.g. trademark application fees were reduced from RMB 1,000 to RMB 800).
8/20/13	Notice on Easing the Visa and Residency Process for Foreign Talent	MHRSS	Streamlines the visa and residency permit application process for qualified foreign talent working in China.	<u>Limited</u> : Streamlines the application process for foreign and domestic companies' high-skilled employees from overseas, but this is not a huge issue for foreign companies.
9/19/13	Notice on Strictly Limiting New Administrative Licensing Procedures	State Council	Limits the number of new administrative licensing procedures.	<u>Limited</u> : Broad impact on overall efforts to simplify administrative licensing procedures.
10/24/13	Notice on Removing 314 Provincial-level Administrative Fees	MOF, NDRC	Eliminates 314 administrative fees collected by local authorities.	<u>Limited</u> : Advances central government efforts to reduce administrative fees, but few of the affected fees are among US companies' top concerns.
11/8/13	Decision on Canceling and Delegating Several Administrative Approval Items	State Council	Cancels or delegates to lower levels of government 68 administrative approval items.	<u>Limited</u> : Advances government reforms to streamline administrative approvals, but few of these decentralizations touch on top foreign company concerns.
11/14/13	Administrative Approval Rules for Domestic Commercial Banks	CBRC	Eliminates some approval items, and delegates authority for others to lower-level officials.	<u>None</u> : Only applies to domestic banks, but also pushes forward administrative licensing reforms.
11/15/13	Catalogue Decentralizing MEP Approval Authority Over Environmental Impact Assessment Documents	MEP	Decentralizes approval authority over a total of 25 infrastructure projects and projects with minor environmental impact, such as distributed gas-fired generation, urban rapid rail transportation, civil airport expansion, and	<u>Limited</u> : Streamlines approval for environmental and infrastructure projects, but the scope is limited, and it is only beneficial for foreign companies interested in this sector.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			pumped storage power station.	
1/13/14	Notice on Implementing the Decision of the State Council on Eliminating and Delegating a Batch of Administrative Approval Items	SAT	Reduces administrative tax approval items and increases transparency requirements.	Limited: Small step forward in reducing administrative approval requirements, but does not address investment barriers that are of greatest concern to foreign companies.
2/7/14	Notice on Registered Capital Registration System Reform	State Council	Lowers requirements for registering new businesses and simplifies procedures in a move aimed at promoting a more market-oriented economy.	Moderate: Sets foundations for reducing registered capital requirements and easing the incorporation process for domestic and foreign companies. However, this impacts only one aspect of the foreign investment process – and not the most troublesome, which is market access.
2/18/14	Decision on Canceling and Decentralizing a Batch of Administrative Approval Items	State Council	Cancels or decentralizes 64 administrative approval items and 18 sub-items closely related to business development, such as the establishment of an enterprise, production license, business scope, and disposal of assets and capital.	Moderate: Eliminates selected business process approvals in a range of areas, including approvals related to foreign-invested banks and financial institutions.
3/25/14	Opinions on Further Optimizing the Market Environment for Enterprise Merger and Reorganizations	State Council	Streamlines M&A approval procedures by addressing issues in examinations and approval, financing, auditing, and service and institutional mechanisms that serve as obstacles for reorganization.	Limited: The opinions show progress in simplifying M&A approvals and increasing transparency that also applies to foreign companies. Policy uncertainty around foreign enterprises' M&A activities remains, especially with the draft Foreign Investment Law and its more extensive national-security review regime.
4/22/14	Notice on the Elimination of Non-Administrative Approval Items	State Council	Requires administrative agencies to review and eliminate non-administrative approval items.	Moderate: While the notice does not directly eliminate any administrative items, it formally requires agencies to review and eliminate these items, creating significant opportunities for administrative licensing reform. In

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				May 2015, the State Council canceled 49 non-administrative licensing approval items, and eliminated the non-administrative licensing category.
6/17/14	Notice on Improving Foreign Investment Review and Administration	MOFCOM	Removes requirements on initial capital contributions and capital contribution timelines for foreign companies, as well as registered capital requirements, except where stated otherwise by law.	<u>Moderate</u> : The notice eliminates requirements for how companies arrange capital contributions. This has simplified procedures for some companies that register a new entity or engage in a JV, but does not address the broader issue of separate regulatory regimes for foreign and domestic firms.
6/23/14	Notice on Promoting the Streamlining of Regulator Authority and Market Access	CBRC	Simplifies bank approval procedures by eliminating certain administrative approvals (such as approval for Chinese commercial banks and rural banks to open securities trust investment services in China for qualified foreign institutional investors), promoting more decentralization of approval authorities (particularly oversight of local financial institutions); and promoting greater consistency in approval processes and standards through various means, including unified examination and inspection procedures.	<u>Limited</u> : Administrative approvals and licensing are important issues for foreign enterprises, but this does not set forth any new treatment for foreign enterprises. This policy is instead directed at improving domestic banking bureaucracy.
6/26/14	Notice on Further Tightening Enterprise-related Charging Administration to Reduce Enterprise Burdens	State Council	Introduces measures to control administrative and other government fees charged to enterprises by establishing a list of authorized fees with allowable values. The notice also requires the removal of any pre-approval charges that lack a legal basis.	<u>Limited</u> : While the policy is national in scale and contributes to increased transparency, administrative fees are not a top concern of foreign companies and will not have a major influence on operations.
7/25/14	Notice on Improving the Registration System for Foreign Investments in Real Estate	MOFCOM, SAFE	Establishes an electronic filing system for foreign companies to register real estate investments, and delegates oversight from central to provincial-level MOFCOM departments.	<u>Limited</u> : Reform makes some improvement to the previous approval process for real estate investment, but the notice does not change the amount, type, or any other relevant market access condition for

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/12/14	Decision on Canceling and Adjusting a Batch of Administrative Approvals	State Council	Removes or relaxes administrative approval processes for certain investment projects and professional certifications. In total, 95 measures have been removed or relaxed, though very few directly impact foreign companies.	foreign investments in real estate. Limited: Though a positive symbolic step, impact on foreign companies is limited. For example, one cancellation eliminates MOFCOM and NDRC pre-approval for FIE investments in "encouraged" industries from the CGFI, making that process easier – but ignoring the broader investment issues that companies face if their industries are not marked as "encouraged."
8/15/14	Decision on Revising Certain Administrative Regulations	State Council	Removes certain articles covering administrative approvals in 21 regulatory measures, such as the Telecommunication Provisions and the Administrative Regulations on Civil Explosives.	Limited: While a few of these regulations touch on foreign company interests, revisions are primarily general or process-oriented, and do not create new market opportunities for foreign companies; the majority of revised regulations are not directed at foreign companies.
8/19/14	Notice on Properly Handling the Change in Registration Requirements from Pre-Registration to Post-Registration	SAIC	Revises current requirements that businesses must first receive administrative approvals from other agencies before applying for a business license from SAIC. Instead, companies are permitted to directly apply for a business license from SAIC first and can apply for other administrative approvals if required.	Limited: Somewhat streamlines the process for opening new facilities, though it does not address or create market access opportunities, or address the larger challenges in administrative licensing.
9/11/14	Implementation Measures on Administrative Licensing of Foreign-invested Banks	CBRC	Replaces 2006 implementation measures on administrative licensing for FIE banks. These measures simplify administrative licensing procedures – such as narrowing the scope for approval of articles of association – and strengthen regulation on who may serve on a board of directors.	Moderate: Measures simplify administrative procedures for foreign banks, allowing them to establish unlimited sub-branches in cities where they have operations and eliminating minimum working capital requirements for new offices. While impact is limited to the banking sector, the measures allow more operational space.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
11/24/14	Decision on Canceling and Adjusting a Batch of Administrative Examination and Approval Items	State Council	Eliminates, adjusts, or decentralizes a batch of 226 administrative approvals.	Limited: Few of the items are among those of most concern to foreign companies, although the notice made some changes in areas such as commercial registration for foreign-invested enterprises.
12/8/14	Notice on Canceling and Adjusting Administrative Approval Items	CIRC	Cancels CIRC administrative approvals and credentials for actuaries for insurance companies, and changes the credentials to a post-approval registration requirement with SAIC.	Limited: Continued cancelation of administrative burdens is a positive step towards reducing government bureaucracy, but this small change has limited effect on foreign companies in general.
12/9/14	Notice on Adjusting the Administrative Policies Concerning the Access of the Inter-bank Foreign Exchange Market by Financial Institutions	SAFE	Cancels the requirement for SAFE to give pre-approval for qualified financial institutions to participate in the interbank foreign exchange and derivatives trading markets.	Limited: Streamlines the process for qualified institutions set up within China – a category which includes some foreign banks – to offer certain types of financial products in China, but does not create new market openings for foreign banks.
12/23/14	Notice on the Cancelation, Suspension and Exemption of a Batch of Administrative Fees	NDRC, MOF	Cancels or suspends for all enterprises a batch of 12 central government level administrative fees (such as land management fees and business registration fees), and for small and micro-sized enterprises an additional batch of 42 administrative fees (such as fees for software copyright registration and drug development assessment). The notice was in effect January 1, 2015.	Limited: Positive step in reducing administrative fees, but limited to small- and medium-sized businesses.
12/23/14	Notice on Exempting Small and Micro-Sized Enterprises from Contributing to Certain Government Funds	MOF, SAT	Exempts qualifying small and micro-sized enterprises from contributing to certain government tax funds (such as education funding, the water construction fund, and the cultural industry construction fund) between January 1, 2015 and December 31, 2017.	Limited: An effort to promote small businesses in China. Limited impact on the majority of foreign companies operating in China due to the RMB 30,000 monthly revenue cap to qualify for the exemption.
12/29/14	Work Plan for Simplifying Approval Items, Standardizing Intermediary	State Council	Creates a work plan for government agencies to clean up unnecessary pre-approvals for investment projects under their purview, calling	Moderate: Sets clear, specific timelines and goals for government agencies to eliminate unnecessary approvals for

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Services, and Implementing Parallel Online Approval Mechanisms for Enterprise Investment Projects		for the establishment of an online administrative approval platform for investment projects. Provides an appendix of government pre-approvals and their supporting rationale, while essentially requiring any approvals not in the appendix to be reported to SCLAO for review. Requires SCLAO to submit a report to NPC Standing Committee to approve, cancel, or amend the pre-approvals.	investment projects, streamline their approval processes, and create an online approval system. Impact remains dependent upon implementation of work plans.
12/31/14	Notice on Prohibiting Matters Pertaining to the Autonomy of Enterprises as Preconditions for the Approval of Enterprise Investment Projects	NDRC, State Commission Office of Public Sector Reforms	Specifies 18 areas where investment approval pre-conditions can no longer be used. Areas include bank loan commitments, financial letters of credit, feasibility study reviews, and review of rail line issues. This notice carries out NDRC's previous announcement requiring follow-up work in removal of investment pre-approvals.	Moderate: Removes some investment pre-approval conditions by forbidding government interference in a company's autonomy. There is also a clear effort to clean up rules that create project approval hurdles, and effort to block such barriers from re-appearing in future regulations. However, there continues to be a number of unaddressed procedures that are unique to foreign investment in China, and this reform does little to change the underlying challenges companies face in market access.
1/27/15	Notice on Republishing CBRC's Program for Collecting Administrative and Institutional Fees	MOF, NDRC	Authorizes CBRC to charge its supervising fees on commercial banks, credit cooperatives, finance companies, trust companies, and financial leasing offices, including institutional supervising fees and business supervising fees. Changes the method for calculating these fees for organizations.	Limited: The announcement requires ministry-specific implementation of items from State Council's institutional reform and functional transformation plan. However, these changes do not appear to mark any significant improvement.
2/12/15	Notice of Cancellation and Exemption of a Batch of Administrative Charges	MOA	Cancels and/or exempts a batch of 14 administrative fees for small and micro enterprises. Fees being addressed include phytosanitary fees, quarantine fees for animals and animal products, and personnel relations and archives preservation fees.	Limited: A minor step at reducing unnecessary administrative burdens on companies, but largely aimed at domestic companies.
2/28/15	Notice on Further	SAFE	Cancels direct investment foreign exchange	Limited: Positive step at removing

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Simplifying and Improving Foreign Exchange Administration for Direct Investment		registration approvals, and simplifies the capital expenditure registration procedures for foreign investors.	administrative barriers to controls on capital. Impact likely limited until broader reform measures remove controls from foreign capital exchange.
3/13/15	Decision on Canceling and Adjusting a Batch of Administrative Approval Items	State Council	Cancels a batch of administrative approvals and/or delegates approval authority to lower-level government bodies, and provides a list of business pre-requisite approvals. Sample approvals include software and integrated circuit design company accreditation and product registrations.	<u>Limited</u> : Improvements in removing administrative barriers in some areas, but statements that certain approvals such as FIE establishment approvals should not be removed indicate continued barriers.
3/16/15	Announcement Issuing the 2015 Catalogue of Construction Projects Subject to MEP Environmental Impact Assessment (EIA) Approval Documents	MEP	Delegates part of MEP's EIA administrative approval to provincial-level authorities, including approval on construction of thermal power stations, heat power stations, iron making and steel making, nonferrous metals smelting, national highways, and major theme parks.	<u>Limited</u> : Delegates approval authority to lower-level agencies following the 2015 revision of China's Environmental Protection Law. Only EIAs in certain sectors require central-level MEP approval. This is a further delegation of central MEP approvals to lower-level authorities, but is limited to the projects in the 2015 EIA construction catalogue.
3/19/15	Several Opinions on Building Joint Regulatory Mechanisms for Innovative Investment Management	State Council	Calls for jointly administering investment approval responsibilities between relevant authorities. Recommends building an online platform for investment approvals that also increases transparency.	<u>None</u> : High-level recommendations for improving the investment management and supervision regime, but no immediate changes to the business environment are made. Goals are aspirational and follow-up regulations are needed for specifics on how to carry out the opinions.
3/23/15	Work Plan for Decoupling Environmental Impact Assessment (EIA) Institutions from the National Environmental Protection System	MEP	Requires all entities under the environmental protection system with EIA qualifications be decoupled from construction projects by 2016. EIA-certified entities are forbidden from any form of ownership in companies being assessed.	<u>Limited</u> : Positive effort at addressing corruption in the environmental protection system, with potential to help address nationwide pollution problems. The work plan is part of high-level MEP goals to standardize EIAs and make the system more

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				accountable to public environmental concerns. Many companies use independent EIAs that fall outside the purview of this work plan, and thus the impact is limited.
3/31/15	Notice on Canceling and Adjusting a Batch of Administrative Approval items	CIRC	Cancels administrative approvals on seven items, including changing company ownership structure in excess of 5 percent of ownership shares for insurance companies.	<u>Limited</u> : Reduces administrative burdens on companies, but scope of changes is limited.
4/6/15	Notice on Improving Administrative Approval and Reviews in Dealing with Solid Waste	MEP	Requires provincial-level environmental protection authorities to initiate internal inspections to improve interagency regulatory transparency, address ineffective supervisory mechanisms, and boost staff technical capabilities related to supervision and approval of solid waste treatment. Inspection results and plans for improvement must be submitted to MEP by the end of June 2015.	<u>None</u> : An intra-government improvement in addressing bureaucratic issues and regulatory capabilities, but no immediate impact on foreign company concerns.
4/16/15	Several Opinions on Improving Port Work to Support Foreign Trade Development	State Council	Calls for improving and increasing the efficiency of Chinese ports to facilitate international trade, including immediate measures such as eliminating unnecessary port fees and canceling or streamlining administrative approvals involved with customs clearance.	<u>Limited</u> : Increased efficiency in administrative customs processes and removal of unnecessary administrative approvals would be welcome changes for foreign companies.
4/29/15	Notice on Cleaning up and Regulating Intermediary Services for Administrative Approvals by State Council Departments	State Council	Prohibits departments in the State Council responsible for administrative approvals from requiring any applicant to use middlemen, with the exception of licensing requirements found in laws, administrative regulations, State Council decisions, and normative documents that conform to the Administrative Licensing Law.	<u>Moderate</u> : Follows previous notices from State Council regulating intermediary services across all ministries and local governments. This notice is a welcome relief from administrative burdens, and companies have noted in discussions that this has made a difference in licensing processes.
8/18/15	State Council Opinions on Medical Device and Pharmaceutical Approval Reform	State Council	The opinions call for a thorough revamping of China's approach to drug and medical device approval systems; are aimed at adopting a more scientific and effective review and approval	<u>Moderate</u> : Substantially influences the way pharmaceutical and medical device approvals are managed, but raises key concerns on the definition

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			system for drugs and medical devices, with the goal of clearing the current application backlog of drug registration applications by 2016, and completing reforms to establish a defined timeframe for approvals and reviews by 2018.	of "new drugs" that are not in line with international best practices.
9/1/15	Notice on Issues Concerning the Strict Control and Regulation of Agreements Governing Mineral Rights Transfers	MLR	Simplifies approval and registration procedures for agreements governing prospecting or mining rights by providing concrete details governing such agreements, and by prohibiting authorities from instituting additional approval and registration checks to curb corruption.	<u>None</u> : Although the notice addresses corruption issues and clarifies administrative approval procedures, this is not a sector in which foreign companies can participate.
9/6/15	Notice on Work to Deepen Systemic Reform of the Production License for Industrial Products and Optimizing the Licensing Examination and Approval Process	AQSIQ	Describes various reforms to accelerate the production license process, including limiting approval to 30 days, simplifying the production license application acceptance steps, improving enterprise review methods, and improving product testing.	<u>Moderate</u> : Marks positive progress to streamline the process of applying for a production license, but this represents only one step in the administrative licensing process for a new product.
9/10/15	Notice on Implementing the "3-in-1" Registration System Reform	SAT	Sets specific goals and procedures for implementing reforms that would combine three existing licenses (business license, certificate of organizational code, and tax registration certificate) into one nationwide license, thus simplifying the registration and approval of business operation.	<u>Limited</u> : Sets specific guidelines for implementing an administrative licensing reform that will impact foreign companies. However, local implementation remains slow and inconsistent, inefficiencies persist and companies report that the registration process has not been significantly approved.
9/11/15	Administrative Provisions on Business Scope Registration for Enterprises	SAIC	Updates regulations to stipulate that a company's business scope must be consistent with its articles of incorporation or partnership agreement, and that those documents must be revised if the business scope changes.	<u>None</u> : Revision represents minor changes that do not create new openings or significantly streamline administrative licensing processes for foreign companies.
9/22/15	Notice on Work Related to Further Strengthening Management and Deepening Reform of Production License	AQSIQ	Permits the establishment of one or more institutions to conduct examinations for production licenses, and sets ground rules for how those institutions should operate and report to ASQIQ.	<u>Limited</u> : While the creation of quasi-independent review bodies to handle production licenses could improve service and streamline the licensing process, such improvements are not

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Examination and Certification Institutions			immediate.
10/9/15	Notice on Issues Concerning the Cancellation and Suspension of a Batch of Administrative and Institutional Fees	MOF and NDRC	Names 38 administrative and institutional fees (such as fees for obtaining an organization code certificate or recording agriculture-related IPR with customs) that will be canceled or suspended nationwide as of November 1, 2015 or January 1, 2016.	Limited: It lowers the cost for a few items that may impact foreign companies, such as fees for getting an organizational code certificate, but the impact on core foreign company issues is limited.
10/14/15	Decision on Canceling the First Batch of 62 Items Subject to Administrative Examination and Approval of Local Governments Designated by the Central Government	State Council	Cancels 62 items (among which 29 are tax-related) subject to administrative examination and approval of local governments designated by the central government, such as the examination and approval for projects funded by social welfare funds and tax exemptions and reductions for some laid-off workers.	Limited: Few of the items included are among those of most concern to foreign companies.
10/15/15	Notice on Implementing the Electronic Process for Examination and Approval of Enterprise Names	SAIC	Requires that enterprises seeking SAIC examination or approval of their company name electronically handle the whole process beginning November 2015.	Limited: Though the swap does make some aspects of this registration process slightly easier, it does not directly alter the timing or requirements of the process.
10/21/15	Announcement on Matters Concerning Product Registration and Production Approvals when Domestic Medical Device Manufacturers Open New Companies in Other Provinces	CFDA	Gives direction to provincial branches of CFDA on how to handle situations when registered medical device manufacturers apply to produce beyond the province where they are registered, and clarifies requirements and procedures when the manufacturers divide, merge, or restructure companies.	None: Purely a procedural clarification for local CFDA officials, with little bearing on top company issues, even in the medical device sector.
11/4/15	Seed Law of People's Republic of China	NPC	Simplifies approval process for certain strains of crops, including potatoes and peanuts.	Limited: Represents a concrete revision to a law that directly impacts the agricultural sector, but neglects to make improvement to the approval process for major crops such as rice, corn, wheat, soybeans, and cotton.
11/9/15	Notice on Further Strengthening the Administration of Fees for	AQSIQ	Cancels a batch of import and export fees as unreasonable or illegal and forbids transfers of fee collection and other matters that fall within	Limited: Affects companies that have been subject to these fees in the past, but little impact on more central

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Imports and Exports		the scope of governmental responsibilities to public institutions or intermediary organizations.	foreign company issues.
11/30/15	Notice on Simplifying and Optimizing Procedures of Public Service to Facilitate the Affairs Handling and Entrepreneurship at the Grassroots Level	State Council	Sorts and publishes the catalogue of public service items; eliminates extraneous certifications and complicated procedures; simplifies procedures for administrative approvals; accelerates inter-agency information sharing and business coordination; and advances online transactions and consultation.	<u>Limited:</u> This notice lays out principles for simplifying a variety of registration procedures. It is a broader document with limited immediate impact on foreign companies.
12/11/15	Provisional Measures of On-site Inspections	CBRC	Divides inspections conducted by CBRC into different types according to the situation; regulates the procedures for the approval of on-site inspection projects; enriches means and methods of inspections; and strengthens the handling of issues found during inspections and the use of inspection results.	<u>Limited:</u> Proposed measures would promote transparency in the execution of these inspections, but they do not significantly affect foreign company market access or operations.
12/28/15	2015 Telecommunications Services Catalogue	MIIT	The catalogue revises the licensing requirements for value added telecommunications services (VATS) in several areas including cloud computing, information delivery services (which may include text, image, video, audio, and application services), information search services, real time video and messaging, anti-virus and spam filtering processing. This is the first update to the telecom services catalogue since its 2003 inception.	<u>Limited:</u> The catalogue expands the scope and the licensing requirements for VATS services. The catalogue describes functions related to the infrastructure as a service (IaaS) and platform as a service (PaaS) models of cloud computing, clarifying that these models are subject to licensing and regulatory approvals. Companies note that the inclusion of cloud computing models under this definition is out of line with international best practices, further tightening the environment for foreign companies. Further implementing regulations are expected in the future.
12/29/15	State Council Reply on the Overall Pilot Reform Plan of Implementing Separation of Business Certificate and	State Council	Allows companies in Pudong New Area to obtain business licenses before applying for administrative permits.	<u>Moderate:</u> Improvement the administrative process for all companies establishing a new business, but is limited to a single

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
1/29/16	License in Shanghai Announcement [2016] No.5	GAC	<p>The announcement expands paperless automatic import licenses nationwide as of February 1, 2016. The effective scope covers goods (except for crude oil and fuel oil) under the automatic import licensing management system (featuring one license for one consignment). The announcement states that only one automatic import license is required for each customs declaration form. In the future, all goods under automatic licensing management will be included.</p>	<p>geographic area.</p> <p>Moderate: Paperless customs processes simplify customs reporting, ease the ability of companies to import items into China, and improve regulatory transparency and accountability. The paperless process also provides companies with clearer timelines for customs clearance. Previous pilot programs impacted only companies operating in certain areas. The national rollout will allow all companies operating in China to benefit from this reform.</p>
2/4/16	Certification Measures for High and New Tech Enterprises (HNTE)	MOST	<p>The measures issue a number of updated qualification factors for firms seeking HNTE status. Companies applying for or renewing HNTE status would no longer be allowed to use licensed IP to qualify. The implementing regulations further clarify that the HNTE applicant must own and register all IP in China to qualify.</p>	<p>Negative: The measures require companies to domestically manage IP to qualify for HNTE status. Most foreign firms manage global IP portfolios by licensing IP to internal and external corporate entities, a method that under the previous criteria would have allowed the company to qualify for HNTE status. The measures require foreign companies to transfer IP to a local entity or domestic partner to qualify for HNTE corporate tax reductions. Companies report gradually moving away from HNTE as a result of increasingly strict local government interpretation of qualification criteria. As a result, HNTE is less of a priority for foreign companies.</p>
2/19/16	Decisions on Abolishing the Second Batch of 152 Administrative Approval Items Designated by the	State Council	<p>The decisions cancel various administrative approval requirements, including those related to foreign investment in the advertising industry, outdoor advertisements, and</p>	<p>Limited: Continued cancelation of administrative burdens is a positive step toward reducing government bureaucracy, but because these</p>

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Central Authority to Local Governments		foreigners' entry into Chinese natural reserves. By doing so, all items that required administrative approval in the form of regulations that were open to citizens, legal persons and social organizations have been eliminated.	eliminations affect only a small portion of foreign companies, the impact remains limited.
2/23/16	State Council Decisions on Canceling 13 State Council Departments' Administrative Approvals	State Council	The decisions cancel approvals for a number of items, including: geological data protection and registration, the operation and circulation of RMB, the entrance to the national inter-bank lending market, the audit for commercial banks' RMB cross-border transportation of cash, liquidated foreign financial institutions extracting earning assets, the qualification for other futures institutions engaging in futures investment consulting business, the qualification of organizations to employ foreign experts, the accreditation for civil aviation staff, and the registration and exchange approvals for asset management companies' external non-performing assets disposal.	<u>Limited</u> : Some of these cancelations might make doing business easier for foreign firms seeking to employ foreign experts or extract earned assets from liquidated institutions. However, foreign companies indicate that administrative cancelations and decentralizations have had a limited impact on their operations.
2/24/16	Circular on Implementing the Decision of the State Council on Canceling the Second Batch of 152 Items Subject to Administrative Examination and Approval by Local Governments Designated by the Central Government.	SAT	The circular details the cancelation of executive examination and approval by local authorities with regard to 17 tax-related items.	<u>None</u> : Streamlines the administration of taxation with no direct impact on foreign companies.
2/26/16	Administrative Measures for Health Food Registration and Filing	CFDA	The measures create a new administrative system for health food registration and filing based on the new Food Safety Law. Registration is required for health foods made from ingredients not listed in the catalogue of ingredients for health food. Filings are required for health foods made from ingredients listed in	<u>Limited</u> : While continued standardization for health foods may be beneficial for Chinese consumers and foreign companies, it may also increase the regulatory burden for companies that manufacture health and nutrition products.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			the catalogue of ingredients for health food, and for those classified as supplementary vitamins or minerals that are being imported for the first time.	
2/28/16	Decision on Clearing and Standardizing the Second Batch of 192 Intermediary Service Items Subject to Administrative Examination and Approval of Departments under the State Council	State Council	The decision eliminates or alters a batch of 192 service items that require administrative examination and approval. Some of these items include eliminating previously required notarizations for the assessment of new foods or disinfection processes; the cancelation of certificates of capital verification for sino-foreign cooperative education projects or certain kinds of environmental testing; or canceling required registration reports for the import or export of certain agricultural products.	<u>Limited:</u> While some of the simplified items touch on licensing processes for foreign companies, the altered requirements only reduce the number of certain reports or paperwork associated with licensing tests, evaluations, or audits. In most cases, relevant industrial authorities are still required to oversee these tests.
2/29/16	Circular on Properly Adjusting the Public Hygiene Permits and Food Business Permits for Food Business	State Council	The circular amends existing regulations for the food business, including the cancelation of public hygiene permits for food businesses like restaurants, coffee shops, bars, and teahouses. The move is aimed at reducing the burden on businesses, strengthening regulation, and ensuring food security.	<u>Limited:</u> The move promises reduced burden on businesses, strengthened regulation, and enhanced food security, as well as streamlined registration processes, but the narrow applicability of the regulation leaves the impact limited.
3/1/16	Modification of Some Administrative Laws and Regulations	State Council	The modification amends and streamlines 66 administrative laws and regulations concerning administrative approval for enterprises. These include items related to environment protection, public health, animal protection, taxation, medical institutions, tobacco, securities trading, telecommunication, the printing industry, foreign-invested insurance companies, business places for internet service, pharmaceutical management, cultural relic preservation, grain reserves, transportation, and commercial performances.	<u>Limited:</u> These modifications address several areas impacting foreign business – foreign insurance companies no longer need prior approval from CIRC before engaging in outward or inward reinsurance with their associated enterprises, and are also more easily able to provide agriculture and motor vehicle liability insurance. Foreign-invested telecommunications enterprises, and some foreign enterprises seeking to engage in travel services are also impacted by these changes. Nevertheless, foreign companies

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				indicate that administrative cancelations and decentralization have had a limited impact on their operations domestically.
3/4/16	Guiding Opinions on Deepening the Reform of the Administrative Examination and Approval System and Effectively Reinforcing Interim and Ex-post Administration	SAT	The opinions require the adoption of lists of powers and responsibilities for tax law enforcement agencies and for taxpayers to follow classified and appropriate level administration. The opinions emphasize the need for construction of comprehensive taxpayer credit records, which will be included in the national uniform platform for sharing and exchanging credit information to advance the joint administration of tax credit and other types of social credit.	<u>Limited</u> : The opinions reflect a continued centralization of tax collection and data management activities as well as efforts to streamline and reform China's tax system with an aim toward greater transparency.
3/4/16	Announcement on Several Issues concerning Tax Administrative Licensing	SAT	The announcement defines items related to the supervision and inspection of tax administrative licensing; releases templates of 14 documents on tax administrative licensing, including an Application for Tax Administrative Licensing, and sets out a breakdown of items subject to administrative licensing that specifies the legal basis, implementing authorities, conditions, quantity, catalogue of application materials, and time limit for applications concerning seven types of administrative licensing. This also includes "the examination and approval of printing and preparation of invoices by enterprises."	<u>Limited</u> : These clarifications regarding the tax implementation and administrative procedures may streamline corporate tax reporting, but do not represent a significant improvement specifically for foreign companies.
3/7/16	Administrative Measures for the Registration of Formula Foods for Special Medical Purposes	CFDA	The measures stipulate that formula foods for special medical purposes produced and sold in China or exported to China must register with and receive approval from CFDA. The measures detail registration procedures and timelines. The measures do not apply to nutritional foods prepared by medical institutions for patients.	<u>Negative</u> : The measures increase the regulatory burden on companies producing infant formula. Because of the narrow applicability of the regulation, the impact on broader economic reform is limited.
4/6/16	Announcement on	MOF	This announcement lists 1,142 goods with eight-	<u>Limited</u> : This policy will speed up

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Releasing the List of Cross-border Ecommerce Retail Imports		digit tariff lines (HS codes), which are mainly daily consumables that can be imported via express delivery, mail or otherwise. Customs permits will not be required for goods included on this list. Directly purchased goods are exempt from the verification of customs clearance forms, but bonded goods purchased online are subject to verification by first-tier customs offices when entering bonded zones. These goods may be exempt from verification by second-tier customs offices when exiting such zones.	customs clearance for some goods, but constitutes only a limited improvement in the context of other significant market barriers affecting foreign companies seeking to engage in ecommerce.
4/7/16	Notice on Supervision Arrangements for Imported and Exported Products Sold on Ecommerce Platforms	GAC	This notice promotes the implementation of a single platform to collect information for customs clearance. This platform will unify information from cross-border ecommerce platforms, transportation and delivery providers, as well as payment providers contracted by the ecommerce platform.	<u>Negative:</u> The policy aims to streamline information, but increases the regulatory burden on ecommerce companies. Companies indicate the policy was developed without considering the unique situation of foreign companies operating in China because it requests information that companies cannot provide. For example, only an issuing bank, not a foreign payment processing company, would have user identification information, but under this policy, foreign payment processing companies are required to provide this information to customs. This raises questions for foreign ecommerce and payment companies who operate in China via representative offices or other structures.
4/25/16	Circular on Expanding the Exemption Scope of 18 Types of Administrative and Institutional Fees	MOF	The circular expands the exemption of 18 types of administrative and institutional fees for small and micro businesses to cover all enterprises and individuals. Specifically, such fees involve the departments of agriculture, quality	<u>Limited:</u> This policy marginally reduces some administrative fees for a narrow group of companies, most are in sectors where foreign investment is prohibited, and is therefore of limited

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			inspection and forestry, and include the "approval fee for new veterinary drugs," the "approval fee for the license for import of veterinary drugs," and "fee for the certificate of public measurement standards."	impact.
4/26/16	Notice on Pilot Program for the Promotion of Internet+ Administrative Services	State Council	The notice indicates that over the next two years, pilots will be implemented in 80 cities for internet-related reforms to administrative services. Inter-provincial digital license exchanges and online identity verification systems will be fully applied in 2017, reaching the "one number" (which means citizens can avoid duplicate applications by using their ID numbers as the only application number), "one window" (which refers to the goal of establishing an integrated online and offline administrative service system), and "one network" (a unified identity verification network system for people to get convenient administrative services on the Internet) target that covers more than 80 percent of basic public services.	<u>Limited</u> : This program is aimed at simplifying administrative applications in the long term for private citizens, and could reduce the complexity of record keeping, but does not focus on commercial concerns; therefore, it will have a marginal impact on foreign company operations.
5/5/16	State Council Decisions on Temporarily Adjusting the Relevant Administrative Regulations and some Administrative Approval Items Stated in the State Council's Document of Pudong New Area of Shanghai Municipality	State Council	The decisions provide that administrative approval requirements in Pudong New Area will be temporarily loosened in six categories, including business records for publications rentals; report filings on drug advertisements; radioactive drug licenses for medical institutions; approvals for processing trade contracts; and administrative approvals of first imports of general cosmetics. The temporary changes, which will be effective until Dec 21, 2018, are aimed at supporting the city's trial separation of business licenses from administrative approvals.	<u>Limited</u> : Although it is a move forward in reform to simplify business licensing processes, these decisions have only limited impact on the broader reform environment because they apply only to a small industry subset operating in a discrete geographic area.
5/24/16	Key Tasks in Reforms of Streamlining	State Council	In 2016, more than 50 approval items at the State Council and local government levels will be	<u>Limited</u> : Administrative licensing remains a primary concern for foreign

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Administration, Power Delegation, and Enhancing Public Services in 2016		further reduced, more intermediary services approved by the State Council will be eliminated, and approval items will be standardized and simplified. One-third of pre-approval items for commercial registration will be cut, reducing more than 90 percent of the original items, and more than 50 post-approval items will be canceled to lower the threshold for market access. In addition to the consolidation of three types of business licenses, social insurance and statistic code registration licenses will be integrated into the three-in-one business certificate, bringing five licenses into one and reducing the operating costs for entrepreneurship.	companies operating in China, despite repeated high-level initiatives to cut red tape and bureaucratic requirements. While this policy represents a step in the right direction, companies report limited substantive benefits accruing to their operations as a result of administrative licensing reforms. For such administrative streamlining to have meaningful impact, further implementation and improved interagency communication are needed.
5/26/16	Implementing Plan on Cleaning Up and Regulating Administrative Items for Investment Project Approvals	State Council	The plan promotes simplifying and integrating procedures for investment projects, reducing institutional costs, and inspiring investment.	<u>Limited:</u> While continued administrative simplifications are important, these changes do not touch on areas important to foreign company operations.
6/2/16	Notice on the Administration of Mobile Game Publishing	SAPPRFT	The notice clarifies the approval process for new mobile games; differentiates the licensing and other regulatory requirements for video games based on type and complexity; and sets forth a timeline for game approvals.	<u>Negative:</u> The regulations increase regulatory burdens for mobile game development and publishing companies, subjecting them to a strict and opaque approval process. The measures build on earlier measures from SAPPRFT related to online publishing services, effectively banning foreign companies from engaging in this service.
7/5/16	Notice on Accelerating the Registration reform of Five-in-One Business License and One License One Code	State Council	This notice officially implements the five-in-one business license on October 1, 2016 to reduce administrative approvals for startups and improve the overall business environment. This notice also promotes an online management system for business registration and the establishment of an information sharing	<u>Moderate:</u> This notice promises tangible improvements for companies such as simplifying the licensing process and easing regulatory burdens to registering a business, as well as reducing costs associated with licensing. It should be noted, however,

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			platform for use between related departments.	that local implementation of similar past reforms has been uneven.
7/12/16	Announcement [2016] No.12	CSRC	This announcement amends rules and normative documents in accordance with registration reform by "integrating the business license, the organization code certificate and the taxation registration certificate into one certificate" ("Three-in-One").	<u>Limited</u> : This announcement simplifies the registration and filing procedures for all companies doing business in China, but it does not constitute a fundamental change.
7/25/16	Decision on Revising the Administrative Measures for Safety Evaluation of Agricultural GMOs	MOA	The decisions eliminate specific application deadlines for agricultural GMO safety evaluations, instead requiring evaluations "at least" twice per year. The decision also establishes the National Agricultural Genetically Modified Organisms Safety Commission, which will replace the Inter-ministerial Joint Conference for the Administration of Agricultural GMOs Safety, to take responsibility for the evaluation of GMOs.	<u>Moderate</u> : Companies have noted that calls for respecting scientific procedure and adhering to law, while not incorporating social considerations into the decision making process, have the potential to positively impact companies in this space. While recent decisions on new trait approvals have come only once or twice each year, this decision may open new opportunities for rolling approvals throughout the year. However, companies note that previous experience with GMO approvals has shown that implementation will be key to the significance of this reform measure.
7/27/16	Circular on Effectively Implementing the Interim Measures for the Administration of Internet Advertising	SAIC	This regulation clarifies that China's Advertising Law applies to direct and indirect online marketing of goods and services, including texts, pictures or videos with links, email advertisements, paid search advertisements, and commercially displayed advertisements. The regulation also details AIC's extensive supervisory and investigative powers, and stipulates that medical and pharmaceutical ads, as well as ads for pesticides and veterinary drugs, must be reviewed and approved before they can be published online.	<u>Limited</u> : Although this circular does not represent any major liberalizations for foreign companies, it does bring regulations governing advertisements on the internet in line with those governing other media, which can affect foreign companies with advertising operations in China.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/29/16	Notice to Combine Privately-owned Business License and Taxation Registration Certification	State Council, NDRC, SAT, SAIC	The notice combines the business license and tax license into one, rather than separate applications through SAIC and SAT. Under the new process, SAIC will issue a social credit code shared by SAT to apply for the single license. Heilongjiang, Shanghai, Fujian and Hubei will initiate implementation October 1, 2016, with the remaining provinces and municipalities implementing December 1, 2016. The new social credit code will be issued to business units that apply for an upgrade for their licenses before December 1, 2016.	Limited: While these guidelines will implement an administrative licensing reform that affects foreign companies, it is initially limited to select cities. Additionally, previous administrative simplification has been met with mixed results, stymied by administrative difficulties in other parts of the system.
9/6/16	Measures for Monitoring Whitelisted Companies in the Shipping Industry	MIIT	The measures call for increased supervision and checkups of ship manufacturers, and provide a list of criteria that allows the government to remove companies from a whitelist. Companies can be disqualified and removed from the whitelist if they are underperforming, declare bankruptcy, or file false reports.	Limited: This whitelist is an attempt to streamline efficiency in China's shipbuilding industry, listing 51 of China's approximately 1,600 industries. Although the shipbuilding industry is plagued by overcapacity, creating a list of firms receiving policy report – and, by extension, a list of companies not receiving support – is not as direct as allowing market-oriented reforms to push underperforming firms out of business.

IV. Institutional Reforms

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
2/5/15	Guiding Opinions on Promoting the Socialization of	MEP	Calls for increased public participation in environmental monitoring of business activities.	Limited: Encouraging increased private participation in monitoring environmental issues and reducing the role of MEP is likely to

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	Environmental Monitoring Services			have a positive impact on the ability of foreign companies to provide services. It is not clear if participation includes foreign companies, but no specific language excluding them exists in the document.
3/16/15	Guiding Opinions on Integrating Inspection and Certification Institutions under the National Quality Inspection System	AQSIQ	Plans to divide existing quality inspection institutions into nonprofit and for-profit entities, and lists administrative goals such as separating public service entities from administrative entities, regulators from operators, and transforming governmental entities into enterprises.	Limited: Reforming the customs inspection process and its relevant authorities are likely welcome reforms. These opinions do not contain implementing details and will require follow-up implementation plans in order to have meaningful impact on foreign companies.
3/23/15	Guiding Opinions on Promoting an Authority List for Local Government Working Departments	CCP Central Committee, State Council Information Office	Requires local governments to accept public supervision and publicize their administrative powers and responsibilities in catalogues, along with the legal basis for all their administrative powers. Provincial governments are to complete their reports by the end of 2015, and city and county-level authorities are to complete their reports by the end of 2016.	Moderate: The opinions are a positive move toward transparency at all levels of government, and fall in line with a recent trend of unifying tax incentives and removing administrative barriers on companies' autonomy to make investment decisions. Several provinces, including Anhui, Fujian, Guangdong, Hebei, and Hubei, have already begun issuing power lists, as well as nearly all ministries under the State Council.
4/12/15	Approval of the Reform Implementation Plan of China's Export-Import Bank	State Council	The measure approves PBOC's reform implementation plan for China's Export-Import Bank, and calls for the plan to: strengthen China Ex-Im Bank's policy positions, reasonably define its scope of operations, and identify risk compensation mechanisms. The notice does not, however, include the full text of the plan.	None: This is an internal (and unpublished) government reform measure to provide more clarity on the role of China's Ex-Im Bank in international trade financing. The measure has no direct impact on foreign companies as it simply supports reform of a bank that finances Chinese products sold abroad.
4/12/15	Approval of the Reform Implementation Plan of China Development Bank	State Council	Approves PBOC's reform implementation plan for China Development Bank, and calls for PBOC's reform plan to adhere to China Development Bank's position as a developmental financial institution,	None: It is an internal (and unpublished) government reform measure to provide additional goals pertaining to PBOC's reform plan for China Development Bank. It is likely there will be no direct impact on foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			and to improve organizational structure and governance.	
4/12/15	Approval of the Reform Implementation Plan for Agriculture Development Bank of China	State Council	Approves PBOC's reform implementation plan for the Agriculture Development Bank of China, and also calls for PBOC to improve account management and classification, and define its responsibilities and risk compensation mechanisms.	<u>None:</u> This is an internal (and unpublished) government reform measure to provide additional reform goals pertaining to PBOC's reform plan for Agriculture Development Bank of China. It is unlikely to have direct impact on foreign companies.
4/21/15	Notice on Establishing the State Council Coordination Group for Promoting Transformation of Government Functions	State Council General Office	The notice announces the head (Zhang Gaoli) and other eight members of the State Council Coordinating Small Group for Promoting Functional Transformation, and identifies six reform-focused sub-groups (such as one focused on administrative approval reform) and four functional sub-groups.	<u>Limited:</u> The reform group is set to tackle issues of importance to domestic and external reforms. The Small Group is likely to have a positive impact on improving inefficiencies in China's government functions over time, but much will depend on the group's decisions and implementation.
8/20/15	Letter on the Agreement to Establish an Interagency Joint Conference on Promoting Public Entrepreneurship and Innovation	State Council	Establishes an interagency dialogue and study mechanism to plan and coordinate work related to public entrepreneurship and innovation, including the study of major issues and joint implementation. The group will be headed by NDRC Chair Xu Shaoshi.	<u>None:</u> Establishes a new internal government group, versus representing any near-term policy change. Additionally, the group's focus is likely more domestic than foreign.
10/27/15	Notice on Cutting Ties to Industry Associations and Chambers of Commerce by Reforming the Methods of Financial Support	MOF	Sets a timeline for cutting government support for industry associations and chambers of commerce, granting such groups 100 percent of their basic budget in 2015, 80 percent in 2016 and 2017, and none thereafter.	<u>None:</u> While this move could make industry associations more competitive and more member driven, it will not have any near-term impact for foreign companies.
12/1/15	Letter on Approving the Establishment of the Interministerial Joint-conference Mechanism to Promote	State Council	Approves the establishment of a cross-ministerial mechanism to promote effective investment, establish government investment project reserves, draft a three-year rolling	<u>Limited:</u> This additional mechanism aims to increase the role of the government in allocating investment but offers limited implementing details. Additional policy coordination between investment policymakers may provide a more

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Investment		investment plan, and better coordinate investment policies among participating ministries.	coherent national investment framework by 2018.
1/5/16	Pilot Program to Formulate a List of Powers and Responsibilities for State Council Ministries	State Council	The program urges ministries to draft lists of their administrative powers and responsibilities as a part of China's governance system reform. The five ministries include: National Development and Reform Commission, Ministry of Civil Affairs, Ministry of Justice, Ministry of Culture, General Administration of Customs, State Administration of Taxation, and China Securities Regulatory Commission.	<u>Limited</u> : Further simplification and clarification of administrative powers has the potential to increase transparency and improve the ease of doing business for firms that interact with NDRC, GAC, SAT, or CSRC. However, this does not fundamentally alter the investment environment for foreign firms.
3/3/16	MEP Responses on the Institutional Adjustments	MEP	The responses confirm that the divisions overseeing pollution prevention and emissions control will be reconfigured into three arms tackling air, water and soil pollution.	<u>Limited</u> : The further division and specialization of MEP administrative functions could strengthen efforts to address pollution issues and improve enforcement. Foreign companies with robust emissions compliance practices report that increased emissions enforcement would help level the playing field with their domestic competitors.
6/16/16	Opinions on Promoting Legal Counsels System and Public Office Layers System	State Council	This document orders all central ministerial agencies, governments and Communist Party committees above the county-level, as well as state-owned enterprises (SOE), to adopt a legal counsel system before 2017. Government and Party organizations are urged to hear the opinions of legal counsel before deliberations or major decision making. They are also encouraged to involve legal counsel in the decision-making process; the formulation of major government policies and intra-Party rules; and the handling of certain legal cases and emergency situations. Legal counsel at	<u>Moderate</u> : This reform policy implements a decision released after the Third Plenum to establish a universal system of legal counsel, and has the potential to increase adherence to rule of law for government bodies and state-owned enterprises.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			SOEs will take part in the formulation of board rules; help to review operational decisions and contracts; and provide legal opinions on major moves, such as mergers and acquisitions, reorganizations, efforts to protect intellectual property; and actions to go public.	
6/27/16	State Council General Office Notice on Establishing the Government Procurement Services Reform Leading Group	State Council	The notice sets up a leading group responsible for working on policies and measures for reforms to the government procurement system. The new leading group will overcome technical challenges and attempt cross-department fixes to systemic issues. It may also help distinguish what type of procurement law Public Private Partnerships (PPP) fall under – an area where regulatory confusion has existed for some time.	Moderate: Reporting on this leading group suggests it will primarily be focused on private companies working with the government to provide public services, either explicitly using the PPP umbrella or directly through contracted services. The true impact of this leading group will become clear as it begins to implement decisions.
8/17/16	Circular Approving the Measures for Evaluating Food Safety Management	State Council	The circular establishes that the Food Safety Commission of the State Council will annually evaluate local governments on their performance of food safety management. A working group will conduct annual onsite assessments and generate reports before November of each year. Local governments will produce comprehensive summaries and provide self-assessment reports on food safety. The commission will evaluate of those reports, sometimes with a third-party institution’s assessment. Based on these evaluations, the commission will assign provinces grades of A, B or C, and the commission with praise the top 10 grade A provinces and reward	Limited: Evaluation of local implementation efforts will likely strengthen food safety standards for Chinese consumers and all companies and has the potential to level enforcement of food safety investigations. However, more frequent investigations may result in increased regulatory burdens for foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			institutions and personnel who make outstanding contributions to food safety. Officials in charge of food safety in C-grade provinces will undergo special interviews.	
9/5/16	Circular on the Interim Measures for Sharing Administrative Information	State Council, NDRC	NDRC will promote greater sharing of government information and public data to enhance administrative efficiency and improve services. A new inter-ministerial meeting on the development of big data will provide free access to certain types of information. The NDRC and local authorities will build a national and local information sharing platforms. All departments in charge of the information system should annually report the use of shared information resources to the inter-ministerial meeting before February. The NDRC will also make guidelines for departments to formulate information catalogs to be updated within 15 days of any legislative amendments or administrative changes. Basic data on population, legal entities, natural resources, and electronic licenses should be unconditionally shared. Departments need legal or political basis for refusing to share information.	<u>Limited:</u> These measures represent a small step forward for administrative transparency, and do not detail concrete changes to particular procedures. This circular is similar to other Internet+ Governance initiatives, and while foreign IT firms could conceivably contribute to the development of more efficient administrative systems, it remains to be seen whether foreign companies would be allowed to participate in government procurement programs, especially in the IT sector.

V. Role of the State and the Market

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/19/13	Opinions on Reforming the Railway Investment and Financing System and Accelerating Railway Construction	State Council	Opens ownership and management rights of intercity rail, city (suburban) railway, resource development railway and railway branches to local government and social capital, and encourages social capital to invest in railway construction.	<u>None</u> : Encourages the use of private capital in railway construction – but social capital does not likely include foreign investment.
9/26/13	Guiding Opinions on Government Procurement of Services from Social Organizations	State Council	Allows further market access in the public services sector for eligible social organizations and enterprises.	<u>Limited</u> : Promotes the establishment of a services procurement system that will include public participation, but does not clarify the extent to which this includes foreign companies.
12/6/13	Notice on Improving the Operating Budget for State-Owned Assets	CSRC	Requires SOEs to provide a portion of revenues to the state.	<u>Limited</u> : Promotes SOE reforms, particularly related to profits and revenues, but does not change the role of SOEs in the economy.
12/18/13	Opinions on Further Deepening the Reform of Shanghai State-owned Assets and Promoting the Development of Enterprises	Shanghai Municipal Government	Introduces 20 reform measures designed to accelerate SOE structural adjustments, standardize corporate governance structures, improve personnel selection and incentive mechanisms, improve international competitiveness, and optimize supervision.	<u>Limited</u> : Promotes needed reforms for SOEs to push them toward market-based operations, but scope remains limited to Shanghai-controlled SOEs.
12/31/13	Opinions on Accelerating the Operations of Medical Institutions with Social Capital	NHFPC	Incorporates the operations of medical institutions with social capital into the planning of the health services system in the coming five years, and requires local jurisdictions to develop reasonable policies for non-large-scale medical devices and equal treatment between private and public hospitals.	<u>Limited</u> : Promotes the establishment of private hospitals, but it is unclear to what extent it has increased access for foreign companies.
1/20/14	Guiding Opinions on Strengthening Value Management of Central State-owned Enterprises with Focus on Evaluation of	SASAC	Calls for SOEs to focus on improving efficiency and using EVA as a key performance indicator.	<u>None</u> : While this represents a step toward holding SOEs more accountable for performance, it does not fundamentally alter the competition dynamics that impact foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Economic Value Added (EVA)			
2/13/14	Regulatory Measures on the Equal Opening of Oil and Gas Pipeline Facilities (Trial)	NEA	Requires government agencies to fairly, openly, and transparently regulate oil and gas pipeline facilities, and opens investment to the private sector.	Limited: Allows private capital investment in an area dominated by state capital, but will only impact a limited range of companies.
4/23/14	Opinions on Establishing the Long-term Mechanism of Natural Gas Supply	State Council	Increases natural gas supply to as much as 420 billion cubic meters per year by 2020, and opens energy market to private capital.	Limited: Opens investment in the energy market to more private capital, but will only impact a limited range of companies.
5/18/14	Notice on Encouraging Social Capital in Infrastructure and Other Projects (First Batch)	NDRC	Encourages private investment in 80 specific infrastructure and other projects.	Limited: Allows private participation in select infrastructure projects, but scope is limited and does not appear to have had measurable impact for foreign participation.
7/14/14	Notice on Issues Concerning Overseas Financing for Special Purpose Investment Vehicles (SPVs) Set Up by Chinese Residents, and Return Investment Foreign Currency Exchange	SAFE	Defines the scope of special-purpose vehicle (SPV) foreign exchange transactions administered by SAFE, and expands financing channels by allowing domestic companies to acquire foreign currency for SPV investment. Improves the process for Chinese residents' overseas financing activities and cross-border capital transactions.	None: Measures are aimed only at Chinese companies and individuals.
8/29/14	Proposal for Reform of the Compensation for Leaders of Central Government-Managed Businesses	CCP Politburo	Proposes four reforms for SOE leadership compensation, including determining appropriate levels of compensation for SOE leadership. Expected to reduce compensation by at least 50 percent for high-level executives.	None: Although it has no direct impact on foreign companies or market access issues, it remains a positive step in systemic reform.
8/29/14	Opinions on Rationally and Strictly Standardizing SOE Leadership Compensation and Expenditures	CCP Politburo	Calls for creating a rational standard for SOE leadership compensation and expenditures, and removes authority for SOE leadership to determine salaries.	None: Limiting SOE leadership compensation has no direct impact on foreign companies or market access issues.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/12/14	Notice on Accelerating the Construction of Projects for Healthcare and Elder Care Services	NDRC, MCA, MOF, MLR, MOHURD, NHFPC, PBC, SAT, GAS, CBRC	Requires upgrading of medical treatment and elder care capabilities, including a new requirement that 25 percent of available hospital beds must be in private hospitals by 2020. The policy also sets targets of having 4.97 hospital beds per 1,000 people by 2015, and 6 hospital beds per 1,000 people by 2020.	Limited: Potentially important development for foreign companies involved in healthcare services, including the possibility of future access to public funds. Follow-up notices have included more specifics to clarify the general goals in this notice.
11/26/14	Guiding Opinions on Innovating Financing Mechanisms and Encouraging Social Investment in Key Sectors	State Council	Lays out public service projects in fields such as infrastructure, transportation, environmental protection, and ecological construction that should seek private capital for funding.	None: Potentially positive move to decentralize the government's role in supplying all social services and allowing private participation. However, it is unclear that this policy has expanded the scope of foreign investment.
12/2/14	Guiding Opinions on Carrying Out Public-Private Partnerships (PPP)	NDRC	Outlines the scope, goals, and reporting mechanisms for implementing the State Council's public-private partnerships for basic government services and infrastructure.	Limited: The opinions further transparency and private participation in providing services, but the direct impact on foreign remains vague. Indirect impact for foreign suppliers for projects under the PPP umbrella remains likely.
12/25/14	Announcement on Opening the Broadband Access Market to Private Capital	MIIT	Encourages private capital to invest in wireless broadband access services in several designated pilot zones.	None: Encouraging step toward gradual liberalization of the traditionally entrenched telecom services market, but it remains unclear to what extent "private capital" is inclusive of foreign investment.
1/12/15	Guiding Opinions on Encouraging Private Capital to Invest in Hydropower Stations	NEA	Outlines the processes and goals for new energy development in China. These opinions focus on the private market playing an important role in the development of hydropower stations as a means of developing clean energy.	Limited: Allows private capital investment in an area dominated by state capital – but it remains unclear to what extent openings have been extended to foreign investment.
2/25/15	Implementing Opinions on Encouraging the Participation of Private Capital in the Development of Elder	MCA, MHRSS, NDRC, MOE, MOF, NHFPC, MLR, CBRC, CIRC, MOHURD	Encourages private capital to participate in developing the elder care market by recommending preferential tax policies, using public-private partnerships, and developing educational programs to improve the	None: The opinions lack implementing details, and only apply to a small scope of businesses. Although some provincial and local governments have sought to privatize elder care facilities – such as Beijing's August 2015 move to privatize 215 nursing homes – neither the

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Care Services		talent pool.	opinions nor the follow-up actions have provided clear indications about foreign capital.
3/17/15	Notice on Promoting the Support of Development Financing for Public-Private Partnerships (PPPs)	NDRC, China Development Bank	Encourages adopting various financial tools to fund PPP projects. Instructs China Development Bank to provide preferential policies for PPP projects, such as giving priority to PPP financing needs, and setting up green channels to expedite the loan approval process.	<u>Limited</u> : Encouraging private capital in infrastructure building through PPP is not a new concept. The extent foreign companies are able to actively participate in PPPs remains unclear.
3/30/15	Implementing Opinions for Encouraging and Instructing Social Capital to Participate in the Construction of Major Water Conservancy Projects	MOF, NDRC, Ministry of Water Resources	Encourages social capital, including SOEs, private enterprises, and foreign-invested enterprises, to participate in major water conservancy projects. Preferential and supporting measures for social capital investment are also addressed, for instance, financial subsidies, market-driven price mechanisms, policy-based finance, and preferential tax policies.	<u>Limited</u> : Encouraging foreign capital in infrastructure building through public-private partnerships could provide openings, but the impact and scope of this policy appear to be limited.
4/9/15	Guidelines for Issuing Bonds in the Elder Care Industry	NDRC	Encourages companies to finance debt for investment in the elder care industry by issuing bonds, and calls for increased efficiency in NDRC approval of company applications to issue debt.	<u>Limited</u> : Easing debt issuance policies helps encourage investment in this industry but impact is limited to this sector.
4/9/15	Guidelines for Issuing Bonds for the Construction of Urban Parking Lots	NDRC	Encourages companies to finance debt for investment in urban parking lot construction by issuing bonds, and calls for increased efficiency in NDRC approval of company applications to issue debt.	<u>Limited</u> : Easing debt issuance policies helps encourage investment in this industry but impact is primarily limited to this sector. It is unclear to what extent foreign company suppliers to the construction industry have been impacted.
4/9/15	Guidelines for Issuing Bonds for Urban Underground Pipeline Networks	NDRC	Encourages companies to finance debt for investment in underground pipeline construction projects by issuing bonds, and calls for increased efficiency in NDRC approval of company applications to issue debt.	<u>Limited</u> : Easing debt issuance policies helps to encourage investment in this sector, but impact is limited to this sector. It is unclear to what extent foreign company suppliers to the construction industry have been impacted.
4/9/15	Implementing	MOF, MEP	Encourages social capital to participate	<u>Limited</u> : The opinions set high-level goals for

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Opinions on Promoting Public-Private Partnerships (PPPs) for the Prevention and Control of Water Pollution		and invest in PPP projects related to the prevention and control of water pollution. The opinions instruct local governments to create preferential policies for PPP projects, such as providing funding support and other financial incentives and subsidies.	promoting improvement in critical infrastructure projects such as water pollution. These opinions do not explicitly address foreign company participation in PPP projects, and direct impact on foreign company access to quasi-government projects appears limited.
4/22/15	Notice on Financial Support Policies for the Promotion and Application of New Energy Vehicles (NEVs) from 2016-2020	MOF, NDRC, MOST, MIIT	Extends promotional policies (originally introduced in 2014 by the State Council) that favor NEVs through 2020. The policies and subsidies are only available to consumer purchases of NEVs listed in a government NEV promotion catalogue.	<u>None</u> : A February 2015 NEV catalogue of cars that qualify for subsidies includes 18 brands, but none are foreign company brands. Foreign companies are shut out from being included in the subsidies.
4/24/15	Administrative Measures for the Franchising of Infrastructure and Public Utilities	NDRC, MOF, MOHURD, MOT, MWR, PBOC	Encourages social capital to invest in franchising projects involving energy, water conservancy, environmental protection, municipal engineering, and other infrastructure and public utilities. The measures aim to improve the quality and efficiency of public services, as well as enhance cooperation between government and social capital organizations. One goal is to streamline the process for public-private partnerships (PPP).	<u>Limited</u> : Broad agreement from several key ministries involved in the implementation of PPP projects in China. Previously, many individual ministries released their own specific PPP regulatory documents, which created confusion, but these measures could streamline processes and improve implementation of PPP projects. Foreign entities with Chinese legal person status (such as Chinese subsidiaries of foreign companies) are allowed to participate in these projects.
5/22/15	Guiding Opinions on Promoting Public-Private Partnership (PPP) in Public Services	State Council	Encourages the adoption of PPP projects in 13 areas including energy, water, environmental protection, agriculture, forestry, affordable housing, medical treatment, healthcare, and retirement.	<u>None</u> : No new or more specific details on PPP are listed in these guiding opinions. It mainly serves as a signal to local governments and ministries to promote PPP. The opinions do not simplify the project approval process or improve financial support policies.
5/22/15	Notice on Applying the Public-private Partnership Mode to Promote the Public Rental Housing	MOF, MLR, MOHURD, PBOC, SAT, CBRC	Demonstrates the-conditions for PPPs in public rental housing, including the application scope and supporting policies such as fiscal policies, tax and surcharge policies, land policies,	<u>None</u> : Applies only to PPPs for public housing, an industry with few foreign investors.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Investment, Construction, and Operation		acquisition policies and financing policies.	
5/25/15	Work Plan on Instructing and Supervising the Work of Local Departments in 2015	SASAC	Promotes deepening local SOE reform. Measures to be taken include launching a pilot Employee Stock Ownership Plan (ESOP) in mixed-ownership enterprises, drafting guiding opinions on establishing a professional managers system, and preventing the loss of state assets.	<u>None</u> : Although a potential ESOP might increase corporate governance at mixed-ownership SOEs, no details, timelines, or implementation measures were provided.
6/2/15	Notice on Further Improving the Work of Increasing the Income and Reducing the Expenses for Central Enterprises	SASAC	Issues nine measures to increase SOE revenue and reduce expenses such as travel, meetings, and receptions; stipulates that overall salary expenses will be linked to profits, meaning that a decrease in profits should decrease overall salary expenses.	<u>Limited</u> : The notice only impacts SOEs, and it remains unclear to what extent it has directly affected FIEs. Indirectly, however, linking SOE pay to profits is likely to enhance the overall labor market, including for FIEs, in terms of human resources recruitment and retention.
6/15/15	Measures on Accelerating the Development of Nonpublic Medical Institutions	State Council	Encourages social capital to invest in and establish medical institutions. Promotes measures to facilitate social capital investment, including lowering the thresholds for market access, widening investing and financing channels, and providing preferential tax policies.	<u>None</u> : The scope of reform is limited to medical institutions, which are domestic Chinese companies. The depth of reform is unclear, because the measures lack specific implementation guidelines.
6/26/15	Guiding Opinions of the China Banking Regulatory Commission on Promoting the Development of Private Banks	State Council	Encourages private capital to invest in the banking industry. Private enterprises that meet specified conditions are encouraged to set up banks, and private banks are encouraged to create innovative products, services, management, and technologies.	<u>Limited</u> : The opinions lack specific implementing details or timelines. Equity caps on foreign investment in banking in China remain, and limit the impact of this policy.
7/7/15	Announcement on Bidding Projects for Oil and Gas Exploration	MLR	Opens bidding for six blocks of land in Xinjiang for three-year exploration rights to domestically registered	<u>Limited</u> : This policy loosens China's state monopoly over upstream oil and gas exploration by inviting private investors to

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Blocks in Xinjiang		companies with more than RMB 1 billion in assets. Requires the bidding company's main shareholder or actual controller to be a Chinese citizen or state asset management department. Allows joint ventures with foreign capital to participate in bidding.	participate in competitive bidding of land blocks. Though a welcome opening for private capital, foreign firms can only participate through a joint venture, limiting the opportunities for foreign companies.
7/10/15	Notice on Launching Pilot Work on a National Electronic Tendering and Bidding Platform	NDRC, MIIT, MOHURD, MOT, MWR, MOFCOM	Creates a standardized electronic tendering and bidding system that will be piloted in Shenzhen and Kunming, and later expanded to five other provinces and two cities.	<u>Limited:</u> An electronic bidding system can create more transparent and improved supervision over the tendering and bidding process, but it remains unclear to what extent this has positively affected companies. The narrow geographic scope results in the notice being of limited significance.
7/23/15	Notice on Matters Concerning Crude Oil Processing Firms Applying for Non-state-trade Import Qualification	MOFCOM	Allows privately-owned refineries to import crude oil as long as they have an annual refining capacity of more than 2 million tons, storage capacity for no less than 300,000 tons of crude oil, and terminals that can handle more than 50,000 tons.	<u>Limited:</u> This notice opened up a heavily-monopolized sector to private capital, and should promote greater reform in the industry. However, the scope of foreign companies directly impacted is limited.
8/5/15	Notice on Promoting Random Inspections to Standardize Mid- and Post-Event Supervision	State Council	Promotes random inspections of items that have a legal, regulatory, or policy basis for being inspected, and calls for items without a legal, regulatory, or policy basis not to be inspected. Calls for establishing a "double random" inspection system, in which a mechanism randomly selects both an individual market entity for inspection as well as an enforcement officer to carry out the inspection.	<u>Limited:</u> More randomized inspections are a positive development because they help streamline regulatory procedures and increase market accountability, but it remains unclear to what extent foreign company operations have been directly impacted – particularly as foreign companies are already held to high internal and international standards.
8/28/15	Opinions on Promoting the Modernization of Domestic Trade Circulation and the Construction of a Law-	State Council	Sets a goal of promoting an open, competitive, and efficient system for domestic trade by 2020; prohibits regional barriers, abuses of administrative power to restrict or	<u>Limited:</u> Includes positive goals to promote more integrated trade markets and promote the role of the market versus the state, but the policy focuses more on general goals versus on concrete steps to be implemented in the near

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	based Business Environment		exclude competition, and abuse of a dominant market position to set unreasonable fees or trading conditions. Specific goals include regional integration, better use of advanced technology and ecommerce tools, and trade financing.	term.
9/13/15	Guiding Opinions on Deepening Reforms of State-owned Enterprises	CCP Central Committee, State Council	Aim to address SOE inefficiencies and management by limiting government intervention in SOE operation, promoting anti-corruption efforts, promoting private investment in the state-owned sector, improving SOEs' market responsiveness, and separating management from ownership. The policy also classifies SOEs into two categories: business SOEs and public service SOEs.	<u>Limited</u> : The policy lays out reform goals that generally do not tackle core SOE issues important to foreign competitors, such as their competitiveness as market players or interaction with private capital and companies. Additionally, the reforms contain few implementing details.
9/24/15	Opinions on State-owned Enterprises (SOEs) Developing Mixed Ownership Economy	State Council	Requires SOEs in competitive industries to actively take in state-owned and private capital, and welcomes foreign capital in restructuring through overseas mergers and acquisitions, cooperation in investment and financing, offshore financing, and other methods. Additionally, sets specific guidelines governing opportunities for private capital in specific industries, including oil and gas pipelines, power grids, nuclear power, and national defense.	<u>Limited</u> : Creates more opportunities for private capital and foreign capital in key industries, but still only in a controlled setting that does not address core SOE issues such as requiring SOEs to operate as market competitors and fully opening key sectors to true foreign company competition.
10/19/15	Opinions on Implementing the Market Access Negative List System	State Council	Establishes a clear roadmap to implement a negative list for market access by 2018, starting with pilot projects in late 2015. The system includes two lists of investment restrictions: a general market access	<u>Limited</u> : Creates a clear, time-limited roadmap for implementing a negative list approach to investment management nationwide, with concrete timelines for initial steps.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			negative list applicable to foreign and domestic companies, and a second, foreign investment-only list of market access restrictions.	
11/4/15	Several Opinions on Reforming and Perfecting the State-owned Assets Management System	State Council	Requires state-owned asset supervision and administrative agencies to adjust their functions to reform the authorization and management system for state-owned capital, clarify the agency-company and company-to-company relationships, and conduct pilot programs for the government to push state-owned capital investing firms to act as investors.	<u>None</u> : Structural reform for SASAC and its functions will likely have little real impact on SOE operation, much less on how foreign companies compete with SOEs in the market.
11/10/15	Opinions on Strengthening and Improving the Supervision of Enterprises' State-owned Assets to Prevent their Loss	State Council	Improves supervision of SOEs' key departments and subsidiaries in areas of finance, procurement, marketing, and investment; enhances supervision of SOE boards of directors; requires the establishment of an audit committee made up of outside directors; and reinforces boards of supervisors with other outside supervision efforts.	<u>Limited</u> : This policy focuses on SOE governance, with limited direct impact on core SOE issues important to foreign competitors, such as SOE competitiveness and interaction with private and companies. Additionally, reforms contain few implementing details.
12/17/15	Notice on Implementing the Policy on Substituting Subsidies with Awards for Public-Private Partnership Projects	MOF	Supports standardized operation of PPP projects by substituting subsidies with awards.	<u>Limited</u> : While this policy improves the funding process related to PPP projects, it does not create openings for foreign firms.
12/30/15	National Standardization System Construction and Development Plan (2015-2020)	State Council	The first five-year plan issued specifically for standardization covers standards for multiple sectors, including agriculture; industry (energy, consumer products, electrical devices, ICT, new energy, biotech); service industry (transportation, financial, tourism); social policies (urbanization,	<u>Moderate</u> : The plan signals a positive intention to reform standards across a broad range of industries and sectors, and is China's first five-year plan devoted to standards development. However, because of broad language and lack of specifics, the impact remains aspirational.

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			public security.); and ecology, and calls for enhancing enterprise and association standards.	
9/3/16	NPC Amendment: Law on Foreign Capital Enterprises	NPC, State Council	The amendment simplifies registration procedures for foreign investors not investing in sectors covered by the “special administrative measures.” Investors will complete a filing process, as opposed to the existing registration and administrative approval process, when registering a new investment. This amendment previously existed as a pilot project in the Free Trade Zones, and was expanded nationwide October 1, 2016.	Significant: The announcement of the application of the FTZ special administrative measures system to foreign investment nationwide may be a significant step forward in the regulation of foreign companies in China, depending on how it is implemented. The State Council has yet to release information on what list will apply.
9/3/16	NPC Amendment: Law on Chinese-Foreign Equity Joint Ventures	NPC, State Council	The amendment may simplify registration procedures for foreign investors, provided they are not investing in sectors covered by the “special administrative measures.” Investors will complete a filing process, as opposed to the existing registration and administrative approval process, when registering a new investment. This amendment previously existed as a pilot project in the Free Trade Zones, and was expanded nationwide on October 1.	Significant: The announcement of the application of the FTZ special administrative measures system to foreign investment nationwide may be a significant step forward in the regulation of foreign companies in China, depending on how it is implemented. The State Council has yet to release information on what list will apply.
9/3/16	NPC Amendment: Law on Chinese-Foreign Contractual Joint Ventures	NPC, State Council	The amendment may simplify registration procedures for foreign investors, provided they are not investing in sectors identified in a forthcoming nationwide set of “special administrative measures.” Those not on the measures will complete a filing process, as opposed to the existing registration and administrative	Significant: The announcement of the application of the FTZ special administrative measures system to foreign investment nationwide may be a significant step forward in the regulation of foreign companies in China, depending on how it is implemented. The State Council has yet to release information on what list will apply.

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			approval process when registering a new investment. This amendment previously existed as a pilot project in the Free Trade Zones, and was expanded nationwide on October 1.	
12/1/15	Opinion on Further Pushing Forward the Development of State Farms	State Council	Aims to create internationally competitive, modern agricultural groups with robust and efficient operating mechanisms; establish a batch of large-scale grain, cotton, sugar, natural rubber, dairy, poultry, seed, and oil bases; and significantly raise the income and standard of living for state farm employees by 2020. The opinions propose 12 measures for state farms and 4 measures for local governments, including increasingly managing state farms as corporations, separating social responsibilities from operational responsibilities, and gradually transitioning to contract employees.	Limited: While bringing state-run companies in line with market principles is a positive step in allowing the market to play a greater role in the allocation of resources and might improve partnerships of foreign firms operating in this space, the opinion does not create market openings for foreign agricultural firms.
12/29/15	Guiding Opinions on SOE Function, Definition, and Classification	MOF, NDRC, and SASAC	Seeks to define the functions and classification of commercial and public interest SOEs. Divides SOEs into commercial or public interest SOEs, and lays out goals for enterprises within each category.	None: The plan does not state which SOEs or sectors fall into each category, and the impact of the policy on foreign investment remains unclear.
2/16/16	Guiding Opinions on the Financial Capital Injection into Government Investment Funds to Support Industrial Development	MOF	The opinions specify that it is imperative to prioritize support of key industries with the reasonable use of government investment funds.	Negative: Although this policy provides support only to domestic industry, it has the potential to negatively impact market competitiveness for some international companies by giving domestic companies an edge over their foreign competitors.
2/16/16	Several Opinions on Financial Support for Maintaining Industrial	PBOC NDRC MIIT	The opinions propose specific financial policies and measures for supporting industrial transformation, upgrading,	Limited: This regulation takes some positive steps to boost industrial growth with financial tools. This may benefit some foreign firms, but

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Growth, Adjusting Industrial Structure and Improving Industrial Efficiency	MOF MOFCOM CBRC CSRC CIRC	reducing costs and improving efficiency in six areas: strengthening monetary and credit policy support to improve the fiscal environment; enhancing the support of capital and insurance markets for industrial enterprises; promoting innovation in financing mechanisms for industrial enterprises; facilitating mergers and reorganizations among industrial enterprises; encouraging industrial enterprises to speed up their going-global processes; and reinforcing risk prevention, coordination, and cooperation.	there is no specific mention of foreign industrial companies beyond the call to enhance cooperation between domestic industrial enterprises and foreign companies as part of the One Belt One Road strategy.
2/18/16	Guiding Opinions on Speeding up the Development of Makerspaces to Support Economic Restructuring and Industrial Upgrade	State Council	The opinions seek to connect makerspaces with other development plans such as Internet+ and Made in China 2025 to spur reform-leading enterprises engaged in research, production, marketing, services, and management. The government will boost supporting measures such as rewards and subsidies to advance the initiative. New makerspaces will also enjoy new preferential tax policies and directed financial capital.	<u>None</u> : An increase in creativity and innovation spurred by added support for makerspaces could have a positive long-term effect on China's economy, but such spaces are of limited interest to foreign companies.
2/19/16	Notice on Strengthening the Comprehensive Supervision of the Domestic Tourism Market	State Council	The notice aims to solve issues in the tourism market, including violations of tourists' rights and interests. The notice sets up supervisory mechanisms at the central- and local-level; strengthens the enforcement of tourist-related regulations; and urges improvements in legislation and industry standards for the tourism market.	<u>Limited</u> : An increasingly well-developed tourism industry might broaden market opportunities for foreign firms. Additionally, by increasing the confidence of the domestic tourist, the notice may also increase Chinese tourism abroad – benefiting foreign companies in consumption-related industries. Until implementing regulations are released the impact of the notice remains limited.
2/29/16	Interim Measures for Equity and Dividend	MOF	The measures affect dividend incentives for state-owned technology enterprises,	<u>None</u> : Only applies to state-owned enterprises, and does not constitute serious measures to

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Incentives for State-owned Technology Enterprises		including: incentive models and implementation conditions, financial management and changes in property rights involved in the administration and implementation of incentive schemes, and setting specific requirements for promoting equity and dividend incentives for state-owned technology enterprises.	reform them.
5/18/16	Administrative Measures for Special Rewards and Subsidies for Structural Adjustments of Industrial Enterprises	MOF	The measures provide that the Ministry of Finance has arranged RMB 100 billion in subsidies for local and central enterprises in the steel and coal industries as they reduce excess capacity. Local governments, enterprises, banks, and other creditors are encouraged to clear the market by merger and acquisition, reorganization, debt restructuring, bankruptcy liquidation, or other means.	Moderate: These measures articulate important steps to resolve overcapacity issues. Paired with implementing measures that address and support the transfer and resettlement of employees from state-owned enterprises and non-state-owned enterprises, this measure will help correct market inefficiencies.
5/19/16	Guiding Opinions on Promoting the Steady Growth, Structural Adjustment, and Increasing Effectiveness of Building Materials Sector	State Council	The opinions seek to return the utilization rate of the sector's industrial capacity to a reasonable range, and mandate further cutting of industrial capacity in cement residue and sheet glass enterprises by 2020. To meet this goal, the State Council prohibits expanding cement residue and sheet glass production until 2020, and is suspending replacing industrial capacity between different enterprises until 2017. It will also begin sanctioning enterprises that fail to meet pollutant emissions standards, and will suspend or shut down serious violators.	Moderate: These opinions address overcapacity issues in a sector that directly affects foreign companies. Further and strict implementation will be required in this and other sectors to ensure that overcapacity is effectively reduced, but these opinions have the potential to increase efficiency and competitiveness in the infrastructure sector.
5/30/16	Circular on Further Effectively and Jointly	MOF	The circular proposes that a reasonable investment-return mechanism be	Limited: Developments in how PPP are managed will help to address local government

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Implementing the Public-Private Partnership (PPP)		established. Government subsidies should be structured to prevent mid-and-long term financial risks. Moderate resource allocation and appropriate financing patterns should be used to lower financing costs and raise investment efficiency. Innovative management of social capital, such as that of public-private partnerships (PPP), should be encouraged to improve operating efficiency.	debt issues, but the role of foreign companies and their ultimate interest in such programs is still unclear.
6/13/16	Circular on Strengthening the Administration over the Use of Special Rewards and Subsidies for Structural Adjustments of Industrial Enterprises.	MOF	This notice further develops the Administrative Measures for Special Rewards and Subsidies of May 18, 2016, specifying that special rewards and subsidies will primarily be used to transfer and resettle employees from state-owned enterprises, but may also be used to transfer and resettle employees from eligible non-state-owned enterprises.	Significant: This circular takes concrete steps to address the labor-related aspects of overcapacity.
6/24/16	Measures for the Supervision and Administration over the Trading of State-owned Assets in Enterprises	SASAC	The measures set out detailed provisions on the trading of state-owned assets in state-invested enterprises, such as transfer of property rights, capital increases, and transfer of assets.	None: These technical provisions do not change the role of SOEs in the economy.
7/5/16	Plan on Promoting the Development of Small and Medium-sized Enterprises (2016-2020)	MIIT	This plan puts forward key tasks for promoting five aspects of the development of small and medium-sized enterprises (SMEs), namely: the advancement of entrepreneurship and business promotion; improving innovative capacity; business transformations and upgrades; domestic and foreign market expansion; and function transformations.	None: While these policies could lead to more innovation-related incentives for foreign companies, they are aimed generally at smaller domestic firms and there is no indication that they will be applicable to foreign firms.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
7/26/16	Guiding Opinions on Promoting on Restructuring and Reorganization of State-owned Enterprises (SOE)	State Council	The provisions stipulate that SOEs' restructuring and reorganization should serve national strategies, respect market rules, combine with reforms, follow laws and regulations, and stick to a coordinated approach. By 2020, SOEs will have a more accurate strategic position, more logical general structure, and significantly improved efficiency in capital allocation.	<u>None</u> : This policy contains conflicting messages. It advocates for the marketization of SOEs, while also encouraging the consolidation and promotion of SOEs to strengthen their presence in the international marketplace. Given other similarly mixed guidance for SOE reforms, this set of guiding opinions is unlikely to push forward any positive market-based changes.

VI. Financial Reforms

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
3/28/13	Administrative Measures on the Issuance of Subordinated Debts by Insurance Companies	CIRC	Allows insurance groups to issue subordinated debts, where in the past only licensed subsidiaries could issue such bonds.	<u>Limited</u> : Permits insurance groups to issue debt to broaden financing options, but sector impact is quite limited.
4/15/13	Administrative Measures on Insurance Company Mergers and Acquisitions	CIRC	Allows insurance companies and individual shareholders that meet conditions to own stakes in more than one other insurance company in the same market and allows insurers to use borrowed capital for up to 50 percent of the transaction price.	<u>Limited</u> : Allows foreign and domestic insurance companies to hold up to 50 percent of two competitors in the same product market (i.e., life insurance, property and casualty insurance, reinsurance). However, the impact is limited to this sector, and does not address core market access issues.
4/19/13	Rules of Contents and Format of Information Disclosure by Companies Offering Securities	CSRC	Sets new rules for the format and content of quarterly and semiannual reports by listed companies.	<u>None</u> : Constitutes process improvements with limited scope.
4/24/13	Notice on Regulating the	CIRC	Permits qualified domestic and foreign	<u>Limited</u> : It creates more openings for

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Limited Partnership Equity Investment Enterprises to Invest in Insurance Companies		limited partnership firms to invest in insurance companies, marking a CIRC initiative to encourage and support private capital investment in the insurance industry.	private capital in the insurance market, but even though foreign investment is referenced in the notice, it does not explicitly clarify that foreign capital is permitted or to what extent.
5/2/13	Administration Measures for Telephone Sales of Life Insurance	CSRC	Protects consumers by providing rules for companies selling life insurance over the phone.	Limited: Minimal impact for companies focused on one small aspect of a particular industry.
7/1/13	Guidelines on Financial Support for Economic Restructuring, Transformation and Upgrading	State Council	Encourages private capital investment in established and restructuring financial institutions; allows established village banks to change their capital contribution structure; promotes a diversified regulatory mechanism for different financial sectors in order to better support the economy.	Limited: Allows qualified private companies to invest in private banks, financial rental companies and consumer finance companies, but it remains unclear to what extent foreign capital is welcome.
7/5/13	Notice on Simplifying Cross-Border RMB Business Processes and Improving Relevant Policies	PBOC	Allows domestic and qualified foreign banks to offer a broader range of RMB clearing and other RMB-denominated services. Also permits domestic banks to offer RMB-denominated loans to domestic and foreign holding companies to qualified offshore entities.	Limited: Slightly expands the market space for foreign banks to offer RMB-denominated services and provides additional financing room for qualified foreign companies. However, these improvements are carefully controlled – and the most significant benefits are limited to one sector.
7/26/13	Guiding Opinions on Strengthening Financing Services to Support Small and Micro-sized Enterprises	NDRC	Requires government agencies at all levels to promote greater financing channels for small and micro-sized enterprises (SMEs).	Limited: Efforts primarily aimed at domestic enterprises, with an indirect impact on foreign companies in the banking sector.
8/8/13	Implementation Opinions on Providing Financial Support for Small and Micro-sized Enterprises	State Council	Offers new financing options and reduces borrowing costs for small and micro-sized enterprises.	Limited: Very few foreign companies qualify as small and micro-sized enterprises.
8/27/13	Guidance on Insurance Industry's Support of Economic Restructuring, Transformation and	CIRC	Encourages the use of private capital to establish insurance agencies, brokerages, and assessment institutions, along with participation in the rural insurance market.	None: Encourages the use of private capital in insurance, but does not clearly welcome foreign capital, and does not remove equity caps on foreign investment

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Upgrading			in China's insurance industry.
8/30/13	Guidelines on Protecting Rights and Interests of Consumers	CBRC	Requires banks to improve governance, including formulating internal codes of conduct and halting practices such as a failure to disclose investment risks, overstating returns, deliberately giving misleading information, and divulging or leaking personal information to any third party without consent.	Limited: Impacts foreign financial institutions operating in the China market from an operational standpoint, but mainly to bring these practices in line with global industry best practices; does not make progress on top financial reform concerns for foreign companies.
9/27/13	Announcement of 10 Consumer Finance Pilots	CBRC	Creates 10 pilot projects that allow non-financial companies mainly engaged in providing consumer credit services to launch consumer finance businesses.	Limited: Expands opportunities for companies to take part in consumer finance pilots, but unclear to what extent foreign investors have been able to participate.
11/8/13	Guidance on Commercial Banks Issuing Corporate Bonds to Replenish Capital	CSRC, CBRC	Allows commercial banks listed on domestic or overseas exchanges (or are queued to be listed) to issue corporate bonds to replenish capital.	Limited: Allows commercial banks an additional channel to raise capital, but the bond market is still dominated by domestic players – and it's unclear to what extent this policy has been applied to foreign commercial banks.
11/14/13	Measures on Consumer Finance Pilots	CBRC	Lifts the geographical restrictions on business operations, and lowers the minimum capital ratio for shareholders from 50 percent to 30 percent.	Limited: Lowers the minimum shareholder requirements for foreign companies to invest in consumer finance companies, but does not clearly permit them to set up their own consumer finance businesses.
1/6/14	Notice on Issues Concerning Strengthening the Supervision on Shadow Banking	State Council	Defines the three categories of shadow banking in China, while calling for standardization of private banking practices and assigning responsibility to different regulators to stabilize the shadow banking sector.	Limited: Stabilizing the financial industry by regulating shadow banking is a positive step toward addressing financial system risk. However, the impact on foreign company operations is limited, due to existing limits on foreign investment in China's financial services industry.
1/24/14	Notice on Further Improving and Adjusting the Foreign Exchange	SAFE	Reforms foreign exchange management under companies' capital accounts, simplifies the process of administrative	Limited: Simpler management of foreign exchange funds is positive and could make it easier for companies to conduct

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Control Policy for Capital Accounts		approvals, and facilitates trade and investment.	business across borders. However, the full impact of this policy remains limited, as caps on foreign investment in China's financial services sector still remain.
2/14/14	General Plans for the Qingdao Wealth Management Comprehensive Reform Pilot	PBOC, NDRC, MOF	Establishes a special pilot zone aimed at encouraging the establishment of diversified wealth management organizations and participation of private capital in order to build a professional wealth management market in the city.	Limited: Increases access for private capital to invest in financial services, but does not clearly specify opportunities for foreign companies.
2/14/14	Measures for the Administration of Service Prices of Commercial Banks	CBRC, NDRC	Makes price charges by commercial banks for services subject to government-guided prices, government-determined prices, and market-adjusted prices according to the nature and characteristics of services and market competition situation.	Limited: Small step forward in allowing the market to play a role in determining prices, but still requires significant government oversight.
2/19/14	Notice on the Re-approval of Charging Standards of Supervision Fees for the Banking Sector	MOF, NDRC	Adjusts standards on collecting fees in the banking sector.	Limited: The notice makes a concrete policy change, but is focused just on one aspect of the banking business, making it limited in sector and operational impact.
2/20/14	Administrative Measures for the Liquidity Risk of Commercial Banks	CBRC	Institutes a new measurement system to gauge the ability of commercial banks to resist short-term stress from credit squeezes.	Limited: Implementation will focus on commercial banks. While the new system could help stabilize China's banking system as a whole, creating residual benefit for foreign companies, it is unlikely to have more than a minor operational impact. Many foreign banks already have prudential measures in place to address these types of challenges.
2/20/14	Notice on Improving Regulation on the Proportional Use of Insurance Funds	CIRC	Raises the maximum share of total assets that insurers can invest in shares and private equity to 30 percent, up from 25 percent under previous rules.	Limited: Limited direct impact on the insurance industry.
2/26/14	Opinions on Establishing a Unified Basic Pension Insurance System for Urban and Rural Residents	State Council	Establishes a unified urban and rural pension insurance fund consisting of contributions by individuals, collective benefits, and government subsidies.	None: Changes focus on areas of the insurance industry that are entirely government-run, and companies are not included among contributors.

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2/27/14	Credit Industry Management Act	PBOC	Promotes the development of credit industry with a more market-oriented approach and calls for the construction of social credit information system along with increased information transparency.	Limited: Provides greater room for the private sector in the credit industry, but no clear indication that foreign companies are included.
3/17/14	Regulations on Financial Leasing Companies	CBRC	Clarifies entry standards, service scopes, operating rules, and regulation and supervision standards for the financial leasing industry.	Limited: Encourages the use of private capital in leasing – but private capital does not generally appear to include foreign investment.
3/21/14	Regulations on the Preferred Stock Pilot Program	CSRC	Allows listed companies to issue preferred shares.	Limited: Only impacts companies listed on public exchanges in China.
3/27/14	Opinions on Accelerating the Construction of Microenterprise and Rural Credit Systems	PBOC	Creates a social risk system that functions like the credit reporting management industry, with a focus on micro-enterprises and rural economic actors.	None: Promotes innovation in the financial services sector, but does not provide new market opportunities for foreign companies.
4/4/14	Administrative Measures on Insurance Company Mergers and Acquisitions	CIRC	Improves the structure of the insurance industry and enhances its competitiveness, while increasing the variety of risk-handling instruments.	Limited: Some impact on foreign companies in the insurance industry.
4/25/14	Trial Measures on Management of the Foreign Exchange Funds of Multinational Companies	SAFE	Allows multinational companies to open overseas and domestic accounts simultaneously as well as conduct collection and settlement of accounts in foreign exchange.	Moderate: Allows MNCs more flexibility in using foreign exchange; a revised version of these regulations was released in September 2015 with increased flexibility.
4/25/14	Notice on Further Tightening Risk Control of Fund Management Companies and Subsidiaries	CIRC	Bans certain business practices to reduce risks associated with certain client asset management conduct.	Limited: Increases supervision of financial institutions, but the impact on foreign companies is limited.
4/28/14	Amendment to the Measures on Insurance Company Equity Management	CIRC	States that insurance companies must fund additional equity investment from their own funds, not from bank loans; aims to further open the insurance industry to private capital while controlling the systematic risk, especially risk linked to the banking sector.	Limited: Provides openings for private capital in the insurance industry – but private capital does not generally appear to include foreign investment.

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4/30/14	Provisions on Cross-Border Foreign Currency Flows	SAFE, GAC	Promotes the development of the foreign currency cash management business. Simplifies the management process and delegates administrative approvals to local SAFE branches and allows approved institutions to conduct foreign currency business.	Limited: Simplifies internal procedures related to foreign currency cash management; decentralizes approval to local agencies; and creates some opportunities for domestic and foreign companies in this sector.
5/9/14	Opinions on Further Promoting Healthy Development of the Capital Market	State Council	Removes administrative approvals from private equity issuance, calls for domestic securities and futures companies to invest in foreign markets, and strengthens regulation of illegal activities in the securities and futures market.	Moderate: Reduces administrative approvals for securities companies, and has a broader indirect impact for other companies in promoting a more open private equity market.
5/13/14	Opinions on Stimulating Innovation and Development in Securities Institutions	CSRC	Promotes the development of modern investment banks, support for development of new products in asset management, bulk stock, derivatives and private equity, and improved supervision.	Limited: Contains positive language about liberalizing trade, but does not include any substantive changes that would increase market access. Some subsequent policies have touched on these issues, but without making much progress for foreign companies.
5/19/14	Administrative Provisions for the Cross-Border Foreign Exchange Guarantee	SAFE	Simplifies the cross-border guarantees for foreign exchange by canceling a number of administrative approval requirements.	Limited: It's an incremental step deregulating cross-border foreign exchange guarantees that should reduce regulation of cross-border guarantees by simplifying administrative checkpoints.
6/11/14	Guiding Opinions on Implementing the State Council's Opinions on Supporting the Stable Growth of Foreign Trade	PBOC	Provides government entities with instruction on how to support foreign trade growth, including supportive policies, efforts to promote credit, leasing and financing channels for foreign trade; improving cross-border RMB use by simplifying settlement procedures and launching new funds; and improving RMB exchange rate mechanisms.	Limited: Addresses some important issues related to foreign trade and RMB settlement across industries, but provides few details that would allow foreign companies to participate – and some language (such as "providing services for companies that go abroad") implies a domestic focus.
6/12/14	Opinions on Promoting the Innovative Development of the Securities Investment	CSRC	Reforms securities regulation by reducing required government approvals and loosening market access controls by setting	Limited: The opinions contain positive language, but it is unclear to what extent it provides greater market access for

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	Fund Industry		a negative list for asset management services and by permitting FIE banks to apply for fund management credentials. It also urges securities companies to establish modern asset management mechanisms and develop innovative financial products.	securities companies. The scope is specific to financial companies and implementation remains limited.
6/22/14	Administrative Measures for Foreign Exchange Settlement and Sale Banking Services	PBOC	Clarifies conditions to be fulfilled by banks when applying for spot foreign exchange settlement/sales, and to offer RMB and foreign exchange derivatives products.	<u>Limited:</u> Guidelines for applying for these services are limited and vague, and are still bound by limitations in overlapping regulations. While foreign-invested banks can participate in these areas, the policy does not address key investment restrictions that companies face under the Catalogue Guiding Foreign Investment.
6/27/14	Revised Rules on the Handling of Whistleblowing of Illegal Pricing Behavior	PBOC Shanghai Branch	Expands to all of Shanghai a pilot program on foreign currency deposit rates previously confined to the Shanghai. The announcement allows banks based in Shanghai to put foreign currency deposit rates for accounts (less than \$3 million) in line with market conditions.	<u>Limited:</u> Although this may not have direct impact on foreign companies due to restrictions on foreign-invested banks, it represents an important first step of expanding a Shanghai FTZ pilot program to a larger scale.
7/1/14	PBOC Notice on Interbank Currency Exchange Rates and Exchange Rate Announcements	PBOC	Authorizes the China Foreign Exchange Transaction Center to publicly announce exchange rates for various currencies (RMB/USD, RMB/EUR, RMB/JPY.) every morning, clarifies how the RMB/USD exchange rate is determined, and allows banks to determine their own daily RMB exchange rates based on market demand.	<u>Limited:</u> While this creates additional flexibility for banks to determine appropriate exchange rates based on demand, such flexibility is limited.
7/7/14	Measures for the Administration of Publicly Offered Securities Investment Fund Operations	CSRC	Reforms government reviews of publicly offered fund products, shifting from approval to registration and limiting the scope of CSRC's review. In the review of an application, CSRC will simply focus on completion of the document, adequacy of disclosures, and administrative issues.	<u>Limited:</u> These measures make process improvements to allow securities companies – domestic and foreign-invested – more room in creating new products, but do not fundamentally address market access issues.
7/24/14	Notice on Improving and	CBRC	Promotes the development of small	<u>Limited:</u> Promoting domestic growth of

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	Innovating Loans to Small and Micro-Sized Enterprises to Improve the Financial Services to Small and Micro-Sized Enterprises		companies in China by improving access to financing, reducing their debt financing costs, and promoting favorable terms for loans to small companies to improve liquidity.	small firms may create market opportunities, but it does not address the main market access and regulatory concerns of the financial sector. The notice also contains few policy details.
7/25/14	CBRC Approvals to create Qianhai Weizhong Bank, Wenzhou Private Bank, and Tianjin Jincheng Private Bank	CBRC	Approves the establishment of three private banks, designating Tencent, Zhengtai Group, and Tianjin Huabei Group as the largest shareholders in their respective banks. These institutions are some of the first banks run by non-finance companies in China.	<u>Limited:</u> This is a positive step toward creating greater openings for private capital in the banking industry. The significance of a non-finance internet company being awarded approval for operating a bank shows true potential for private companies to participate in the industry. However, private capital thus far appears to have included only Chinese capital, raising questions as to whether foreign companies will be allowed to participate in these openings.
8/4/14	Notice on Questions Relating to Management of FIE Foreign Exchange Regional Pilot Zones	SAFE	Establishes 16 pilot zones throughout China, allowing foreign companies to convert up to 100 percent of registered foreign capital into RMB at any point in time, eliminating the need to get separate approval for each conversion. The policy also removes a ban on using registered capital for equity investment in Chinese enterprises.	<u>Limited:</u> This notice – effective immediately – loosens the rules for foreign companies to convert and use registered capital to support their business. While access is still limited to pilot zones, these pilot zones are numerous and spread throughout the country.
9/26/14	CBRC Approvals to create Shanghai Huarui Private Bank, and Zhejiang Web Commercial Bank	CBRC	Approves the establishment of private banks, designating Shanghai Junyao Group and Alibaba's subsidiary Zhejiang Ant Micro-financing Services Group as the largest shareholders in their respective banks. These institutions are some of the first banks run by non-finance companies in China.	<u>Limited:</u> This is a positive step toward creating greater openings for private capital in the banking industry. The significance of a non-finance internet company being awarded approval for operating a bank shows true potential for private companies to participate in the industry. However, private capital thus far has only included Chinese capital, raising questions as to whether foreign

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				companies will be allowed to participate in these openings.
11/3/14	Notice on Matters Concerning Accessing the Interbank Bond Market by Eligible Non-Financial Institutional Investors	PBOC	Allows non-financial institution investors to access the interbank bond market.	Limited: Strengthens the role of the bond market in financing and allows markets – and not the government – to play a more decisive role in finance. However, scope of the opening is limited to a small number of institutional investors.
11/14/14	Notice on Tax Policies Concerning the Shanghai-Hong Kong Stock Market Trading Interconnection Pilot Program	CSRC, SAT, MOF	Clarifies tax collection policies for the Shanghai-Hong Kong Stock Market Interconnection pilot program for mainland and Hong Kong investors.	Moderate: The policy announcement does not address new market openings, but is a step in improving comprehensive financial reform, which includes allowing outside investors involved in the Hong Kong exchange access to China's stock markets.
12/20/14	Decision to Revise the Administrative Regulations for Foreign-Invested Banks	State Council	Amends China's FIE Bank Administrative Regulations to allow FIE banks freely convertible currency for operating capital. Working capital allocated to bank branches cannot exceed 60 percent of headquarters' available capital.	Limited: This is an incremental step at liberalizing the banking sector for foreign companies. While it eases aspects of their operation by making working capital freely convertible, it doesn't create new market access opportunities or allow banks to expand their operations.
1/26/15	Insurance Industry Foreign Exchange Management Guidelines	SAFE	Defines the rules for the permitted scope of business, foreign bank account management rules, foreign exchange expenditure and payment receipt, and government oversight of insurance companies that use foreign currency exchange as part of their business.	Limited: The management guidelines provide insight into how companies can comply with rules regarding foreign exchange issues when offering insurance services, providing some benefit for foreign companies, but does not change rules governing foreign company access to participate in the insurance industry.
1/29/15	Guiding Opinions on Cross-Border Foreign Exchange Payment Services Pilots for Payment Service Companies	SAFE	Launches nationwide pilots allowing payment institutions to receive and send cross-border payments in foreign currencies, as well as foreign exchange settlement for both parties in cross-border ecommerce transactions.	Limited: While the opening would appear to create opportunities for foreign companies and minor financial liberalization, the pilots are likely aimed at domestic firms. Payment institutions must possess a "payment business license" to participate in the pilot. While

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				the rules for domestic companies to apply for such a license are laid out in 2010 PBOC rules, foreign companies are still de facto unable to be granted one.
2/3/15	Opinions on Further Administrative System Reform for Commercial Auto Insurance Clauses and Premiums	CIRC	Calls for a mechanism to ensure market-based development of commercial auto insurance premiums.	Limited: These are high-level opinions calling for marketization of commercial auto insurance premiums with no specifics. Following up on the opinions, in June auto insurance pilots were announced in Heilongjiang, Shandong, Guangxi, Chongqing, Shaanxi, and Qingdao. The impact is limited, however, as it affects only one type of insurance.
2/12/15	Notice on Issues Concerning the Scope of Medium and Long-Term Foreign Debt for Foreign Banks in China in 2015	NDRC	Allows foreign banks to apply to increase their foreign debt holdings as part of broader regulation of the amount of foreign debt that foreign banks can hold.	Limited: Allowing FIE banks to apply to increase their holdings of foreign debt is likely a welcome liberalization, but still represents just a slight opening in an industry with significant government controls.
2/12/15	Notice on Administration of Special RMB Accounts Foreign Exchange Settlement and Sales by Foreign Banks	SAFE	Specifies that a foreign bank that has opened an RMB services account and an RMB foreign exchange account can freely transfer RMB funds between these two accounts.	Limited: Allows companies more control over their transfer of capital, but represents a limited process improvement.
2/17/15	Regulatory Rules Numbers 1-17 on Solvency of Insurance Companies	CIRC	Proposes to establish a new “China risk-based solvency system” that requires insurance companies to submit two separate solvency reports quarterly.	Limited: Promotes greater transparency for businesses and consumers, but does not address market access or operational issues.
2/26/15	Plans for Building a Credit System in China's Insurance Industry (2015-2020)	CIRC, NDRC	Proposes to establish a credit system complete with basic credit rating rules and criteria for the insurance industry. Calls for establishing a unified, publicly available credit information system, as well as a credit reporting system covering the whole industry, by 2020.	Limited: The outline is aspirational and requires detailed implementation procedures. Unclear to what extent implementation has proceeded, or how impactful the announcement has been with regard to industrial development and foreign companies.
3/12/15	Guidelines on Risk Management for	CIRC	Revises existing M&A loan guidelines in certain areas, such as extending the	Limited: Allows commercial banks greater space to finance M&A

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Commercial Bank Merger and Acquisition (M&A) Loans		maximum term of an M&A loan from 5 years to 7 years, and increasing the maximum amount of a loan in relation to the total acquisition price from 50 percent to 60 percent.	transactions, which could include foreign-related transactions in China, but does not address larger issues of foreign bank participation in the banking sector.
3/24/15	Work Plan for Deepening Pilot Reform in Commercial Automobile Insurance Terms and Premium Rates	CIRC	Identifies Heilongjiang, Shandong, Qingdao, Guangxi, Shaanxi, and Chongqing as pilot regions for commercial auto insurance reform. The companies in these regions will be responsible for developing insurance terms at their own discretion, including determining insurance premiums.	Limited: Potentially beneficial industry reform allowing the market to play a determining role in pricing and competition. The plan is limited to a select business sector and geographic regions, thus limiting its potential impact.
3/31/15	Regulations on Deposit Insurance	State Council	Requires all financial institutions within China that collect deposits to pay insurance premiums into a fund that will be managed by an agency of the State Council. This agency shall pay back to depositors their insured amount within seven days if the financial institution enters into bankruptcy procedures, or is approved to apply for bankruptcy. Maximum insurance compensation per account is RMB 500,000.	Moderate: Increases consumer confidence in the banking system, and is a positive step toward eliminating controls on interest rates. The regulations have a limited impact on top issues facing foreign companies in the banking sector; and foreign banks in China are not covered by the deposit insurance provisions.
4/8/15	Notice on Reforming FIE Foreign Capital Settlement Management	SAFE	Introduces foreign exchange capital settlement measures for FIEs based on similar pilot measures in the Shanghai FTZ. Allows FIEs to exchange or settle up to 100 percent of their foreign capital, starting June 1, 2015.	Moderate: This is an important liberalization that directly affects how companies hold their capital. The notice is expected to affect how companies manage their capital for tax purposes across all sectors. It is unclear to what extent companies have been affected.
5/12/15	Notice on Carrying out Pilot Preferential Policies for Individual Income Tax Concerning Commercial Health Insurance	MOF, SAT, CIRC	Allows individuals and companies to use commercial health insurance premiums as a pre-tax deduction in specific pilot zones. An individual taxpayer or company can deduct the amount spent on commercial health insurance products (up to RMB	Limited: Offers a potential boost for insurance companies, including foreign companies. However, limited scope (only four pilot cities) has resulted in a limited impact.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			2,400 per year) and health insurance payments from their pre-tax income. Initial pilot projects will be carried out in Beijing, Shanghai, Tianjin, and Chongqing, with other locations to be selected in the future.	
6/16/15	Opinions on Promoting Entrepreneurship and Innovation	State Council	Calls for removing investment restrictions on foreign invested venture funds, and improving the supervision system over foreign-invested investment groups. Separately, the opinion supports the development of internet finance and crowdfunding financing platforms.	<u>Limited</u> : The opinions have no implementation details regarding how or when investment restrictions for foreign capital are to be removed. Additionally, several sectors – including internet finance and crowdfunding – are not fully open to foreign investment. Therefore, the impact on foreign companies is limited.
7/1/15	Administrative Measures on Margin Financing and Securities Lending Services	CSRC	Requires that a securities firm's margin financing and securities lending be no greater than four times its net capital. Allows firms to extend margin agreements with customers before reaching the six-month margin contract term limit. Prohibits firms from offering margin financing and securities lending services to unsuitable customers.	<u>Limited</u> : The policy is limited to margin financing and securities lending firms, with limited impact on the broader financial industry. The measures may have a positive impact on companies' ability to implement counter-cyclical adjustments and give greater flexibility to make adjustments to the margin trading ratios, but makes no fundamental change in the scope of business they can conduct.
7/3/15	Reply to the Establishment Plan of the China Insurance Investment Fund	State Council	Approves the establishment of an insurance investment fund that is expected to reach RMB 300 billion. Raises money from insurance organizations, and uses the funds as either a direct investment or a fund of funds. Invests mainly in One Belt, One Road initiatives, infrastructure construction, irrigation, and transport facilities.	<u>Limited</u> : Although the fund could encompass industries including transportation infrastructure in central and western regions, urbanization, modern logistics, health and elderly care, energy and resources, information technology, environmental protection, and small and medium enterprises, it is mainly used to finance government-driven investment projects, and it is unclear to what extent foreign companies have been able to invest in the fund or in the construction of the new projects.
7/14/15	Notice about Matters	PBOC	Removes pre-approvals for foreign central	<u>Moderate</u> : These new rules make it easier

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Concerning the Use of RMB to Invest in the Interbank Market by Foreign Central Banks, International Financial Organizations and Sovereign Wealth Funds		banks, sovereign wealth funds, and global financial organizations to trade bonds, handle interest-rate swaps, and conduct repurchase agreements. Removes the requirement to apply to receive quotas from the central bank to invest in the debt market. Institutions only need to register with PBOC before they invest.	for large international investors to access China's interbank bond market, and mark a step toward opening China's capital markets, making the RMB an international currency, and general financial sector liberalization.
7/27/15	CIRC Interim Measures for the Supervision of Internet Insurance Business	CIRC	Lifts geographical operating limits for insurance companies operating over the internet.	<u>Moderate</u> : The measures bring a substantial, nationwide market opening for one sector.
7/31/15	Notice about Questions Concerning Foreign Exchange Administration or Foreign Investors and Foreign Brokerage Agencies Practicing Particular Kinds of Domestic Futures Transactions	SAFE	Allows foreign investors and brokers to use foreign capital and RMB to invest in Chinese futures designated by CSRC. Allows foreign investors and brokers to open special foreign-exchange settlement accounts at certain depository banks.	<u>Limited</u> : This notice eases the rules for foreign traders to invest in China's oil futures markets, creating some openings in China's capital markets. Although a positive sign for investment openings in trading/brokerage services, this policy has a limited impact due to the narrow sector scope.
8/17/15	Opinions on Further Effectively Implementing Industrial Credit Evaluation Work	MOFCOM, SASAC	Promotes the establishment of a nationwide system to evaluate company credit (so-called "5-in-1"), led by industry associations and trade unions. The notice calls on these groups to promote company creditworthiness, build credit evaluation and supervision tools (including blacklists), and foster the development of third-party credit management and evaluation agencies.	<u>Limited</u> : The impact is indirect and limited, as these rules apply directly to industry associations in China, which have limited foreign company membership.
8/31/15	Supplemental Notice on Providing Credit and Loan Support to Imports of State-Encouraged Products	MOFCOM, NDRC, MOF & CBRC	Allows the Export-Import Bank of China to offer preferred credit rates to imports of advanced technologies, key equipment and parts, and scarce resource products listed in the 2015 Catalogue of Encouraged Technologies and Products for Import.	<u>Limited</u> : Policy as written could allow preferential loan support to foreign and domestic companies that are importing key technologies and equipment, but it remains unclear whether foreign companies could realistically take advantage of this benefit.
9/2/15	Notice on Issuing the	SAFE	Lays out the pilot implementation of self-	<u>Moderate</u> : Finalizes April 2014 trial rules

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Administrative Provisions on Centralized Operation of Multinational Corporation Foreign Exchange Funds		discipline management of foreign debt proportions, allowing foreign currency settlements to be used for repaying RMB loans, equity investments, and other debts.	related to how MNCs manage foreign exchange funds, allowing further flexibility in allowing companies to self-manage debt, simplify account opening requirements, and strengthen management.
9/11/15	Notice on Matters Relating to the Establishment of Insurance Private Equity Funds	CIRC	Specifies types and permissible investment allocations for insurance-related private equity funds, as well as a standardized fund governance structure, a market-oriented operation approach, and the government's regulatory approach.	<u>Limited</u> : Could create some opportunities for private equity funds in the insurance sector, but impact is limited to that sector.
9/15/15	Notice on Advancing Reforms on Registration Administration Mechanism of Overseas Corporate Bonds	NDRC	Replaces approval requirements for credit limits of overseas bonds with a filing mechanism, which does not cap the debt amount, and only requires notifying NDRC in advance of the issuance and again 10 days afterward.	<u>Limited</u> : Slightly streamlines the administrative licensing process for overseas corporate bonds, but the impact is limited to this one step in the process and to this one sector.
9/22/15	Provisional Administrative Measures for the Liquidity Risk of Commercial Banks	CBRC	Regulates how CBRC manages commercial banks' liquidity risk, including removing requirements that a bank's loan-to-deposit ratio be 75 percent or less and clarifying the method of using the loan-to-deposit ratio as the liquidity risk monitoring index.	<u>Limited</u> : Slight operational impact for commercial banks, but no impact on top issues for foreign companies within or outside of the sector.
10/9/15	Guiding Opinions on Matters Relating to Supporting the Construction of National Priority Projects in the Insurance Sector	NDRC and CIRC	Boosts the ability of long-term investment by insurance funds in supporting priority economic projects by expanding available investment channels such as bonds, investment funds, infrastructure investment schemes, asset-backed schemes and other means, providing risk guarantees and better risk control, and pledging better tax, land use, and real estate mortgage policies.	<u>Limited</u> : Could create more opportunities for foreign insurance companies to use their funds in China, but impact is limited to only one sector.
10/23/15	PBOC removes deposit rate ceiling to promote interest rate liberalization	PBOC	Removes the deposit interest rate ceiling for banks. Prior to the announcement, banks operating in China could only float	<u>Limited</u> : This is a tangible step toward financial system reform, but has limited direct impacts on foreign company

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			their interest rates within a certain range of the benchmark set by the PBOC. Previous rate cuts had been coupled with moves to broaden this upper limit.	operations.
10/29/15	Notice Strictly Regulating Sales of Non-insurance Financial Products	CIRC	Revises regulations to clarify the scope of saleable non-insurance products by insurance companies, updates qualification requirements for sales staff, and increases relevant provisions on the sales of non-insurance financial products through the internet.	<u>Limited</u> : Some operational impact for insurance companies, but does not create any new openings -- and no impact outside of that sector.
11/6/15	Operating Guidelines for the Administration of Cross-border Issuance and Sales of Securities Investment Fund between Mainland China and Hong Kong	PBOC, SAFE	Clarifies the obligations and duties of the Chinese and Hong Kong regulatory agencies overseeing cross-border issuance of funds, specifies details in handling proceeds from those transactions, and calls for the establishment of systematic statistics and data submission procedures.	<u>Limited</u> : Provides better clarity for companies and regulators on how such securities would be issued and handled, which could encourage more foreign companies to use the mechanism. However, the guidelines are narrowly focused on transactions between Hong Kong and the mainland.
11/13/15	Guiding Opinions on Strengthening the Protection of Financial Consumer Rights and Interests	State Council	Defines basic rights of financial consumers, including the rights to property, knowledge, free choice, fair trade, legal claims, and information security, and requires agencies and banks to better coordinate and offer guarantees for consumer protection. The policy also calls for the establishment of an emergency coordination mechanism in the case of a financial crisis, and a dispute settlement mechanism to protect consumers.	<u>Limited</u> : Policy sets high-level principles that could impact operations for financial institutions, but is aspirational with no implementing details.
12/4/15	Provisions on Circuit Breaker as well as the Questions and Answers on Circuit Breaker Mechanism	SSE	Shortens trading suspension from 30 minutes to 15 minutes when there is a 5% or greater rise or fall in the market. Also postpones the commencing time for a trading suspension until closing from 2:30 PM to 2:45 PM.	<u>Moderate</u> : Though the provisions have no direct impact on foreign companies, fluctuations in the domestic stock markets had a notable impact on foreign market confidence in China resulting in large fluctuations. Since the policy was promulgated, the circuit breaker

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				mechanism has been abandoned.
12/11/15	Notice on Implementing Pilot Policies for Individual Income Tax on Commercial Health Insurance	MOF, SAT, CIRC	Decides that the pilot policies for individual income tax (IIT) on commercial health insurance will be implemented in 31 cities and municipalities; clarifies the standardization and administration of commercial health insurance products; stipulates that the expenses for purchasing commercial health insurance products that comply with the provisions by individuals in pilot regions shall be tax deductible.	Limited: Potentially lowers the tax burden on employers and encourages the expansion of private health insurance coverage. However, the limited geographic implementation has a limited impact on foreign companies.
12/11/15	Guiding Opinions on Providing Financial Support for the Construction of China (Tianjin, Guangdong, and Fujian respectively) Pilot Free Trade Zone (FTZ)	PBOC	Highlights the Guangdong-Hong Kong-Macao financial cooperation, deepens the cross-strait financial cooperation of Taiwan and Fujian, and provides financial support for the development of the leasing industry.	Limited: This opinion allows non-financial institutions and private citizens of Hong Kong and Macao to conduct cross-border RMB transactions, but the scope is limited to institutions in Hong Kong, Taiwan, and Macao and thus has limited impact on foreign companies operating outside of those areas.
12/15/15	Measures for the Corporate Governance Evaluation of Incorporated Insurance Institutions (for Trial Implementation)	CIRC	Provides the mechanism, contents, measures, application of results, and other aspects of corporate governance evaluation of incorporated insurance institutions as a basis for applying different levels of monitoring measures; proposes that insurance institutions should be inspected on the basis of responsibility, capability, operation control, incentives, and monitoring.	Limited: This policy lays a constructive framework for evaluation of insurance companies, but its impact is limited to these companies and does not affect a broad range of foreign firms.
12/22/15	PBOC Announcement 2015 No.39	PBOC	Allows financial institutions to issue green bonds in the inter-bank bond market to raise funds for environmental projects.	Limited: This policy provides an opening for all financial institutions to offer additional products, and may make financing more readily available for companies providing environmentally friendly goods and services. However, it does not have a direct effect on foreign companies in other industries.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
12/31/15	Circular on Issues concerning Further Improving the Individual Foreign Exchange Administration	SAFE	The circular specifies that the individual foreign exchange monitoring system officially starts operation January 1, 2016; strengthens the supervision of individual foreign exchange business by implementing the "list of individuals under attention," and continues the \$50,000 limit on personal foreign exchange settlements and purchases.	<u>None</u> : This circular focuses on foreign exchange controls for individuals, and does not touch on the concerns of foreign companies. The monitoring system and "list of individuals under attention" are aimed at preventing people from lending personal exchange lines to others or hiding foreign exchange lines. While this may affect some foreign employees in China, it does not significantly impact other foreign exchange issues for foreign companies.
1/15/16	Plan for Promoting the Development of Inclusive Finance (2016-2020)	State Council	The plan aims to establish an inclusive financial service and safeguarding system by 2020. Existing institutions shall increase diversity and extend coverage, expand financing channels for micro-credit companies and pawnbrokers, accelerate their integration into the credit information system, and research the establishment of a risk-based compensation mechanism. The plan also calls for an incentive mechanism to improve services for small and micro businesses.	<u>Limited</u> : The expansion of credit coverage for small businesses could represent opportunities for foreign financial service firms, but other liberalizations to allow this have yet to occur.
1/15/16	Basic Requirements for Information System Outsourcing for the Securities and Futures Industry	CSRC	The requirements propose a unified industrial standard for the outsourcing of information systems to third parties based on the actual practices and demands of the services sector. This system should provide both specific references for securities and futures operators to select third-party outsourcing institutions as well as guidance for institutions engaged in outsourcing services for the information industry.	<u>Limited</u> This policy contains certain potentially problematic provisions requiring the use of third-party outsourcing firms established within China's borders, as well as an apparent requirement for domestic encryption standards. Foreign companies are likely excluded from this policy given other existing restrictions.
1/18/16	PBOC	PBOC	The announcement implements a reserve	<u>Limited</u> This move is intended to help

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Announcement[2014]NO. 387		requirement ratio (RRR) for offshore banks' domestic deposits as of January 25. Before that, the RRR for offshore banks' domestic deposits was zero.	establish a long-term mechanism to regulate cross-border RMB flows, and help offshore financial institutions better manage their liquidity, and is primarily aimed at tightening controls on capital outflows. The short term impact of increasing RRRs could limit flexibility for lenders. However, the longer-term impact of this reform may further stabilize China's domestic financial system and pave the way for additional RMB liberalization.
2/2/16	People's Bank of China and China Banking Regulatory Commission Notice on Adjusting the Individual Housing Loan Policy-related Issues	PBOC	The notice requires that the minimum down payment ratio for commercial or individual housing loans be 25 percent for the family's first purchase of housing. For households that already own at least one residence but have yet to fully settle the corresponding purchase loans, the minimum down payment is not less than 30 percent.	<u>None</u> : These reforms are focused on individual homebuyers, not international investors. Any residual effects for construction or banking sectors would be indirect.
2/4/16	Proposals for Deepening the Reform of Insurance Standardization	CIRC	The proposals set reform measures in six aspects of the insurance industry: promoting standardization of overall planning by clarifying government-led and market-led standards; optimizing the insurance standard system by securing a basic supply of standards and enhancing the support of standards when applying new technologies in the insurance industry; cultivating and developing insurance group standards to meet market demands; improving the competitiveness of the insurance industry; intensifying the building of standardization teams to support sustainable development; and improving the internationalization of	<u>Limited</u> : Greater internationalization of insurance standards and insurance companies in the basic principles and the reform measures may lead to closer alignment of China's domestic industry standards with international ones, easing the regulatory burden on foreign insurers. The proposal notes that foreign companies can further participate in China's insurance standards setting, a key priority for foreign insurance companies. Because the proposals impact just one industry and lack implementing regulations, the impact of the policy is limited.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
2/24/16	Announcement [2016] No.3	PBOC	insurance standards. The announcement allows a wider range of medium- and long-term foreign institutional investors to invest in the inter-bank bond market by canceling investment quota limits. Eligible foreign institutional investors may participate in the inter-bank bond market after completing record-filing, account opening, and other formalities via inter-bank market settlement agents.	Moderate: While this reform represents a step forward for some private institutional investors, these institutions must have a presence in China, which requires compliance with other market licensing regulations. Some analysts indicate this relaxation is meant to stem capital outflows from China, rather than liberalize the financial services sector. While foreign central banks and sovereign wealth funds have had access to the inter-bank bond market since June 2015, this step forward makes lenders, insurance companies, securities firms, and asset managers eligible.
3/1/16	Circular on the Rules on Bid Invitation and Bidding for Fixed Deposit of Commercial Banks for Cash Management of Central Treasury (2016)	PBOC, MOF	The circular requires that the minimum fluctuation in bidding price be 0.01%, and discontinuous bidding may be submitted; the minimum bidding quota for each bank participating in the fixed deposits for commercial banks in cash management of the Central Treasury for each bidding price shall be RMB 10 million and the fluctuation in bidding amount shall be in integrals of RMB 10 million. The bidding amount of each participating bank shall not exceed 20% of the bid size of the current fixed cash deposits of the Central Treasury.	Limited: While foreign commercial banks in China are able to participate in this process, and this reform does represent some liberalization, its scope is limited to a few foreign banking institutions.
3/18/16	Circular on Improving the Pricing Mechanism for Bank Card Fees	PBOC, NDRC	The circular lowers the service rates for card issuing banks; determines prices without distinguishing between merchant types; adopts the model of government-guided price plus thresholds on price maximums for issuing banks; and provides different fees for debit and credit cards.	Negative: The circular tightens margins for card-issuing companies, and ultimately reduces competition by setting prices instead of allowing the market to do so; it does not encourage competition or open the market.
3/18/16	Circular on Matters relating	CIRC	The circular specifies that the duration for	Limited: The circular better aligns

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	to the Regulation of Short-and-medium-term Personal Insurance Products		short-and-medium term (SMT) insurance products is extended from less than three years to no less than five years. The circular also provides guidance on adjustments to business structure within the insurance industry and development of long-term business. Insurance companies are required to keep annual premium income from SMT products within twice the amount of their respective invested capital or net assets (whichever is larger), and effectively prevent any insolvency risks.	Chinese financial services sector practices with international best practices, and may increase financial services sector stability, but the impact for international companies will likely be limited because few foreign firms offer SMT insurance products in China.
3/21/16	Guiding Opinions on Accelerating the Development of Elderly Care Industry with Financial Support	PBOC	The opinions state that by 2025, China will establish a safe and sound financial services system that suits the aging population and meets the demands of a moderately prosperous society. To this end, the opinions set out five initiatives, including improving the system of multi-level financial organizations supporting elder care and actively innovating credit products and services that suit the elder care industry.	<u>Limited</u> : Encourages the diversification of capital supporting elder care to include social capital via Public Private Partnerships (PPP), though other restrictions on foreign firms in elder or healthcare are not addressed. To date, fewer than 10 percent of PPP projects have been funded, indicating limited interest from foreign or domestic companies. These guiding opinions do not appear to be geared toward addressing the lack of investor interest.
3/24/16	Interim Measures for the Pilot Program for Mortgages of Management Rights of Rural Contracted Land and the Interim Measures for the Pilot Program for Mortgages of Property Rights of Farmers' Houses	PBOC	These two measures specify policy requirements for financial institutions, pilot areas, and relevant departments to implement a pilot program for mortgages on the management rights of rural contracted land and on the property rights of farmers' houses. The pilots will focus on loan management; risk compensation; supporting measures; and monitoring and assessment. The measures stress that banking and financial institutions shall reasonably and independently determine	<u>None</u> : Reforms focus on an industry closed to foreign participation, and make no provisions toward market opening.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			their own mortgage rates, limits, terms, and interest rates of loans; simplify loan procedures; and enhance risk controls.	
3/30/16	Guiding Opinions on Increasing Financial Support in the New Consumption Field	PBOC	These opinions set out detailed policies and measures for financial support in new consumption fields, including: actively developing consumer finance organizations and systems; accelerating innovation in consumer credit management products; investing more financial support in key areas of new consumption; and improving the development environment for consumer finance. Specifically, financial institutions are encouraged to explore remote customer authorization by using the internet and other technical means of allowing online applications, reviews, and approvals of consumer loans.	<u>Limited:</u> The opinions do not explicitly address foreign firms, though they do encourage PPPs and R&D in several new consumption fields, which could present some opportunities for foreign firms.
4/15/16	Circular on Matters relating to Credit Card Business	PBOC	The circular abolishes existing unified standards for interest rates for credit card overdrafts, and sets an upper limit and a lower limit on such interest rates to enable card issuers to make more flexible determinations. Card issuers will now be allowed greater independence to calculate and settle interest on credit card overdrafts; and determine the standards to independently calculate and settle interest on credit card overdrafts, and the standards for interest rates for overdraft amounts.	<u>Limited:</u> This policy relaxes some interest rate controls, a positive development. However, its overall impact remains limited within the context of significant and pressing market entry barriers facing foreign card companies, barriers that are not addressed here.
4/21/16	Opinions on Supporting a turnaround in Steel and Coal Overcapacity	PBOC	The opinions call for financial institutions to adhere to the principles of differential treatment in dealing with the steel and coal industries, supporting development in some areas while limiting growth in	<u>Limited:</u> While this policy attempts to address steel and coal overcapacity issues, actual implementation of this and other similar policies has stalled, resulting in continued operation of inefficient firms.

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			<p>others. The opinions also urge financial institutions to meet the reasonable capital needs of steel and coal enterprises; and to strictly control credit investment for increased capacity in violation of restrictive provisions. This policy notes that no loan or reduced loan shall be granted to enterprises with outdated capacity and suffering long-term losses, losing solvency and market competitiveness.</p>	<p>Until firm, clear directions are issued from senior leadership, these initiatives will have limited impact.</p>
4/29/16	Circular on the Nationwide Implementation of the Macro-prudential Management of Cross-border Financing in Full Aperture	PBOC	<p>Nationally expands a pilot launched in January 2016 to develop a unified cross-border financing management regime implemented in China. The new management regime allows select financial institutions to raise RMB- and FX-denominated offshore funds.</p>	<p><u>Moderate:</u> Initially limited to the free trade zones, this reform was eventually expanded nationwide for a narrow section of companies. It seeks to improve cross-border financing mechanisms for foreign financial institutions and other firms operating in the zones. However, the scope is limited in the PBOC Circular, and applicability to foreign firms is limited to those selected as pilot banking institutions under the program.</p>
5/20/16	Implementing Rules for the Archival Filing Management of Qualified Institutional Investors' Entry into the Inter-bank Bond Market	PBOC	<p>The rules specify that when qualified institutional investors enter the inter-bank bond market in the future, they must file online according to the provisions prescribed by the Shanghai headquarters of the PBOC, which will accept applications for archiving and provide filing notifications valid for three months.</p>	<p><u>None:</u> These are administrative implementation rules that do not affect the ability of foreign financial institutions to invest in China. Minor benefits may result from reduced administrative workload.</p>
6/7/16	Measures for the Administration of Card Clearing Institutions	PBOC	<p>The measures stipulate allowances for foreign bank card service providers to directly access to the domestic bank card clearing market.</p>	<p><u>Moderate:</u> This policy addresses a longstanding WTO commitment to allow foreign card providers access to the market and opens a key sector formerly closed to foreign investment. Despite the opening, there is vague language requiring a national security review before regulatory approval. The</p>

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				regulations do not specify under what conditions this review would be initiated; only stating that it would be implemented "if necessary." There is a lack of detail regarding how such a review would be conducted. Companies report that while this is a positive signal from regulators, the uncertainty around these reviews remains a significant obstacle.
6/15/16	Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts	SAFE	The circular aims to deepen the reform of the foreign exchange management system, better meeting and facilitating the capital needs of domestic enterprises, and promoting cross-border investment and financing. It provides that China will comprehensively implement control over discretionary foreign exchange settlements for foreign debts, allowing enterprises to choose the timing for foreign exchange settlements. In addition, it unifies policies on the discretionary settlement of foreign exchange income from the capital accounts of domestic institutions. It further regulates management of payment of income from capital accounts, as well as the capital obtained from foreign exchange settlements.	<u>Moderate:</u> This is an incremental but important step forward in financial sector liberalization. Foreign enterprises may now choose at will the mode of foreign exchange settlements.
7/14/16	Interim Administrative Provisions on the Operation of the Private Asset Management Business of Securities and Futures Operation Institutions	CSRC	These provisions emphasize strengthening regulation of issues such as illegal publicity, marketing and sales activities, structuralization of asset management products, illegal engagement in securities and futures business activities, entrusting a third party to provide investment advice, carrying out or participating in the "capital pool" business, and implementing excessive incentive.	<u>Limited:</u> These provisions aim to regulate the fast-developing private wealth management product market and control risk. While these provisions may have some limited impact on foreign companies managing private assets, they do not address other, more fundamental market access barriers in the financial services sector.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
7/18/16	Opinions on Deepening Investment and Financing System Reform	State Council	These opinions call for the authorities to cut red tape, improve supervision and encourage enterprises to invest. They also provide that China will enhance private investment management, reinforce public investment, diversify corporate financing channels, and accelerate the transformation of government functions.	<u>Limited:</u> Without concrete measures, the opinions serve only as guidance for "relevant government departments" to facilitate investment and improve management of investment, without making any new or concrete openings for foreign business -- or specifying which departments are affected.
7/26/16	Circular on Matters relating to Further Strengthening the Information Disclosure of Equities of Insurance Companies	CIRC	This circular establishes that shareholders for insurance companies are obliged to ensure the authenticity and accuracy of information submitted to government regulators on behalf of the company. It emphasizes accuracy in documents related to changes in decision-making procedures, capital increase plans, or information related to the change of shareholders. Shareholders are required to disclose this information within 10 working days after the shareholders or a board of directors adopt the relevant resolution.	<u>Limited:</u> Increases in transparency will assist in the regulation of insurance companies, but issues like ownership caps for foreign firms or non-transparent decision licensing processes are not addressed by this circular.
7/29/16	Measures for the Performance Appraisal of Financial Enterprises	MOF	These measures establish four indicators for the health of financial enterprises: profitability, operational growth, asset quality, and solvency. Appraisal points are assigned or deducted based on these factors, as well as specific situations. For example, the measures state that points shall be awarded when an enterprise grants large numbers of agriculture-related loans, loans for small and medium-sized enterprises, or when a financial asset management company handles large amounts of non-performing assets. Points will be deducted if an adverse major event occurs to a financial enterprise during the appraisal period.	<u>Limited:</u> Although these measures technically apply to foreign invested enterprises, their focus is providing additional information to the Ministry of Finance on the performance of SOEs. The outcomes of such performance appraisals include formulating and optimizing accounting rules for financial enterprises, discovering operational issues and risks for SOEs, and managing the SOE salary compensation system. The measures encourage general stability of the financial system, increase loans to SMEs which drive economic growth, and tackle non-performing loans--but have a limited impact on foreign companies because of

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/8/16	Measures to Lower Corporate Costs in the Real Economy	State Council	The measures set targets for cost-cutting in financing, labor, energy, and logistics, with specific measures for the steel and coal mining sectors. The measures note that as the value-added tax replaces the business tax, total tax loads will be reduced by more than RMB 500 billion each year. Further items aim to minimize bureaucracy, increase innovation and mass entrepreneurship, and simplify the process of establishing foreign-invested enterprises.	their focus on SOEs. Moderate: The measures represent the concrete implementation of high-level supply-side reforms. By reducing administrative barriers and simplifying procedures, this reform will have a tangible impact on a wide variety of sectors.
8/15/16	Circular on Matters concerning the Listing of Insurance Companies in the National Equities Exchange and Quotations (NEEQ)	CIRC	This circular supports insurance companies being listed on the NEEQ, a national over-the-counter market to exchange equity shares in non-public companies. The policy permits individuals to invest in insurance companies listed on the board. Previously, single individuals were not allowed to hold equity in insurance companies unless the firms were listed on a stock exchange.	Limited: Expanding investment options for individual and institutional investors is an important step forward for China's financial regulators. The NEEQ has been described as "the most market-oriented system in China, with little administrative interventions," as companies are only required to register with the NEEQ, as opposed to the long approval process for listing on China's other stock markets. The impact remains limited, however, as it only affects insurance companies.
9/2/16	Circular on Strengthening Regulation of Insurance Products	CIRC	This circular establishes a mechanism for insurance companies to withdraw their products from the market if they do not fulfill certain standards or are deemed uncompetitive. It will set up an accountability system, in which companies will be responsible for actuarial calculations, product filing, and review. In addition to regulating insurance product advertising and information privacy, the circular requires companies to establish mechanisms to backtrack their products'	Limited: The circular attempts to promote accountability in the insurance industry, which may help to stabilize the insurance industry but may also introduce undue regulatory burdens on insurers. The additional regulation may also discourage insurers from introducing new products to the market. Because foreign insurers are restricted to offering a limited range of products in the China market, the impact is limited.

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			premium calculation methods. Companies violating rules on revenue targets will be temporarily banned from issuing new products.	
9/2/16	Circular on Improving Actuarial Management	CIRC	The circular sets criteria for the total insured amount provided by life insurance policies, including a minimum ratio between the insured amount and premium, pricing calculations, age requirements, and policy loan ratios. Insurance companies are required to stop branding life insurance as short- or medium-term products.	<u>None</u> : Foreign investors are restricted to 50% ownership caps in life insurance companies, a limitation not addressed by this regulation.

VII. Pricing Reforms and Competition Policy

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/8/13	Notice on Near-Term Energy Market Supervision Work	NEA	Promotes electricity market supervision, increases direct trading between power companies and consumers, and boosts cost and price supervision.	<u>Limited</u> : Advances central government reforms to allow the market a greater role in determining energy prices, but does not appear to have made much tangible difference for companies regarding government regulation of energy markets.
9/30/13	Pricing Case Administrative Penalty Review Rules	NDRC	Provides instructions for price departments at all levels on the review process for administrative penalty cases, and further standardizes the pricing department's exercise of power in dealing with administrative punishment cases.	<u>Limited</u> : Process-oriented reform that aims to improve and standardize the investigation process in pricing-related cases. Signals a step forward in improving transparency.
11/15/13	Announcement on the Market-adjusted Price for the Charges of Mobile Communications Resale	MIIT, NDRC	Specifies that market prices will be used for local calls, long distance calls, roaming calls, short messages, multimedia messages, data, and other resale services	<u>Limited</u> : Allows the market to play a greater role in pricing, but only specific to telecom service providers in the mobile resale pilot program, which does not

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Services under the Pilot Program		operated by resale enterprises under the pilot program and that the restriction of differential pricing for intranet and extranet upon resale enterprises will be canceled.	currently include any foreign companies.
1/16/14	Guiding Opinions on the Online Handling of Cases Involving Administrative Penalties for Price-related Violations	NDRC	Makes price authorities with administrative law enforcement information platforms responsible for approving price activities, managing evidence, and other price-related tasks.	<u>None</u> : Process-oriented guiding opinions, with no real impact on foreign companies.
1/21/14	Revised Rules on the Handling of Whistleblowing of Illegal Pricing Behavior	NDRC	Allows whistleblowers to inform price authorities of illegal pricing behavior, where an alleged wrongdoer causes consumers to overpay due to its illegal pricing activities. The price authorities shall order the wrongdoer to refund the overpaid money to consumers before it imposes an administrative penalty for such illegal pricing activities.	<u>Limited</u> : Step toward promoting market-based pricing and cracking down on illegal pricing behaviors.
4/15/14	Opinions on the Supply of Low-cost Common Drugs	NDRC, MHRSS, NHFPC, MOF, CFDA	Improves price regulation on low-cost drugs and abolishes price ceilings.	<u>Limited</u> : Marks significant change to a priority set of pricing policies, but the impact is limited to one sub-sector (common/low-cost drugs) of one industry (pharmaceuticals) that is dominated by domestic players.
6/6/14	Revised Guiding Opinions on Declaration of Mergers	MOFCOM	Clarifies company requirements for declaring mergers with new requirements; the rules require companies to document ownership control and share, share of operational control, details about new corporate entities (such as joint ventures) created during a transaction, and provide guidance on how to handle pre-merger discussions and multiparty mergers.	<u>Moderate</u> : The scope of changes cuts across industry sectors and provides important clarifications helpful to companies governing their communication with MOFCOM during the merger review process. The continued increase in M&A reviews from MOFCOM, along with the limited number of conditional approvals since this policy, indicates companies are using these new tools.
7/8/14	Opinions on Promoting Fair	State Council	Encourages government entities to reduce	<u>Limited</u> : Calls for reducing prohibitive

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Competition and Maintaining Regular Order in the Market		supervisory measures and processes that have a negative impact on companies, with a goal of establishing a more mature market supervision system by 2020. Focal areas include administrative streamlining, addressing regional monopolies, and improving market access and market exit mechanisms.	measures that affect business operations, but seems to be aimed at domestic companies; foreign companies are mentioned only once (in the context of offering foreign investors pre-establishment and negative list treatment). The document is aspirational in nature and covers a limited number of FIE concerns on market access and investment barriers. Additionally, subsequent action in these priority areas has yet to meaningfully address foreign company concerns.
7/18/14	Notice on Issues Concerning Lifting the Control of Fee Standards for Certain Professional Services	NDRC	Removes fixed government pricing standards for certain administrative processes and allows the prices for these services to be determined by the market.	<u>Limited:</u> Most of the fixed prices previously set by the government that have been removed are not of significant relevance to foreign companies, nor does removal of a fixed price improve market restrictions.
10/24/14	Work Plan for Parallel Approvals of Acquisitions of Publicly Traded Companies	MIIT, CSRC, NDRC, MOFCOM	Changes the requirements regarding investment reviews, allowing NDRC reviews of overseas investment projects and MOFCOM reviews of mergers to run parallel with CSRC approvals of acquisitions of publicly traded companies. Such reviews were formerly conducted separately. Reviewing agencies must also make their decisions independent of other agencies.	<u>Limited:</u> Though process changes are relatively minor, the changes should alleviate some delays in the approval process for M&A and investment projects involving foreign companies, and promote more independent decision making by authorities during MOFCOM antimonopoly law reviews.
1/4/15	State Releases Price Controls on 24 Items	NDRC	Rescinds state price controls on 24 goods and services, including tobacco leaves, express railway shipping services, civil aviation product shipping, and shipping container handling services.	<u>Limited:</u> A positive step at allowing the market to play a role in allocation of some state resources and services. Some impact for American companies involved in these sectors.
5/4/15	Opinions on Promoting Pharmaceutical Drug Price Reform	NDRC, NHFPC, MOHRSS, MIIT, MOF, MOFCOM,	Starting June 1, 2015, prices for most pharmaceuticals – except some narcotics and psychoactive drugs – will be decided	<u>Moderate:</u> Significantly broadens market-based pricing for pharmaceutical products, giving foreign and domestic

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
		CFDA	by the market, instead of government. The opinions remove price ceilings for most drugs, which were previously fixed by NDRC.	pharmaceutical companies in China greater flexibility on pricing mechanisms and more negotiating power to set prices for new drugs. CFDA in late May 2015 released follow-up policies discussing drug pricing issues.
5/7/15	Notice on Improving Pricing Mechanism for Trans-provincial and Trans-regional Electric Power Transactions	NDRC	Allows power producers and suppliers to set the quantity and price of trans-provincial and trans-regional electric power.	Moderate: Market-oriented pricing will likely impact the price of electricity for industrial and commercial users by creating greater competition among power generation companies.
5/27/15	Fee Standards for Registration of Drugs and Medical Devices	CFDA	Establishes registration fee standards for drugs and medical devices. The standards differentiate pricing for imported products versus domestic products.	Negative: Higher fee standards for imported versus domestically produced pharmaceutical drugs and medical devices will increase costs for foreign-produced goods. These standards will put foreign producers at a cost disadvantage compared to their domestic competitors.
6/15/15	Pilot Plan for the Reform of Power Transmission and Distribution Price in the Western Part of Inner Mongolia	NDRC	Allows local authorities to set the transmission and distribution cost of electricity based on "cost plus a reasonable margin," replacing the system in which grid companies took their profits from the spread between power purchase and sales.	Limited: Furthers the goal of allowing the market to play a role in the allocation of resources, but scope of reform limited to Inner Mongolia.
6/23/15	Notice on Lifting the Control on Part of the Inspection and Testing Services Fees	NDRC	Allows professional services institutions, not the government, to determine formulas to assess nine types of fees, including inspection fees on vessels and marine products, inspection/testing fees on cell phones, and accreditation fees for product certification institutions.	Limited: The limited number of fees being switched to market-oriented pricing appears to have had minimal impact on foreign companies.
8/5/15	Announcement on Thoroughly Implementing the Release of Some Examination and Inspection Operating Services Fees	AQSIQ	Carries out the NDRC notice from June that allows professional service agents, instead of the government, to set prices for seven kinds of inspection fees, including cell phone inspection, national special equipment, and bar code services.	Limited: This is a positive step in allowing the market to determine prices, but its impact is limited to only seven types of inspection fees. The announcement offers no details about the specialized service agents or their

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6/6/16	Opinions on Promoting the Medical Service Pricing Reform	NDRC	<p>The opinions seek to reform medical service prices to better reflect costs and align fees with the value of healthcare professionals' skills. Public hospitals' basic medical service prices will be guided by NDRC, and the prices for "special" or "customized" medical services will be determined by market forces – the proportion of "special" services to all medical services is strictly capped at 10 percent per hospital. Additionally, the opinions encourage a payment model based on diagnosis-related groups. Provincial-level authorities will create their own list of medical service prices determined by the market, and have the power to determine the price of medical care service items in reference to the national technical standards.</p>	<p>qualifications.</p> <p>Limited: This set of reforms takes another step toward the marketization of medical services by clarifying the role of the government in setting prices for certain medical services, but it only has a minor impact on foreign company operations. While the clear identification of central and local government roles will increase transparency, the emergence of different implementation outcomes at local levels may increase regulatory burdens for companies.</p>
6/14/16	Guideline for Building up a Censorship Mechanism for Fair Competition in the Market System	State Council	<p>These guidelines require the government to reduce interventions in the economy, break regional limits and industry monopolies, clear market barriers, and promote the free flow of goods and products. The guidelines also require ministries under the State Council and governments at the provincial level to ensure fair competition during the policymaking process, starting in July. Governments at all levels and their affiliates are directed to clarify or eliminate regulations that affect the building of a fair market. New policies must be evaluated for potential impact on market fairness.</p>	<p>Significant: This policy, if properly implemented, should improve the competitive market for all companies operating in China, and will ensure that future economic reform policies adhere to market-based principles. Although implementation is in the early stages, seven government agencies have already come under investigation for propagating anti-competitive policies.</p>

VIII. Rule of Law/Legal and Judicial Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/21/15	General Plan on Reforming Ecological Civilization Mechanism	State Council	Proposes a systematic and complete institutional framework of eight systems for promoting ecological progress to be established by 2020, including a system of property rights for natural resource assets and a system for evaluating officials' performance.	Limited: Proposed changes would promote stronger rule of law within the environmental protection field and increase enforcement transparency; the plan, however, lacks implementation details.
10/12/15	Opinions on Further Strengthening the Application and Protection of Intellectual Property Rights to Support Innovation and Entrepreneurship	SIPO, MOF, MHRSS, All-China Federation of Trade Unions, Communist Youth League Central Committee	Establishes four basic principles to strengthen IPR protection, including "market orientation," with specific goals to improve IPR policies, encourage IPR services and entrepreneurship, strengthen patent analysis and use of ICT technologies, boost IPR enforcement (including patent enforcement), and strengthen training and capacity-building.	Limited: While the policy contains positive language that could benefit IP development and create opportunities for foreign companies, little of the content is new, "market orientation" is not defined, and there are no implementing details.
12/3/15	Plan for Pilot Ecological Damage Compensation System	State Council	Proposes a mandatory compensation negotiation mechanism to avoid costly and prolonged litigation processes for environmental damage; enacts an installment payment option to allow the accused to split the fine payments, so as to make sure they are able to make the payments and remain solvent. The plan affects cases where significant environmental damage occurred in areas where development is banned or restricted by national or provincial governments. The pilot will be implemented with the goal of establishing a comprehensive damage compensation system by 2020.	Limited: Proposed pilot would promote stronger rule of law within the environmental protection field, increase enforcement transparency, and address long standing environmental protection concerns; the plan, however, is initially limited in geographic scope and may ultimately negatively impact foreign companies who would prefer litigation over negotiation.
12/11/15	Proposals for Comprehensively Implementing the Ultra-	MEP, NDRC, NEA	Stipulates that by 2020, all national coal-fired power plants meeting transformation conditions will strive to achieve ultra-low	Limited: Potentially offers opportunities for foreign companies that sell emissions-scrubbing technologies, low-sulphur coal

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	low Emissions and Energy-saving Transformation of Coal-fired Power Plants		emissions, and qualified newly established coal-fired generating units will achieve ultra-low emission levels.	or industrial boilers. However, the impact is limited to companies in a small number of sectors.
4/28/16	Law of the People's Republic of China on the Administration of Domestic Activities of Overseas Non-governmental Organizations	SCLAO	This final version of this law updates and clarifies a 2015 draft. The law stipulates that overseas non-governmental organizations (NGOs) shall be subject to new management requirements, and the oversight of the Ministry of Public Security. Foreign NGOs cannot engage in or fund profitable or political activities within China, nor illegally engage in or fund religious activities.	Negative: The final law appears to be counter to China's goals of administrative reform and openings. While the introduction of a legal framework for the operation of foreign NGOs may promote rule of law, and a number of the most problematic aspects of the draft were removed, this law might negatively impact the ability of foreign NGOs to contribute to China's development. It also raises questions about the overall direction of China's reform agenda. The law is likely to have limited commercial impact on foreign companies--except in corporate social responsibility programs. In USCBC's annual member survey, this issue ranked 28th in the list of companies' top concerns, indicating that the impact is perceived to be relatively limited.
6/8/13	Announcement on Implementing Effective Regulatory Documents and Abolishing Some Regulatory Documents	AQSIQ	Announces an AQSIQ review of more than 1,000 internal regulatory documents and the elimination of 58 of them.	None: Eliminates unnecessary regulatory documents, but it is only a process-oriented reform for AQSIQ.
10/30/13	12th National People's Congress Legislative Plan	NPC	Lays out 68 central government legislative priorities for the next five years.	Moderate: Lays out guidelines for China's key reforms over the next five years. Most notably, it prioritizes revising the Unfair Competition Law, as well as three laws related to Foreign-Invested Enterprise laws: the WFOE, EJV, and CJV laws.
11/22/13	Opinions on Further Strengthening the Administrative Law Enforcement for Commerce	MOFCOM	Outlines various measures designed to increase transparency in law enforcement and administration.	Limited: Makes recommendations on increasing transparency in commercial law enforcement, but the practical impact of such measures on foreign company

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				operations remains unclear.
2/4/14	Opinions on Publishing Information relating to Administrative Penalty Cases Involving Producing and Selling Counterfeits and Infringement of Intellectual Property Rights	State Council	Requires administrative enforcement agencies to proactively disclose information relating to counterfeiting and IPR infringement cases within 20 working days of an administrative decision.	Moderate: Promotes transparency and legal reform in a commercial area important to foreign companies
5/4/14	Administrative Measures for the Tendering and Bidding of Telecommunication Construction Projects	MIIT	Adopts public bidding for telecommunication construction projects in which state-owned capital possesses a holding or leading position and must be subject to bid invitation in accordance with the law.	None: No impact on foreign companies, as they are not active in this space.
8/31/14	Decision on Establishing Intellectual Property (IP) Courts in Beijing, Shanghai, and Guangzhou	National People's Congress Standing Committee	Creates specialized courts on a pilot basis in Beijing, Shanghai, and Guangzhou to handle administrative appeals and some civil IP cases.	Moderate: Creation of these courts could improve the ability of companies in a range of sectors to better protect their IP, and courts are building a solid track record in beginning to hear cases and engage with the public. However, the scope of the pilot remains limited to three geographic areas.
3/17/15	Implementing Opinions on the CCP Central Committee Decision Concerning Major Issues in Comprehensively Promoting the Rule of Law	MOJ	Identifies several areas for judicial administration reform, such as deepening reform of the penal system, continuing reforms for lawyers, improving the community correction system, expanding the scope of legal aid, and ensuring support for legal expenses.	Limited: Potentially positive broad reforms to the legal system, which aid in transparency and rule of law. However, the document is still considered an opinion, and will require detailed follow-up implementation guidelines.
3/30/15	Provisions on the Record-Keeping, Reporting and Accountability for Interventions in Judicial Activities and Meddling in Specific Cases by Leading Cadres	CCP Central Committee, State Council Information Office	Aims to restrict party interference in judicial cases and promote adherence to the Constitution. Notes that judicial offices that record interference from outside parties will be protected by the law.	Moderate: This is positive legislation that will be beneficial to China's transparency and judicial reform efforts. In August 2015, the People's Supreme Court issued implementing measures to carry out the provisions, including requiring a person or organization outside the judiciary to handle the information database for

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				inquiries/ comments on judicial cases. However, actual impact and effectiveness depends on the ability to enforce the provisions.
4/4/15	Opinions on Improving Standardization Work for Energy Conservation	State Council General Office	Encourages relevant ministries and authorities to design and enforce energy efficiency standards. Calls for an advanced system of energy efficiency standards by 2020, with 80 percent of energy efficiency standards matching international levels.	<u>Limited</u> : The strong signal from State Council to improve standards and enforcement in energy conservation, and increased harmonization with international standards are positive developments. The impact on foreign companies is challenging to assess until draft energy efficiency standards are released.
4/24/15	Decision of the National People's Congress Standing Committee on Revising the Drug Administration Law	NPC Standing Committee	Removes requirements for drug manufacturers and distributors to have their "drug manufacturing license" before registering with local administrations of industry and commerce. The revision also removes fixed pricing and pricing guidance by the government. The updated law comes into effect immediately.	<u>Limited</u> : These minor revisions do not address industry concerns with the drug supervisory system, legal liabilities, or administrative penalties for violations currently found in the law. It is an incremental step forward in reducing the government's role and letting market determinants be a bigger factor in the industry. Overall, the impact is limited to one industry, and is limited by the small scope of revisions made.

IX. Taxation and Budget

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
5/24/13	Announcement on Implementing VAT Pilot Projects Nationwide in Transport and some Service Industries	SAT	Expands local value-added tax (VAT) reform pilot covering some transportation and services areas nationwide as of August 1, 2013.	<u>Limited</u> : Promotes some tax reform for the transportation industry and a few other service industries.
8/15/13	Extension of the	MOST, MOF, SAT	Extends current preferential tax policies	<u>Limited</u> : Extends existing preferential tax

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Zhongguancun "1+6" Reform Policies		for high-tech, innovative enterprise development.	policies that foreign companies have participated in, but does not expand or change these policies.
9/24/13	Notice on the Launch of a Nationwide Inspection Campaign on Fees Imposed on Businesses	NDRC	Initiates nationwide inspection campaign to crack down on arbitrary charges by government departments and industries.	<u>Limited</u> : Campaign is supposed to eradicate arbitrary charges and reduce costs for businesses. Follow-up policies require companies to eliminate unnecessary fees and cancel or suspend administrative fees.
1/10/14	Announcement on 2012 Central Budget Implementation and the Rectification of Other Issues Concerning Financial Revenue and Expenditure Audits Problem	National Audit Office	Lays out direction of reform in several areas, including the government fund budget management, regional tax incentives adjustment, the state capital operating budget management, and transfer payments management.	<u>Moderate</u> : Clarifies that MOF will explicitly decouple regional development from tax incentives, a step toward addressing discriminatory tax policies. Implementation remains unclear.
1/24/14	Notice on Promoting Government Procurement of Services Related to Budget Management	MOF	Promotes government procurement of services related to budget management.	<u>None</u> : Internal process-related policy that does not directly impact foreign companies.
1/29/14	Notice on Promoting the Healthy Development of Labor-intensive Small- and Medium-sized Enterprises	MOF	Provides additional tax breaks and preferential fiscal policies to boost the development of small- and medium-sized enterprises in the light, textile, machinery, electronics, wholesale and retail, accommodation and catering, residential services, elderly services, modern services, and many other industries.	<u>Limited</u> : Only applies to SMEs, so there is limited participation for foreign multinationals.
3/24/14	Notice on Simplifying Invoice Receipts and Usage Procedures for the Value Added Tax	SAT	Simplifies the tax regime to provide law-abiding taxpayers with more convenient tax methods, including simplifying invoice receipts and usage procedures for the VAT.	<u>Limited</u> : This notice impacts taxpayers across industry, but is only focused on tax issues and limited to individual taxpayers, not corporate taxpayers.
4/8/14	Notice Regarding Adjustment in Tax	MOF, SAT	Further alleviates the tax burden for small businesses, and promotes	<u>Limited</u> : Reduces tax burdens on enterprises, but has limited impact on

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Preferential Treatment for Small Businesses		employment and economic development.	multinational companies.
4/30/14	Notice on Including the Telecom Sector in VAT Pilots	MOF, SAT	Includes the telecom sector in VAT pilots.	<u>Limited</u> : Promotes some measure of tax reform for the telecom sector, but the impact is limited to that sector.
5/13/14	Notice on Tax Collection Policy for Aircraft Leasing Companies	MOF, GAC, SAT	Reduces the tax rate from 17 percent to 5 percent for companies that import airplanes weighing more than 25 tons to lease them to domestic airlines; this reduces the tax rate to that paid by domestic airlines.	<u>Limited</u> : Provides a tangible tax reduction, but direct impact is limited to companies leasing aircraft. Indirectly affects foreign aviation firms because it could spur more purchases/imports of foreign aircraft.
5/19/14	Measures for the Pilot Program of Issuing and Repaying Local Government Bonds in 2014	MOF	Allows 10 provinces and cities (including Beijing, Shanghai, Jiangsu, and Guangdong) to issue and repay their own local government bonds on a trial basis in 2014.	<u>Limited</u> : This serves as test platforms for reforms that aim to increase financing channels for local governments. While increased use of such debt issuance could help fund infrastructure and construction projects that could benefit foreign companies, direct impact on foreign companies is limited.
6/13/14	Guiding Opinions on Credit Rating of Local Government Bond Issuance in Pilot Zones in 2014	MOF	Introduces credit rating systems for local government bond-issuance pilots with multiple tiers for credit ratings (AAA to C) and varying lengths (five, seven, or 10 years). The 2014 pilot areas include Shanghai, Zhejiang, Guangdong, Jiangsu, Shandong, Beijing, Jiangxi, Ningxia, and Qingdao.	<u>Limited</u> : Represents a relatively significant step toward marketization of the financial system, and a key measure to implement broader issuance and use of local government bonds as a financing channel. This could have important implications for transparency, market reform, and government spending/procurement. While systemic impact is important, direct impact on foreign companies remains limited.
6/13/14	Guiding Opinions on Information Disclosure of Pilot Local Government Bonds in 2014	MOF	Clarifies information disclosure requirements for local government debt issuance, requiring local finance bureaus in pilot areas to disclose certain information via a specific website no less than five business days before local bonds are issued. Required disclosures	<u>Limited</u> : While these regulations are an important step in defining transparency standards and promoting local government bond issuance in a more market-oriented fashion, the impact for foreign companies is primarily indirect.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			include basic information about the bonds, the quantity of bonds being issued, issuing date, issuing method, credit rating, and corresponding rating report.	
7/30/14	Notice on Expanding the Scope of the Pilot Program for Tax Rebate Policy at Ports of Departure	MOF, GAC, SAT	Expands an export tax rebate pilot for maritime shipping companies from Shanghai to eight additional ports, including Nanjing, Suzhou, Lianyungang, Wuhu, Jiujiang, Qingdao, Wuhan, and Yueyang. The expanded program goes into effect September 1, 2014.	<u>Limited:</u> The policy improves the process for companies to receive export tax rebates, but remains limited to a specific set of nine pilot ports on and around the Yangtze River.
8/1/14	Announcement on the Exemption from Vehicle Purchase Tax for New Energy Vehicles	MOF, SAT, MIIT	Removes the vehicle purchase tax (which is one of several taxes related to vehicle pricing) for new energy vehicles for three years.	<u>Limited:</u> Potential to positively impact companies that manufacture NEVs, with indirect benefit to suppliers and after-market service providers. This also specifies the same criteria for qualified imported cars. Only vehicles listed in the NEV tax exempt catalogue qualify for the elimination of vehicle purchase tax, and only one foreign vehicle qualifies.
8/27/14	Administrative Measures for Value-added Tax Exemptions on Cross-border Services (for Trial Implementation)	SAT	Revises previous standards for the types of cross-border services to include in China's efforts to transition from a business tax to a VAT, clarifying that reforms include postal, delivery services, and telecom services.	<u>Limited:</u> This revision clarifies the tax situation for a range of companies providing specific cross-border services, but is primarily an extension of an existing reform effort.
9/9/14	Notice on Policies concerning the Adjustment to Resource Tax on Crude Oil and Natural Gas	MOF	Adjusts subsidies and tax rates for 27 oil, natural gas, and mineral extraction companies in China.	<u>Limited:</u> The impact is limited to the energy sector.
9/10/14	Notice on the Nationwide Implementation of the Pilot Export Rebate Policy for Financial Leasing Goods	MOF, GAC, SAT	Expands nationwide the pilot program for VAT and consumption tax rebates on exported leased products with a lease term of five years or more, previously limited to Tianjin's Dongjiang Free Trade	<u>Limited:</u> The rebates are most likely aimed at domestic companies as the service eligible for exemption is "exported" products.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			Port Zone.	
10/8/14	Notice on the Adjustment of Coal Import Tariffs	State Council	Removes a provisional zero percent tariff rate on various types of imported coal.	<u>Limited</u> : Limited to the energy sector and does not have a major impact on operations.
10/9/14	Notice on Implementing the Coal Resource Tax Reform	MOF, SAT	Lays out plans for implementing and administering the new tax reform plan for imported coal, including tax calculation and collection.	<u>Limited</u> : Impact is limited to the energy sector.
10/10/14	Notice on Issues Relating to Disposing of Payment Funds Concerning Coal, Crude Oil, and Natural Gas	MOF, NDRC	Removes several forms of subsidies and benefits to coal, oil, and natural gas producers – including a subsidy that previously brought their tax rate to zero percent.	<u>Limited</u> : Impact limited to the energy sector.
11/14/14	Notice on Issues Concerning the Temporary Exemption of Corporate Income Tax on Income from the Transfer of Stock or Other Equity Investment Assets Gained by Qualified Foreign Institutional Investors (QFII) and RMB Qualified Foreign Institutional Investors	CSRC, SAT, MOF	Removes the corporate income tax for capital gains from stock purchased in mainland China for qualified foreign institutional investors (QFII) and RMB-qualified foreign institutional investors (RQFII).	<u>Limited</u> : Encourages more foreign capital in China's stock market, creating additional investor opportunities and strengthening China's stock market. However, the announcement does not address market access issues.
11/25/14	Notice on the Increase of Oil Consumption Tax	MOF	Raises the consumption tax on various types of refined oil used in transportation (such as gasoline and aviation kerosene).	<u>Limited</u> : Largely aimed at reducing oil consumption in an effort to reduce pollution, while promoting the use and development of new energy vehicles – but impact is limited to a small number of sectors.
11/25/14	Notice on the Adjustment of Consumption Tax	MOF, SAT	Adjusts consumption tax on various products including the removal of consumption tax on automobile tires, low-displacement motorcycles, and alcohol.	<u>Limited</u> : A limited impact on prices for a small range of products.
11/27/14	Notice on Continuing to	MOF, SAT,	Extends through 2018 tax incentives for	<u>None</u> : Primarily targeted at Chinese

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Implement Tax Policies for the Transformation of Publicly Funded Institutions to Private Enterprises	Central Propaganda Department	enterprises that have been converted from publicly (government) funded institutions to for-profit cultural institutions.	companies, as it is rare that a foreign company would be formed out of a previously publicly funded institution. No new market access is granted to foreign companies and no new positive treatment is provided for foreign companies.
12/5/14	Notice on Issues Concerning the Improvement of Government Budget Systems	MOF	Requires local governments to improve their budgeting systems and ensure that sufficient attention is given to maintaining government and public services funds. All local governments are required to comply January 1, 2015.	Limited: Promotes better financial management practices for local governments, which could have a positive systemic impact by reducing corruption and increasing government solvency, but does not create market-oriented reforms.
12/9/14	State Council Notice on Cleaning Up and Standardizing Taxes and Beneficial Policies	State Council	Standardizes tax and non-tax business incentives offered to businesses by local governments by requiring central government approval, and creating single lines of reporting to ensure adherence to rules.	Limited: Aimed to create greater consistency and transparency among local government officials by attempting to standardize the types of incentives they can use to attract business and cancel unapproved existing incentives. However, major questions about the implications for existing incentives led to a follow-up notice that largely suspended its implementation and stated that existing incentives would be honored.
12/16/14	Import-Export Tax Adjustment Announcement	MOF	Reduces tariffs for various imported products to levels lower than those offered through most-favored nation status. Impacted products include (but are not limited to) advanced manufacturing equipment for optical communication lasers, camera lenses, and automatic wire welding machines. New tariff rates went into effect January 1, 2015.	Limited: Lowers key tariff rates in various product areas, especially high-tech equipment, in a possible nod to Information Technology Agreement negotiations. However, known impact still limited to products in those categories.
12/25/14	Notices on Issues Concerning the Enterprise Income Tax Treatment for the Promotion of	MOF, SAT	Expands the number of M&A deals that could be eligible for “special tax treatment.”	Limited: Creates greater room and incentives for companies across a range of sectors to pursue M&A as a means of growth, but the scope of improvement is

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Enterprise Restructurings			fairly limited.
2/3/15	Announcement on Issues Concerning Income Tax on Indirect Property Transfers by Non-Resident Enterprises	SAT	Addresses foreign enterprise offshore tax avoidance efforts by determining that indirect transfer of taxable assets by non-resident enterprises to avoid corporate income tax is deemed a direct transfer of China taxable assets and is subject to tax.	<u>Limited</u> : A concerted effort by Chinese authorities to ensure collection of taxes and restrict offshoring of capital for tax-avoidance purposes. Likely impacts a broad range of foreign companies across different sectors.
3/10/15	Announcement on Corporate Income Tax Issues Concerning the Implementation of the Catalogue of Encouraged Industries in Western China	SAT	Reduces the corporate income tax rate to 15 percent for companies in western China involved in a sector included in the Catalogue of Encouraged Industries in western China. Revenues generated from activities in the encouraged sector must account for more than 70 percent of overall revenue.	<u>Moderate</u> : Helpful tax relief for companies engaged in these sectors, but geographic scope is limited to western China.
3/13/15	Notice on Preferential Corporate Income Tax Policies for Small Low-Profit Enterprises	MOF, SAT	Reduces for three years the corporate income tax on small companies making less than RMB 200,000 a year.	<u>None</u> : Helpful tax relief for small companies but likely will not have a significant impact on a broad range of foreign companies operating in China.
3/20/15	Announcement on Issues Concerning Corporate Income Tax on Payments Made by Enterprises to Related Parties Overseas	SAT	Specifies that an enterprise, when making payments to related parties overseas, shall abide by the "arm's length principle" and provide, if required by the tax authority, the contract and other materials to prove the transaction is independent and fair. The announcement lists four payment scenarios that do not conform to the arm's length principle and cannot be deducted when calculating enterprise income.	<u>Moderate</u> : Follows a trend of policy announcements addressing tax collection, with a focus on internal capital controls and transfer pricing between entities. Represents a positive development for China's tax collection intentions and capabilities, but may result in more intrusive government control on companies' ability to manage their finances.
4/3/15	Notice on the 2015 Plan for Tax-Free Imports of Seeds and Stock for Breeding of Poultry, Fish, Wildlife, and Wild Animal and Plant Species	MOF, GAC, SAT	Exempts the import of certain seeds, poultry and wildlife breeding stock, fish breeding eggs, and wild animal and plant species seeds during the 12th Five-Year Plan period from import taxes.	<u>Limited</u> : Potential benefit to foreign companies exporting such goods to China, but does not address limitations on these products put in place by the Catalogue Guiding Foreign Investment, and sector scope is very limited.
4/30/15	Notice on Carrying out the	MOF, SAT	The resources tax on rare earth, tungsten,	<u>Limited</u> : Minor improvement to resource

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Reform on Collecting Resources Tax on Rare Earth, Tungsten and Molybdenum by Ad Valorem		and molybdenum will be levied according to price instead of quantity.	tax that will only impact energy sector.
4/30/15	Notice on Sorting out Fees and Funds involving Rare Earth, Tungsten, and Molybdenum	MOF, SAT	Cancels the collection of fees for the price regulation fund.	<u>Limited</u> : Minor improvement to resource tax that will only impact energy sector.
4/30/15	Notice on Starting the Campaign for Cleaning up Administrative Charges on Enterprises	MOF, NDRC, MIIT	Cancels fees that are not based on laws or administrative regulations, but does not name specific fees. Increases transparency for fees issued by government departments, requiring departments to list on its website all information regarding fee policies that impact companies.	<u>Limited</u> : Fosters a more standardized and predictable tax system. Potentially moderate impact on foreign companies, as it would limit arbitrary fees imposed by local governments and provides companies legal means to challenge fees.
5/5/15	Notice of Republishing the Administrative Fees Collected by the Food and Drug Regulatory Departments	MOF, NDRC	Republishes which departments impose pharmaceutical and medical device registration fees.	<u>None</u> : Impact limited to medical devices and pharmaceutical industry. Though a positive step toward overall transparency, this policy deals only with delineating fee collection, and does not offer any new reform measures.
5/18/15	Notice on Adopting Preferential Taxation Policies for Vehicles and Vessels Using New Energy	MOF, SAT, MIIT	Specifies requirements for energy-saving passenger and commercial vehicles to receive tax incentives, including reduced tax rates for energy-saving passenger and commercial vehicles and exemptions from vehicle and vessel taxes for new-energy commercial vehicles.	<u>None</u> : This notice provides more detailed requirements for receiving the tax break compared to a 2012 notice, which offered similar tax reductions. It has limited sector impact.
5/25/15	Notice on Adjusting the Import Tariffs on Certain Consumer Goods	Customs Tariff Commission of the State Council	Temporarily reduces the tariff import rate on several consumer goods products, including skin care products, fur clothing, wool coats, wool suits, various shoes and boots, and paper diapers.	<u>Limited</u> : Temporary adjustment to the tariff rate on consumer goods that may result in greater sales for certain imported goods in the consumer goods sector.
5/27/15	Notice on Giving Full Play	NDRC	Simplifies the auditing and approval	<u>None</u> : Applies only to a narrow scope of

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	to Enterprises' Providing Financial Support to Major Project Construction to Promote Stable and Rapid Economic Development		process for enterprises with high credit rankings to issue bonds, and encourages bond issuance to support financing in areas such as strategic industries, electric grid renovations, and innovation demonstration projects. Relaxes requirements on asset-liability ratio for enterprises with a high credit rating.	companies, which – based on the sectors included – will not likely include any foreign companies.
6/19/15	Plan on Promoting the Overall Use of Fiscal Funds	State Council	Lays out a 10-point plan for optimizing the use and raising the efficiency of fiscal resources. Includes measures to expedite the review of government projects' budget applications, integrating different investment funds, and regulating the use of various kinds of government income.	<u>None</u> : The plan is solely focused on managing government fiscal funds, and has no direct or immediate impact on foreign companies.
7/1/15	Administrative Measures on Coal Resource Tax Levying (for Trial Implementation)	SAT	Provides details on how to calculate the coal resource tax, and gives preferential tax treatment to separated and washed coal.	<u>Limited</u> : Impact limited to the coal industry. The measures have a potential positive impact on environmental awareness, as they incentivize the production and consumption of clean coal.
8/25/15	Implementation Plan for Promoting Random Tax Inspections	SAT	Introduces and sets guidelines for a random check system for tax officials to randomly select taxpayers for inspection based on tax classifications and indications of abnormal tax activity.	<u>Limited</u> : Process-oriented reform design to standardize tax inspections. Such a reform could limit the possibility of differential treatment for foreign and domestic taxpayers.
9/10/15	Announcement on Issues with Comprehensively Implementing a Further Expanded Scope for a 50% Income Tax Reduction for Small and Low-profit Companies	SAT	Stipulates that from October 1, 2015 to December 31, 2017, qualified small, low-profit companies with RMB 300,000 taxable income or less can enjoy half of their normal income tax rate, regardless of how their taxes are collected.	<u>None</u> : Foreign companies are unlikely to qualify as small companies with low profits under the criteria in these regulations, meaning they would be unable to benefit from the tax reduction.
9/21/15	Notice on Further Improving Enterprise Income Tax Policies Related to the Accelerated Depreciation of Fixed	MOF, SAT	Allows companies in the light industry, textile, machinery, and automotive industries to shorten the depreciation period for fixed assets purchased after January 1, 2015, and also allows small,	<u>Limited</u> : Reduces taxes for some companies, but is limited to particular industries.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Assets		low-profit enterprises to deduct costs for instruments and equipment from taxable income.	
9/28/15	Internet+ Taxation Action Plan	SAT	Sets goals for the formation of a digitally integrated tax system, with use of new internet and communication technologies such as crowd sourcing, mobile applications, and mobile office to foster more unified, standardized, and efficient tax work by 2020. Specific areas of tax work include social cooperation, taxation services, invoice services, information services, and intelligent applications.	<u>Limited</u> : While some of the areas described in the plan could increase transparency and efficiency of the tax system and make it easier for foreign companies to pay corporate taxes, the plan is aspirational and lacks implementing detail.
10/28/15	Notice on Nationwide Promotion of Pilot Tax Policies in National Independent Innovation Demonstration Zones	MOF, SAT	Proposes the nationwide implementation of four tax policies previously applied only in national indigenous innovation demonstration zones, creating incentives to invest in small and medium-sized high-tech enterprises, conduct technology transfers, and create stock plans for high-tech companies.	<u>Limited</u> : While these policies can create more innovation-related incentives that foreign companies could theoretically use, these tax policies are not major innovation drivers for foreign companies, and thus expanded use has only a minor impact on top company issues.
10/30/15	Notice on the Application of a Zero-rate Value-added Tax Policy to Film, Television and Other Export Services	MOF, SAT	Stipulates that the zero-rated value-added tax (VAT) policy applies to taxable services provided by domestic entities and individuals for overseas entities. Eligible taxable services include services related to radio, film, and television production and distribution; technology transfer; software; integrated circuit design and testing; information systems; business process management; offshore services outsourcing, and others.	<u>Limited</u> : Lowers the VAT tax rate for a variety of selected services, which should benefit companies in those industries. However, impact remains limited to a handful of sectors where foreign companies are meaningfully engaged.
11/3/15	Notice on Improving Policies Related to Extra Pre-tax Deductions for Research and Development (R&D)	MOF, SAT, MOST	Clarifies eligible R&D expenses that can be deducted on a pre-tax basis, including specific definitions for categories such as labor costs, direct input costs, depreciation, amortization, and new	<u>None</u> : Provides clarification on how companies should handle tax implications of R&D, but does not create new openings.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Expenses		product design and testing fees, and sets rules for how to treat qualified tangible R&D expenses (50 percent pre-tax deduction) and intangible assets (150 percent amortization on pre-tax cost).	
1/28/16	Circular on Continually Implementing Preferential Policies on Real Estate Tax and Urban Land Use Tax for Wholesale Markets for Agricultural Products and Farmers' Markets	MOF	The circular temporarily exempts land used for agricultural and farmers' wholesale markets where only agricultural products are sold from real estate and urban land-use tax. For markets where agricultural and other products are sold simultaneously, real estate tax and urban land use taxes will be reduced according to the proportion of the areas used for agricultural products.	<u>None</u> : Does not create change in a sector that is open to foreign participation.
3/24/16	Circular on Tax Policies for Cross-border Ecommerce Retail Imports	MOF	The circular amends how cross-border ecommerce products coming into China are taxed and regulated. It adopts a positive list of products exempt from requirements to submit select documentation to Customs; adjusts the import tax structure; and lowers the maximum value individuals can purchase via cross-border channels.	<u>Negative</u> : Adjustments in taxation and licensing requirements for cross-border imports bring new regulation to a formerly grey market, likely increasing the regulatory burdens faced by foreign ecommerce and logistics companies participating in cross-border ecommerce. The circular also does not signal openings or licensing reform that would make the market more accessible for foreign companies.
05/01/2016	VAT pilot program expanded to all industries with relevant rules released	MOF, SAT	The VAT regime was rolled out nationwide for the first time in August 2013, covering the transportation industry and six modern services sectors: research and development, information technology, cultural and creative industries, logistics, and authentication and consulting services. Expansions continued through May 1, 2016, at which point the final four sectors were added:	<u>Moderate</u> : While changes to tax rates will vary by industry, this reform is the final step in a long-anticipated tax reform plan that brings China's tax regime in line with international best practices and streamlines the reporting process across sectors.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			construction, real estate, finance and consumer services.	
9/9/16	Circular on Adjusting the Optimal Tax Rates on Imported Information and Technology Products	State Council, MOF	The government will gradually eliminate tariffs for 201 products related to information and technology in 3 to 7 years in order to fulfill the WTO Information Technology Agreement. More than 30 types of medical devices are included in the amended list. These high-end medical devices include ultrasound equipment, electrocardiograph machines, and pacemakers. Some tax rates will be cut by as much as 1.5%. Import taxes will be completely eliminated in 3 to 5 years for most products	<u>Moderate:</u> The elimination of tariffs represents China's compliance with WTO agreements, and its effort to move forward with its commitment. However, because the timeframe is still long for complete tariff reduction, impact is moderate.

X. Corruption, Bribery and Party Discipline

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/13/13	Notice on Banning Extravagant Official Galas	CCP Propaganda Department, MOF, MOC, NAO, SAPPRFT	Prohibits extravagant official galas and punishes those who organize such events. It restricts the use of government funds to hold commercial celebrations or pay for expensive entertainment.	<u>Limited:</u> While policy would standardize government behavior in line with foreign company international best practices, immediate impact of this policy in combination with other anticorruption policies has created uncertainty among local officials that has delayed many economic decisions by local governments.
11/25/13	Regulations on Reducing and Addressing Waste by Party and Government Agencies	CCP, State Council	Requires agencies to reduce unnecessary government expenditures.	<u>Limited:</u> Promotes the central government's efforts to better standardize local budgets, but does not have much direct impact for foreign companies.
12/13/13	Implementation Opinions on Rectifying	NHFPC, NDRC, MIIT, MOF	Enacts campaign against improper practices in pharmaceutical sales and	<u>Limited:</u> Improves transparency in hospital procurement process, but will have a

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Improper Practices in Procurement and Sales of Medicines and Medical Services		medical service.	negative impact for companies with drug prescription incentive programs at hospitals.
12/25/13	Provisions on Establishing a Commercial Bribery Blacklist in the Pharmaceutical Industry	NHFPC	Creates new mechanisms to expose companies in the pharmaceutical industry that engage in commercial bribery. All public medical institutions in China will be prohibited for two years from purchasing drugs, medical equipment, and medical supplies from enterprises included on the black list for more than two years within a five year period.	<u>None</u> : USCBC's initial assessment was of "limited impact," and noted that the blacklist – when created – would limit corruption in the industry in line with international best practices. However, few local governments have complied with the central government directive to establish such a list. Additionally, several local government officials have publically criticized the blacklist approach, noting that it would not solve the issue of bribery.
12/31/13	Administrative Measures on Central and State Organs Travel	MOF	Requires government agencies to cut down on waste from business travel expenses of government branches.	<u>Limited</u> : Advances government efforts to reduce corruption and excessive spending.
3/18/14	Opinions on Reducing and Addressing Waste by Party and Government Agencies	State Council	Reduces food and other types of waste for official activities.	<u>Limited</u> : No direct impact for foreign companies, but could have an indirect impact for restaurant and hospitality companies.
4/1/14	Implementation Measures for the Anti-Corruption Punishment and Prevention Work Plan (2013-17)	SASAC	Lays out implementation measures for SASAC's anti-corruption work.	<u>Limited</u> : Addresses anti-corruption efforts and reforms promoting more accountability by China's SOEs, but only an indirect impact for foreign companies.
4/28/14	Guidance on Anti-Money-Laundering of Securities Companies	SAC	Requires securities companies to establish and improve an internal anti-money laundering control system to include, but not be limited to, a client identification and risk grading system, a block trade and suspicious transaction reporting system, a client identity materials and trade records retention system, a confidentiality system, and a publicity and training system.	<u>Limited</u> : Applies only to securities companies in China, but addresses corruption in the financial services sector.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/21/14	Notice on Further Improving the Public Disclosure Mechanism for a Directory of Administrative Charges	MOF, NDRC	Requires that all administrative charges for publicly funded projects be recorded in a public directory, and the administrative charges conform to pre-defined cost standards.	<u>None</u> : While this is a positive transparency step for information disclosure of publicly funded project expenditures, it does not directly eliminate or change administrative charges that foreign companies face.
8/29/14	Implementation of the Proposal for Deepening Reform of the Party's Establishment System	CCP Politburo	Proposes reforms to four aspects of the structure of the CCP: the organizational system, the cadre personnel (HR) system, the basic level system, and the talent development system.	<u>None</u> : No direct impact on foreign companies or market access issues.
1/22/15	Several Opinions on Building and Improving Grain Security by Establishing an Accountability System for Provincial Governors	State Council	Proposes a mechanism that assigns responsibility to provincial governors for developing and maintaining a safe, productive, consistent, and capable grain industry.	<u>None</u> : An effort to improve governance in a critical industry by ensuring clear lines of responsibility and reporting, this is aimed at government actors, not companies.
3/24/15	Provisions on Self-Discipline and Prohibition of Interference in Environmental Impact Assessment (EIA) Approvals	MEP	Prohibits government officials and their relatives from influencing EIA approval processes, and prohibits them from engaging in third-party EIA projects.	<u>Limited</u> : Positive movement in addressing corruption as an effort to improve environmental protection in ways that could impact foreign companies, but it is unclear how strictly these provisions are being enforced at different levels of government.
7/15/15	Main Points of the Special Administrative Campaign for the Correction of Unhealthy Tendencies in Medicine Purchase and Sale and Medical Services	NHFPC, NDRC, MIIT, MOF, MOHRSS, MOFCOM, SAT, SAIC, CFDA	Calls for establishing a price negotiation mechanism for certain drugs, and strengthening the investigation and punishment of tax-related cases for drugs and medical device manufacturers and operators. Calls for enhancing efforts to fight cheating and defrauding health insurance funds.	<u>Moderate</u> : The main work points are vague and offer no implementing details or timelines. There have been dozens of investigations and arrests in Jiangsu, Zhejiang, Shanghai, Guangdong, Guangxi and Fujian, often involving doctors accepting bribes to prescribe specific pharmaceutical products to patients on a commission system. This appears to indicate continued work to crack down on corruption in the healthcare industry.
01/23/14	Notice on Implementing Opinion to Further	NHFPC, NDRC, MOF	Tackles corruption in pharmaceutical sales and medical services practices in an	<u>Moderate</u> : Campaign has potential positive long-term impact for foreign companies,

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Combat Corruption in Pharmaceutical Sales and Purchasing and Illegal Medical Practices		effort to reduce artificially high prices of some drugs by addressing invoices, drug prescriptions, and medical ethics.	but it raises short-term questions for companies seeking to comply and has caused healthcare companies to adjust their operational practices.

XI. Urban/Rural Issues

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/10/13	Notice on Conducting New Rural Medical Cooperative Work in 2013	NHFPC, MOF	Expands pilot areas to allow urban and rural residents to use a new rural cooperative fund to buy catastrophic insurance on the basis of the previous reforms.	<u>None</u> : Focused squarely on domestic-driven goals of improving China's government-run social security system.
9/13/13	Opinions on Accelerating the Development of the Pension Services Industry	State Council	Establishes a government-supported, comprehensive pension service industry to cover urban and rural residents before 2020.	<u>None</u> : Focused squarely on domestic-driven goals of improving China's government-run social security system.
3/10/14	Opinions on Comprehensively Deepening Rural Reforms and Accelerating the Modernization of the Agricultural Industry	State Council	Assigns specific ministries and agencies responsibility to various aspects of rural reform, including food security, surveys of agricultural land and activities, better use of investment and financial capital, and promotion of agriculture-related services such as insurance.	<u>Limited</u> : No direct impact for foreign companies as the main target is government agencies, but some indirect impact remains likely.
3/16/14	New National Urbanization Plan (2014-2020)	State Council	Improves regulation of the migration of rural residents into urban areas, with a focus on sustainable infrastructure development and raising living standards.	<u>Moderate</u> : Allows rural citizens broader access to urban social services and could lead to increased domestic consumption – a step toward rebalancing China's economy and creating market opportunities. Might also encourage controlled migration and provide access to new human resources for a range of foreign companies.
4/21/14	Pilot Project to Promote	SAC, MOFCOM	Establishes a set of standards for dealing	<u>Limited</u> : Reforms are limited to rural

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	the Comprehensive Rural Reform		with asset allocation, infrastructure projects, and services in rural areas.	areas, and although rural reform could lead to great opportunities for foreign investment in a range of sectors, it remains unclear what specific opportunities this policy provides.
7/30/14	State Council Opinions on Further Promoting Household Registration System Reform	State Council	Overhauls China's residency system, establishes a unified household registration system that aligns rural and urban resident benefits based on location of residency instead of location of birth.	Significant: This reform has the potential to boost consumer spending, increase labor mobility, and open new investment opportunities in urban infrastructure – which could benefit foreign companies. As of July 2015, at least 20 provinces have released implementing opinions on deepening <i>hukou</i> reform. In December 2015, the State Council released provisional regulations clarifying residence permit registration procedures that went into effect January 2, 2016.
8/4/14	Notice on Further Strengthening the Remaking of Poor Urban Residential Areas	State Council	Provides high-level direction for how Chinese government agencies and stakeholders (such as state-owned enterprises) should promote better infrastructure and conditions in poor urban residential areas.	None: No direct impact on foreign companies or market access conditions, and company participation is focused on domestic companies. Limited, indirect impact for companies that support urbanization processes remain possible.
8/11/14	Notice on Accelerating the Promotion of Issuing Certification for Residential and Collective Land Use	MLR, MOF, MOHURD, MOA, State Forestry Administration	Provides detailed instructions for how government departments should issue rural land ownership and land usage certification, including surveying the land.	None: No direct impact for foreign companies, though it is an initial step toward granting rural residents land ownership rights.
11/20/14	Notice on Adjusting the Criteria for the Classification of City Sizes	State Council	Creates new standards for defining city-level classifications based on number of permanent residents, likely in reference to ongoing <i>hukou</i> reforms.	None: This policy itself does not create any new market openings, but serves to clarify definitions for follow-up policies.
1/20/15	Notice on Relaxing Conditions for Withdrawals from the Housing Provident Fund for Rent	MOHURD, MOF, PBOC	Relaxes the conditions and amounts individuals can withdraw from the housing provident fund.	None: A social issue related to access to rental housing. No direct impact on foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Payments			
2/4/15	Proposal for the Comprehensive Performance of National Pilot Projects for the New Type of Urbanization	NDRC, SCOPSR, MPS, MCA, MOF, MOHRSS, MOHURD, MOA, PBOC, CBRC, SAC	Provides an outline of goals and objectives for a pilot system in two provinces (Jiangsu and Anhui) and 62 cities to test different plans for urbanization and <i>hukou</i> reform.	Limited: While reforms are welcomed, they have limited impact on key FIE concerns regarding market access and fair treatment.
9/18/15	Opinions on Land Use to Support the Development of New Industries and New Forms of Business to Promote Public Entrepreneurship and Innovation	MLR, NDRC, MOST, MIIT, MOHURD, MOFCOM	Defines four measures, including intensifying guarantees for new land supply, encouraging the flexible use of existing land, leading concentrated development of new industries via land use, and perfecting the supervision and administration of new industrial land use.	Limited: Creates some new opportunities for land use to promote new industries, but this does not deal with foreign companies' primary issues, -nor is it apparent that foreign companies will directly benefit from these reforms.
12/30/15	Guidelines on Further Promoting Management of the Law Enforcement System in Urban Areas	State Council	The guidelines aim to place urban management agencies in city- and county-level governments under a standardized system by the end of 2017, and establish a comprehensive legal system for urban management by 2020. Urges the overhauling of urban management agencies in city- and county-level governments and the integration of related duties in municipal infrastructure, sanitation, landscaping, and law enforcement.	Limited: While this policy has the potential to improve the management of urban areas, their infrastructure, and the legal system, and might improve regulatory transparency by increasing the rule of law, it does not have a direct impact on the investment environment or foreign investors.
12/31/15	Implementing Opinions on Promoting the Agricultural and Rural Big Data Development	MOA	The opinions aim to achieve an orderly sharing of agricultural data and completing the digitization of agricultural data within five to 10 years. Basic work includes: consolidating the construction of a national agricultural data center, promoting the sharing of data, improving the standards for the agricultural data system, and strengthening the security of agricultural	Limited: Having access to accurate agricultural data would benefit foreign agricultural firms, but would not address more fundamental market access barriers already in place. Questions remain if foreign companies will be allowed to access certain agricultural data that might be considered "state secrets," a term that remains undefined in the opinions.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			data systems.	
1/4/16	Guidance on Promoting the Development and Integration of Primary, Secondary and Tertiary Industries in Rural Areas	State Council	The guidance aims to integrate agricultural industries in rural areas by 2020 to improve agricultural competitiveness and farmers' incomes. Integration will be achieved by promoting new urbanization, restructuring agricultural industries, extending industrial chains and developing modern agriculture business types.	Limited: Agricultural consolidation is a part of the modernization of the sector, which has the potential to impact sourcing and competitiveness. This could make regulation of the agricultural industry more efficient and benefit foreign agricultural firms, but more problematic market access barriers remain unaddressed.
1/12/16	Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents	State Council	Calls for gradually establishing a unified national medical insurance system for urban and rural residents that will facilitate fair, secure standard management services, and more effective use of medical resources. Promotes the sustainable and sound development of the medical insurance system for all citizens.	Moderate: Establishing a nationwide medical insurance system could promote the maturation of China's health insurance market and increase use of private insurance products, a welcome development that could lead to greater foreign company participation. These changes may also promote greater labor mobility and a healthier workforce for all employers.
1/14/16	Opinions on Addressing the Issue of Hukou Registration for Hukou-less' Citizens	State Council	The opinions emphasize that household registration policies should be improved and no nonconforming preconditions on household registration should be set. The opinions state that it is imperative to strengthen <i>hukou</i> administration and comprehensively address the issue of household registration for those without <i>hukou</i> to guarantee that one permanent residence will be registered for each citizen.	Limited: Granting these citizens <i>hukou</i> will allow them to integrate into the workforce and increase labor mobility. However, the policies do not address underlying foreign company hopes for opportunities to shift employee <i>hukou</i> to places like Beijing and Shanghai, a key incentive foreign HR teams would like to implement.
1/19/16	Opinions on the Control of Migrant Workers' Wage Arrears	State Council	The opinions target industries where wage arrears often occur, such as project construction, labor-intensive manufacturing, and catering. A guarantee system with prevention,	None: This labor reform has no real impact on foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			supervision, and punishment will be established and improved. The opinions state that a well-managed operation must be in force by 2020 so that no wage arrears occur.	
1/27/16	Opinions on the Implementation and Development of New Ideas to Accelerate the Agricultural Modernization and Achieve a Comprehensive Well-off Goal	State Council	The opinions aim to create at least 53 million hectares of high-quality farmland by 2020 and call for the land to be highly productive to ensure stable yields, cultivated in an environmentally-friendly manner, and able to withstand floods and droughts.	<u>None</u> : This policy does not alter regulations restricting China's agricultural sector to domestic entities.
2/6/16	Guideline on Deeply Promoting the Construction of the New Type of Urbanization	State Council	The guidelines aim to further promote urbanization by improving overall construction quality; implementing household registration system reform policies and improving basic public services for all residents; accelerating the renovation of shantytowns, and dilapidated houses; encouraging the construction of comprehensive transportation networks, underground pipeline networks and sponge cities, as well as new types of cities; speeding up the cultivation of medium and small cities, small towns, and city clusters; improving land-use mechanisms and urban housing systems; as well as encouraging the innovation of financing mechanisms to support the building of new-type urbanization.	<u>Limited</u> : Efforts to develop and improve China's urban areas may offer opportunities for foreign companies in consumer facing and construction and engineering industries. The central government is encouraging the use of public-private partnerships to accomplish these directives, and some foreign companies have won contracts associated with these efforts. Some pilot projects are being funded by the central government in the short term, but it is not yet clear how foreign companies might profit in the long run, since many of these efforts ultimately require local governments to find their own funding.
2/21/16	Opinions on Further Strengthening the Management of Urban Planning and	State Council	The opinions outline guiding concepts, overall objectives, basic principles, and key tasks for managing urban planning and development.	<u>None</u> : Improvements to city management have no direct impact on foreign company concerns related to market access or equal treatment.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Development			
2/22/16	Opinions on a New Round of Upgrades for the Rural Power Network during the 13th Five-Year Plan Period	NDRC	The opinions stipulate that China will provide stable and reliable power supplies to rural areas by 2020. Reliability of power supplies is expected to reach 99.8 percent, while the qualified rate of integrated voltage will rise to 97.9 percent. A smart, effective, and modern rural power network will be established with reasonable structure and advanced technology.	Limited: Increasing power supplies to rural areas has the potential to broaden the available workforce, but the impact of this reform will be long-term and only indirect for foreign companies. These opinions encourage the diversification of investment to include social capital via public private partnerships (PPP), but it is unclear if foreign firms will be allowed to participate.
3/3/16	Guangzhou Government Implementation Opinions on further Promoting the Reform of Household Registration System	Guangzhou Government	The opinions cancel rural <i>hukou</i> , and merges them with the urban system as residential <i>hukou</i> ; accelerates the development of urbanization with the intention of improving the residence permit system and equalizing access to basic public services; strengthens the construction of the city's population information database; speeds up rural reforms as an effort to resolve <i>hukou</i> issues for migrants in Guangzhou.	Moderate: The implementation opinions are an important step forward to test key reforms in China's Urbanization Plan. The Guangzhou pilot will offer outside residents increased access to local services, and foreign companies who employ qualified workers in the region will have additional incentive to retain top talent. However, the limited geographic scope and long-term nature of this reform suggests only a moderate impact on foreign company operations.
7/25/16	Circular on Accelerating the Construction Infrastructure for Electric Car Charging Stations in Civilian Districts	NDRC, NEA, MIIT, MOHURD	The circular seeks to increase the number of charging stations and electric meters for leased parking spaces. The government will provide financial support for certain projects, and local authorities are tasked with streamlining the administrative processes for setting up this infrastructure. This circular also provides flow charts that detail the exact steps to apply for and construct charging stations.	Limited: This reform measure supports the development of the electric vehicle industry, presenting potential growth opportunities for auto manufacturers and firms producing inputs; it does not, however, address ownership caps for auto manufacturers, and therefore only has a limited impact.
8/5/16	Notice on Implementing Several Financial Policies to	State Council	The notice urges local governments to create structures to ease the process of moving rural workers into cities. These	Limited: Improving the provision of social services will directly impact labor mobility, an important issue as China's

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Support Rural Migrants' Urbanization		include providing adequate social security benefits and public services, as well as policies that reduce educational fees, help rural children gain equal admission in secondary and vocational schools, and inclusive preschool education.	economy continues to undergo restructuring, but without clear direction on <i>hukou</i> reform the impact on foreign companies will be limited.

XII. Other

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/28/13	Opinions on Promoting the Development of Healthcare Services	State Council	Opens investment to private capital and promotes market-based pricing in the healthcare industry.	<u>Limited</u> : Opens some healthcare services to private investment by applying a "negative list" for private investment in these areas – but private capital does not likely include foreign investment. Some indirect impact from more market-oriented pricing for companies in this space.
11/22/13	Notices on Launching Pilot Carbon Emissions Trade	Beijing Municipal Development and Reform Commission	Launches a pilot carbon trading platform in Beijing.	<u>Limited</u> : Promotes market-based emissions trading programs, but the impact is geographically limited, and details of how the regime would work are not yet released.
1/3/14	Administrative Measures on Non-Bidding Government Procurement Methods	MOF	Clarifies the circumstances that apply to three kinds of non-bidding government procurement methods: competitive negotiation, single-source procurement, and price inquiry.	<u>Limited</u> : Advances efforts to promote a more open, fair government procurement system, but minimal impact in terms of actual change.
3/12/14	Guiding Opinions on Promoting the Pension Agency Liability Insurance Work	MCA, CIRC, National Office on Aging	Promotes the establishment of the pension agency liability insurance system.	<u>Limited</u> : Impact is limited to the insurance industry, with no clear market openings for foreign companies.
4/8/14	Opinions on Comprehensive Reform to County-level Public Hospitals	MOF	Encourages cross-provincial drug tendering, ensuring drug safety, and lowering drug prices.	<u>Limited</u> : Step forward in applying more transparent procurement practices, but does not directly provide new market access opportunities for foreign companies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
4/9/14	Notice on Issues Concerning the Implementations of Non-public Health Care Sector Market Price	NDRC, NHFPC, MOHRSS	Encourages private capital to enter the healthcare sector, expands the supply of medical services, improves the efficiency of medical services, and promotes development of medical services and orderly competition of the healthcare sector.	Limited: Promotes the role of private capital in the healthcare sector, but private capital does not likely include foreign investment. Some indirect impact of market-oriented pricing for companies in this sector.
4/29/14	Notice on Extending the Preferential Tax Policy in Support of Entrepreneurship and Employment	MOF, SAT, MHRSS	Grants tax breaks to business startups and employers that hire the jobless as the Chinese central government looks to encourage employment amid the economic slowdown.	Limited: The scope only applies to small businesses; and impact on MNCs is limited.
5/23/14	Measures to Support the Stable Development of Foreign Trade	GAC	Encourages the establishment of reforms focused on streamlining the customs process, improving the trading environment, improving innovation in services, promoting outbound investment and trade, and establishing a consolidation customs area pilot program in Shanghai. This announcement follows a May 4, 2014 announcement from the State Council requiring government agencies to set reform measures to promote stable growth in foreign trade.	Moderate: Foreign companies cite customs process improvements as one of the most significant benefits of the Shanghai FTZ. These measures increased trade and development of China's services sector by simplifying administrative procedures. The consolidated customs area outlined in the measures has benefited foreign companies with operations there or that ship goods through the zone.
5/28/14	Guiding Opinions to Support Enterprises and Promote the Stable Growth of Foreign Trade	AQSIQ	Promotes stable growth in foreign trade by easing some inspection controls on exports, promoting imports of key technologies and improving regional cooperation. This announcement follows a May 4, 2014 announcement from the State Council requiring government agencies to set reform measures to promote stable growth in foreign trade.	Limited: Although the document covers several cross-cutting reform categories like simplification of inspection and quarantine systems and promoting imports of goods and services, it is vague and generic on prescriptions for achieving reform.
8/6/14	Guiding Opinions on Accelerating the Development of Productive Service	State Council	Lays out a range of policies designed to promote and support companies in high-tech services industries, including allowing such companies to qualify for HNTE to	None: Although these opinions have expanded the range of companies that are eligible to apply for HNTE, follow-up measures in February 2016 eliminated

Date	Policy Title/Link	Agency/Agencies	Summary	Impact
	Industry to Promote Industrial Restructuring and Upgrading		receive a 15 percent tax rate.	global exclusive IP licenses from counting toward HNTTE qualifying criteria. As a result, these opinions have no impact.
8/23/14	Interim Regulations on Enterprise Information Disclosure	State Council	Creates an online reporting mechanism that companies must use to disclose information such as registration information, ownership changes, equity pledges, and administrative penalties.	Limited: While increased information disclosure improves some transparency issues in the market, this regulation does not address market access issues – or core transparency concerns – for foreign companies.
9/9/14	Notice on Implementation for the 2014 Annual Healthcare Reform Key Tasks for Improving Drug Distribution	MOFCOM, MOF, NDRC, MOHRSS, NHFPC, CFDA	Establishes general goals for promoting healthcare reform and drug distribution in China, including encouraged development of independent pharmacies.	Limited: While encouraging the growth of independent pharmacies outside of hospitals could spur significant change in drug distribution channels, the policy remains aspirational rather than setting specific policies.
11/20/14	Opinions on Supporting the Healthy Development of Small and Micro-sized Enterprises	State Council	Provides high-level guidance for development of small and micro-sized enterprises engaged in "encouraged" investment projects, including exemption from tariffs for small and micro-sized enterprises that import advanced equipment that cannot be domestically produced.	Limited: While it could create some opportunities for foreign companies to sell advanced equipment to SMEs, it doesn't address market access openings for foreign companies in any specific industry.
1/14/15	Notice on Raising the Minimum Standard for Basic Pensions under the National Basic Pension Insurance for Urban and Rural Residents	MOHRSS, MOF	Raises the minimum standard for contribution to basic pensions to RMB 70 per person per month from the original standard of RMB 55 per person per month.	None: No new impact on foreign companies.
2/3/15	Notice on Implementing the "Three Mutuals" to Promote Significant Customs Clearance Reforms	State Council	Aims to build an integrated customs clearance system built on the "three mutuals" – mutual information exchange between customs and related ministries, mutually recognized regulations across regions, and mutual aid for law enforcement activities.	Limited: A streamlined port management system would be welcomed by foreign companies, but the notice does not give specifics for implementation. The notice is aspirational in nature, though follow-up regulations in March 2015 provided examples of efforts to promote integration among regional customs clearance

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				procedures.
2/27/15	Government Procurement Law Implementing Regulations	State Council	Regulates government procurement by setting up specific rules for purchasing goods and services, the process for making purchases, the appropriate format for contracts, procedures for complaints, procurement supervision, and legal responsibilities.	Moderate: Clearly states for the first time that products made in China – even by foreign companies – are domestic. The regulations do not provide more specific details on the definition of "domestic products," including clarifications on inputs and handling IT products.
3/12/15	State Council Approval for Setting up the Cross-Border Ecommerce Pilot Zone in Hangzhou	State Council	Establishes Hangzhou as the first pilot zone in China for cross-border ecommerce. The zone will be used to test technical standards and business processes for cross-border payment, logistics, customs, and tax rebates pertaining to ecommerce.	Limited: The pilot zone resulted in new opportunities for foreign sellers to reach China's consumers. Until early 2016, foreign companies were able to sell goods to consumers at the lower postal tax rate without the added expense of VAT, which offered moderate benefit to foreign ecommerce companies operating in China.
3/26/15	Reform Plan for Further Improving Standardization Work	State Council	Lays out goals for reform to China's standards system, as well as specific tasks to take place over the next five years in three phases: 2015-2016, 2017-2018, and 2019-2020. The plan streamlines standards into four categories with clearer definitions of the type of standards that fall into each category and a required "clean-up" of existing standards to adjust to the new definitions.	Moderate: Includes positive transparency-related language that all mandatory national standards must be made publicly available. However, the plan also calls for coordination of standard-setting activities with efforts to promote Chinese companies "going out" and promoting Chinese brands. Policies released in 2015 -- including an August 2015 action plan for work in 2015-2016 -- indicate that work to implement the plan is proceeding, albeit slowly.
3/30/15	Announcement of Customs Clearance Integration Reform in the Silk Road Economic Belt	GAC	Indicates that GAC will start integrated customs clearance procedures across nine provinces along the Silk Road Economic Belt starting May 1, 2015. The enterprises in these regions may choose to go through the process of customs declaration, tax payment, and goods examination in the place where the business operators are registered, or where the goods actually enter and exit China.	Limited: Positive integration and streamlining of customs work, but likely targeted at Chinese companies hoping to take advantage of China's international economic development policy. Geographic scope is also limited.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
3/30/15	Announcement of Customs Clearance Integration Reform in Northeast China	GAC	Indicates that four provinces in northeast China will collaborate on customs clearance procedures starting May 1. All imported and exported goods from companies within the region will enjoy simplified procedures through a regional integrated clearance system, which will require only one customs declaration.	Limited: Positive integration and streamlining of customs work, but likely targeted at Chinese companies hoping to take advantage of China's international economic development policy. Geographic scope is also limited.
5/8/15	Implementing Opinions for Carrying out Comprehensive Reform of County-Level Public Hospitals	State Council	Introduces reform priorities addressing challenges in the hospital system for county-level hospitals. Goals include reducing reliance on drug sales for hospital revenue, and replacing that revenue with service fees and government subsidies.	Limited: Provides better patient access to the healthcare system, and reduces hospital reliance on drug sales as a portion of revenue. Follow-up implementing regulations in 2016 increased the costs of medical services to better compensate workers and bolster reduced hospital revenues.
5/19/15	Made in China 2025	State Council	Issues an ambitious 10-year plan to enhance the competitiveness of China's manufacturing sector by encouraging innovation and raising efficiency. The plan lists specific targets for industrial energy consumption, carbon dioxide emissions, and water consumption.	Negative: The national plan includes specific targets that impact companies in multiple sectors. Though in some cases, preferential policies are extended to foreign companies, language in the plan on rigorous security reviews and shoring up indigenous IP, along with ambiguity about the scale and eligibility of preferential policies, raise concerns about how the plan will impact the competitive landscape. Recent company feedback on the negative impact this plan is having on the government procurement of foreign products implies a long term movement toward localization.
7/1/15	Guiding Opinions on Accelerating the Internet+ Action Plan	State Council	Maps development targets and supportive measures – such as preferential finance and tax policies – for key sectors, including manufacturing, agriculture, energy, and finance. Aims to integrate internet applications with manufacturing to drive	Limited: Although Internet+ has the potential to impact a broad swath of industries, this policy is light on detail, with only vague development targets and no specifics about preferential finance and tax policies.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			economic growth and create new industrial modes by 2018, in line with the national-level Internet+ plan.	
7/21/15	Notice on Permitting Domestic and Foreign Enterprises to Engage in the Production and Sales of Game and Entertainment Devices	MOC	Lifts the ban on the production and sale of game consoles in China.	Limited: Marks a positive step in expanding the opening nationwide, after restrictions were lifted in the Shanghai FTZ last year. This has limited significance because of its narrow sector impact.
9/21/15	Notice on Issues with Working Proposals for the Thorough Implementation, Integration, and Establishment of Unified Public Resources Trading Platforms	MOF	Requires centralized government procurement institutions to admit other public resource projects into trading platforms, and urges provincial finance departments to accelerate the establishment of government procurement market information sharing databases and mutual verification recognition mechanisms.	None: Process improvements that do not make it any easier for foreign companies to participate in government procurement and trading activities.
10/30/15	Notice on the Temporary Suspension of Fee Collection for Customs IPR Cases	GAC	Suspends Customs' collection of IPR recording as of November 1, 2015, and lays out procedures for companies to receive refunds for some previous payments.	Limited: While this cuts some cost for foreign companies, the IPR filing fee is not substantial.
11/9/15	Guidance on the Establishment of Integrated Standardization System of Cloud Computing	MIIT	Aims to standardize the development of cloud computing. Sections in the guidelines cover hardware, software, networks, services, and security, and draws comparisons to cloud systems in foreign countries.	Limited: The guidelines converge Chinese and foreign standards, which is indirectly useful for foreign cloud providers when setting up services in China, but doesn't significantly impact market access.
11/17/15	EV Charging Infrastructure Construction Guidelines (2015-2020)	NDRC	Aims to standardize electric vehicle charging ports across China.	Moderate: Indirectly address market access barriers by helping increase inter-operability of vehicles between cities, but impact is limited to the automotive sector.
11/23/15	Guiding Opinions on Implementing Internet+ Action Plan for Shanghai	Shanghai Government	Opinions on implementing the Internet+ Action Plan, specific to Shanghai.	Limited: The plan is specific to one area and does not make significant strides in addressing foreign company concerns.
12/5/15	Made in China 2025 Beijing Implementation	State Council	Sets development targets for Beijing and the surrounding area (Jingjinji), with a	Moderate: The plan sets specific development targets for a range of

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Plan		focus on developing certain IT products, such as high-performance IC chips, software, smart aviation software, smart cars, high-end chips, and engine control systems.	industries within one geographic location.
12/14/15	MIIT Notice on the Full Implementation of the State Council Guiding Opinions on Actively Promoting the Internet+ Action Plan (2015-2018)	MIIT	Calls for the construction of a “secure and reliable” production environment for ICT products, including high-end general chips and software. Language also calls for “secure and reliable” storage systems, desktop computers, external devices, network systems, and basic software. The plan calls for improving the localization rate of high-end smart equipment by 2018, and in the same year calls for breakthroughs in high-performance computing, integrated circuits, intelligent terminals, and security products.	Negative: The notice provides additional details beyond those within the Internet+ Action Plan, but language calls for "secure and controllable" development of certain industries and sectors, which leverage national security for protectionist purposes. Companies indicate this policy has negatively impacted government procurement of foreign products.
12/28/15	2015 MIIT Telecom Services Catalogue	MIIT	Expands the definition and categorization of data centers, and includes specific definitions of various IT products. It is the first update to the MIIT Telecom Services Catalogue since 2003.	Limited: While the catalogue encompasses the technology sector and has far-reaching implications for sectors such as ecommerce, the catalogue does not create additional market access openings for foreign firms.
1/14/16	Administrative Measures on Food and Drug Complaints	CFDA	The measures aim to further regulate the administrative management of food and drug complaints. Measures include: promoting the social co-governance system, which requires food and drug administrative departments to strengthen education at all levels and implement a rewards system to encourage public participation in reporting violations in food and drug industries; improving channels for complaints by defining agencies' responsibilities; further refining complaint handling procedures; and improving information management.	Limited: These reforms will make it easier for consumers to register complaints with government agencies, thereby increasing the regulatory burden on companies with government inquiries related to food safety.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
3/1/16	Several Provisions on the Implementation of the People's Republic of China Promoting Scientific and Technological Achievements Transformation Law	State Council	The provisions encourage research and development institutions, colleges, and universities to transfer research findings to enterprises and other organizations. The provisions also define price-setting and reward mechanisms for the transfer of technological achievements.	Limited: These provisions encourage the commercialization of state-sponsored innovation, and might offer opportunities for foreign companies to invest in or acquire promising technology.
8/25/16	Circular on Oceanic Economic Innovation Development Financially Supported by the Central Government	MOF, SOA	The circular calls for innovation and better corporate management in the marine industry, and encourages the development of enterprises in three sectors: marine equipment, desalination, and marine biological research. Several cities will be selected as pilot zones for developing the marine economy, which will then select one to two sectors out of the three for specialization. The central government will provide funding for strategic projects, and award each city RMB 300 million to support expenditure in innovative projects.	Limited: While this circular affects industries already encouraging foreign investment, the increased market opportunities have the potential to present new growth to foreign firms in these areas, although in areas limited to the pilot cities.

Appendix 3: Policy Announcements Related to the Shanghai Free Trade Zone

I. Overall Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/18/13	State Council Notice on the General Plan for the China (Shanghai) Pilot Free Trade Zone	State Council	Outlines the general provisions for the Shanghai FTZ and highlights sectors opened to foreign investment.	Limited: Opens some areas to foreign investment in financial services, logistics, and other professional services. While this policy made few major changes, follow-up policies in operational areas such as customs clearance and capital flow have implemented some of the zone's plans, and other zones were created using this model. To date, however, companies have seen

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				limited openings from the Shanghai FTZ (and other FTZs) . These factors have limited the positive impact of this policy.
9/17/14	Interim Measures for Administration of Regulatory Information Sharing in Shanghai Free Trade Zone	Shanghai Municipal People's Government	Creates an information-sharing platform for all administrative authorities and organizations with public administration duties in the Shanghai FTZ.	<u>Limited:</u> Measures create a mechanism for improving government transparency and communication that USCBC members report has had some impact on the time it takes for some government agencies to make decisions.
12/29/14	Notice on Expanding Shanghai FTZ to Other Areas in Shanghai	Shanghai Municipal Government	Expands the Shanghai FTZ outside its original territory to include the Lujiazui Financial District, the Jinqiao Development Zone, and the Zhangjiang Hi-tech Zone.	<u>Limited:</u> A positive step at more broadly introducing Shanghai FTZ reforms, but the geographic scope remains limited. Because the scope of reforms in the Shanghai FTZ has yet to represent significant progress on core market access issues, the impact remains limited.
5/23/16	Key Work Points for National-level New Area Systemic and Mechanistic Innovation	State Council	The points clarify the orientation of innovation for 17 national-level new areas, including Pudong New Area in Shanghai, Binhai New Area in Tianjin, and Liangjiang New Area in Chongqing. The key points also indicate that Pudong New Area in Shanghai will further deepen and promote the systemic innovation of free trade zones and accelerate the construction of the new open economy system, focusing on the innovation of governmental services, investment management, trade supervision and financial system.	<u>Negative:</u> This aspirational document calls for greater openness and expansion of free trade zones, but lacks concrete implementation details that might clarify the potential impact for foreign company operations in China. The policy also contains concerning language on "indigenous innovation" which is believed to exclude foreign company participation.
7/19/2016	Decision on the temporary adjustment of certain administrative rules and regulations in the Free Trade Zones	State Council	The decision temporarily lifts select restrictions on ownership by foreign companies and introduces a simplified filing approval system in China's free trade zones (FTZs). This includes liberalizations in agriculture, battery production, motorcycle manufacturing, large-scale engineering projects, and shipping.	<u>Moderate:</u> In addition to liberalizing several sectors and introducing a simplified filing system, this decision allows WFOEs in numerous areas beyond the FTZ negative list. The openings are limited to existing FTZs in Shanghai, Guangdong, Tianjin, and Fujian, but this is a positive move with the potential for

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				lasting change that would allow more competition in the market.

II. Foreign Investment

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/29/13	China (Shanghai) Free Trade Zone Foreign Investment Access Special Management Measures (Negative List) (2013)	Shanghai Municipal Government	Defines specific industry categories restricted to foreign investment in the Shanghai FTZ.	Limited: List is a clear transition to a negative list approach in the Shanghai FTZ, with coverage of a broad range of industries. However, the negative list itself largely restates existing restrictions, and thus represents no major openings. In addition, the scope is limited to Shanghai. Follow-up lists have created additional openings, but results have not achieved the openings desired by foreign industry.
12/21/13	Decision to Temporarily Adjust Relevant Administrative Regulations and Documents in the China (Shanghai) Free Trade Zone	State Council	Reforms foreign investment management models, expands the opening of services sectors, and temporarily adjusts provisions relating to administrative approvals.	Moderate: Reduces administrative requirements for foreign companies establishing operations in the Shanghai FTZ and eases approval requirements for services companies. Impact is limited to the Shanghai FTZ.
1/6/14	Decision on the China (Shanghai) Pilot Free-Trade Zone Interim Adjustments Regarding Administrative Regulations and the Administrative Examination and Approval and Special Management Measures	State Council	Adjusts regulations on foreign investment models and promotes expansion of the services sector.	Moderate: Temporarily suspends approval requirements for companies registered in the Shanghai FTZ. Impact is limited to the Shanghai FTZ.
1/6/14	Opinions on Further	MIIT, Shanghai	Further opens seven pilot value-added	Limited: Step forward in increasing market

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Opening up Value-added Telecommunications Services in China (Shanghai) Pilot Free Trade Zone	Municipal Government	telecommunications business areas to foreign investors.	access for foreign telecom companies, but the sectors and areas for openings do not address top company concerns.
4/9/14	Arbitration Rules for the China (Shanghai) Pilot Free Trade Zone (FTZ)	Shanghai International Economic & Trade Arbitration Commission	Specifies arbitration rules for dispute settlements in the Shanghai FTZ.	<u>Limited</u> : Allows companies across sectors more freedom to select dispute settlement channels, but limited to Shanghai FTZ.
4/30/14	Notice on Supporting Accounting Firms Setting up Branches and Launching Pilot Work in Shanghai Free Trade Zone (FTZ)	MOF	Supports qualified partnership and limited liability partnership (LLP) accounting firms to establish branch offices in the Shanghai FTZ and allows them to use "Shanghai FTZ" in the names of their branch offices.	<u>Limited</u> : Defines government organizational structure and approval processes for accounting companies in the zone, including handling of applications from major accounting firms and others, but does not create new market opportunities.
6/30/14	China (Shanghai) Free Trade Zone Foreign Investment Access Special Management Measures (Negative List) (2014)	Shanghai Municipal Government	Reduces the list of sectors in which foreign investment is prohibited. These revisions are an incremental step forward in China's broad economic reforms, but of limited practical use to foreign companies due to the limited number and geographic scope of the openings.	<u>Limited</u> : The new negative list issued in 2014 contained only a limited number of substantive reductions on issues that matter to foreign companies.
9/28/14	Decision on Temporary Adjustment and Implementation of Special Administrative Measures on Access Required by Relevant Administrative Provisions and Department Regulations Approved by the State Council in China (Shanghai) Pilot Free Trade Zone	State Council	Announces 27 new foreign investment openings for sectors covered by six industry-specific investment regulations, but the new openings are only applicable to the Shanghai FTZ.	<u>None</u> : The 27 investment openings in the decision are already open to foreign investors via the 2014 revised-Shanghai FTZ negative list.
2/12/15	Provisional Implementing	PBOC	Allows companies within the Shanghai	<u>Limited</u> : Positive movement toward

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Details for Prudent Macroeconomic Management of Separate Accounting Services for Overseas Financing and Cross-Border Capital Flows in the China (Shanghai) Free Trade Zone		FTZ to raise financing domestically and from overseas by using special Shanghai FTZ-related bank accounts.	allowing companies freer management and better access to capital, regardless of its origin. Geographic scope is limited to Shanghai FTZ.
4/20/15	Notice on Special Administrative Measures for Foreign Investment Access in Free Trade Zones (Negative List)	State Council General Office	Revises China's list of industries off-limits to foreign investment in its free trade zones. The list provides additional clarity on 49 industries where foreign companies are not allowed to compete, including banking and natural gas development. The 2015 negative list adds more specific definitions of the restricted industry sectors not included in the 2014 list, helping provide clarity for foreign investors in areas where investment is discouraged.	Moderate: The revisions mirror – and further solidify – a number of existing and approved revisions to national investment catalogues and a proposed new investment law. While this negative list does not break significant new ground, it does cement incremental improvements in several market sectors.
4/20/15	Pilot Measures for National Security Reviews of Foreign Investment in the Free Trade Zones	State Council General Office	Establishes a mechanism to monitor foreign investment in “sensitive” sectors in the free trade zones. The new model follows the review mechanism outlined in the draft foreign investment law released in early 2015. The measures outline sectors subject to review, agencies responsible for the reviews, procedures for the review, and what factors will be considered in a review.	Moderate: The measures increase transparency in a sensitive area but raise a number of concerns for foreign companies, due to a broad scope of review and windows for inputs from third parties, and the lack of an appeals process to allow for reconsideration.
4/20/15	Plan for Promoting Further Reform and Opening in the China (Shanghai) Free Trade Zone	State Council	Identifies 25 concrete tasks and measures for Shanghai FTZ administrative authorities to better manage investment in the zone, including promoting reform in the foreign investment management system, improving the efficiency of customs management, and improving legal	Limited: While developments in the free trade zones continue to be of interest to foreign companies, this plan is very high-level and lacks specific details on how to achieve the 25 tasks. This plan does not address the concerns with the lack of substantive openings in the free trade zone

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
4/20/15	Notice of the Overall Plan for the China (Fujian) Free Trade Zone	State Council	protections. Calls for the Fujian FTZ to take the lead in developing free trade with Taiwan, and identifies 16 priority tasks for development of the Fujian FTZ—including promoting openness in the financial sector and improving investment ties with Taiwan in regard to telecom, transportation services, and engineering technology services.	negative list. Limited: While developments in the free trade zones continue to be of interest to foreign companies, this plan is very high-level and lacks specific details on how the 16 tasks will be completed. This plan does not address the concerns with the lack of substantive openings in the free trade zone negative list. The focus of the Fujian FTZ is to attract "foreign" investment from Taiwan, similar to Guangdong province's free trade agreement with Taiwan.
4/20/15	Notice of the Overall Plan for the China (Tianjin) Free Trade Zone	State Council	Calls for the Tianjin FTZ to set an example for development of the greater Beijing-Tianjin-Hebei region, and identifies 16 high-level priority tasks for development of the Tianjin FTZ. These tasks include lowering investment access barriers, strengthening international trade service ability, and improving government efficiency in administrative management.	Limited: While developments in the free trade zones continue to be of interest to foreign companies, this plan is very high-level and lacks specific details on how the 16 tasks will be completed. This plan does not address the concerns with the lack of substantive openings in the free trade zone negative list.
4/20/15	Notice of the Overall Plan for the China (Guangdong) Free Trade Zone	State Council	Identifies 15 high-level priority tasks for development in the Guangdong FTZ. These tasks include strengthening international shipping services, and leading economic transformation in the Pearl River Delta region. The plan also has a stated target of deepening cooperation with Hong Kong and Macao.	Limited: While developments in the free trade zones continue to be of interest to foreign companies, this plan is very high-level and lacks specific details on how these 15 tasks will be completed. This plan does not address the concerns with the lack of substantive openings in the free trade zone negative list.
4/22/15	Notice on Launching Foreign Currency Services for Free Trade Accounts	PBOC Shanghai	Announces that financial institutions in Shanghai that have free trade zone bank accounts can engage in foreign currency services such as collecting deposits in foreign currencies, originating foreign currency loans, and using foreign currency to make payments directly through their free trade zone account. It also aims to	Limited: Represents a step in liberalizing capital controls for companies that have qualified free trade zone bank accounts, but the rules are limited in scope to a small subset of companies providing a small subset of services.

Date	Policy Title/Link	Agency/Agencies	Summary	Impact
			reduce financing costs by allowing companies to raise capital in foreign currency and leave that currency in their free trade zone bank account instead of exchanging it into RMB.	
6/24/15	Opinions on Deepening the Quarantine and Inspection Reforms to Support the Development of Shanghai FTZ	Shanghai Entry-Exit Inspection and Quarantine Bureau	Proposes 24 measures promoting the easing and speeding up of goods through customs, decentralizing administrative licensing, and developing new emerging industries – including ecommerce.	<u>Limited</u> : Reforms apply only to the Shanghai FTZ, limiting geographical scope of impact. Although these measures may lower costs and improve the ease of doing business in the FTZ, the opinions provide no specific implementation details or timelines.
7/21/15	Notice on Implementing Culture Market Administration Policy in Guangdong FTZ, Tianjin FTZ, and Fujian FTZ	MOC	Allows foreign-owned performance brokerage organizations and venue management organizations to provide services in the four FTZs. Allows foreign-owned and managed performance venues in the four FTZs.	<u>Limited</u> : Opening up the entertainment industry to foreign investment is a positive signal, but the notice applies only to the FTZs, resulting in limited impact.
8/27/15	Opinions Supporting Innovative Development in Free Trade Zones	MOFCOM	Sets specific goals and measures for China's four FTZs (Shanghai, Guangdong, Fujian, and Tianjin) to promote better internal coordination, upgrade foreign trade, and reduce investment barriers. Specific measures include supporting development of cross-border ecommerce, establishing new pilots in trade settlement, institution of paperless customs clearance and import licensing, decentralization of investment approvals and antitrust activities, and creating some limited investment openings in financial leasing and gas station operation.	<u>Limited</u> : Focuses on some areas important to foreign companies -- including investment liberalization, ecommerce, and trade-related procedures -- with concrete steps. However, the policy creates few new market access openings and remains limited to China's FTZs.

III. Administrative Licensing and Approval Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
10/1/13	Decision on Temporarily Adjusting Relevant Local Laws and Regulations in the China (Shanghai) Free Trade Zone	Shanghai People's Congress	Suspends local regulations on foreign investment in the Shanghai Free Trade Zone for three years.	Limited: Suspends local regulations on foreign investment in the Shanghai Free Trade Zone. Impact touches on a top foreign company issue, but is limited to Shanghai with a time restriction.
10/21/13	China (Shanghai) Pilot Free Trade Zone Enterprises Registration and Management Provisions	Shanghai Industry and Commerce Bureau	Specifies the registration procedures for foreign companies in the FTZ.	Moderate: Simplifies and shortens approval process for foreign companies, but only in the Shanghai FTZ.
4/30/14	Measures on the Commitment Mechanism for the Inspection Agency Validation and on the Commitment Mechanism for the Measurement Certification	Shanghai Administration of Quality and Technology Supervision	Simplifies the administration approval process for inspection agencies.	Limited: Eases the approval process for companies but in a very limited sector.
6/30/14	Notice on Implementing Enterprise Registration Reform in Shanghai Free Trade Zone	Shanghai Customs	Removes administrative approvals for registration of certain types of customs-relevant enterprises (declaration agencies and dual-identity enterprises) and eliminates recordation for remote branch offices.	Limited: Impact is limited to a very narrow group of companies.
7/18/14	Provisional Measures for the Shanghai Commercial Financing Pilot Program	Shanghai Municipal Commission of Commerce, Shanghai Administration of Industry and Commerce	Specifies the conditions and procedures that must be met to establish a commercial financing (non-banking) company.	Limited: While the procedures ease the restrictions for foreign and domestic companies in this space, the scope is limited to Shanghai FTZ and this liberalization effort is specific to only commercial financing companies. Since the announcement, several regions including Fujian FTZ, Beijing Haidian District, and Nanjing have launched their own related policies.
7/24/14	Development Opportunity for Foreign-invested Certification Bodies in Shanghai FTZ	Shanghai Entry-Exit Inspection and Quarantine Bureau	Eliminates several restrictions for foreign certification bodies in the Shanghai FTZ, including eliminating policy restrictions, recordation requirements for foreign certification body representative offices,	Limited: The policy represents market openings for foreign certification bodies, but the impact is limited to one sector, and the scope of the opening is limited to the Shanghai

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			and approvals for the establishment of non-legal person branch offices.	FTZ.
9/16/14	Announcement on Copying and Expanding the Second Batch of Customs Regulatory Service Innovative Mechanisms in Shanghai Free Trade Zone	Shanghai Customs	Expands eight customs pilot regulatory mechanisms from Shanghai FTZ – including reforms to promote paperless customs documentation and promote enterprise information disclosure – to the entire municipality of Shanghai.	<u>Limited</u> : Limited geographic scope, but some process improvements to simplify customs approvals.
6/29/15	Opinions on Speeding Up the Promotion of the "Three-in-One" Registration Process Reform	State Council	Proposes using a new certificate to replace three existing licenses: the old business license, certificate of organizational code, and tax registration certificate. Reforms will be tested first in the four FTZs before being rolled out nationwide by the end of 2015.	<u>Limited</u> : Reform applies only to the four FTZs, limiting the geographical impact. Simplifying the licensing process has made it easier to register a business and reduce costs associated with the licensing process, but companies report significant inefficiencies with the process. A September 2015 SAT notice applied the "three-in-one" reforms nationwide, but local implementation remains slow and inconsistent.
7/16/15	Announcement on Simplifying the Examination and Supervision Procedure of Artworks in the Shanghai Free Trade Zone	Shanghai Municipal Government	Waives approval from the Shanghai Municipal Administration of Culture, Radio, Film, and TV (ACRFT) to store artwork within the four bonded zones in the Shanghai FTZ. Requires ACRFT to issue a permit only for the exhibition of artworks, both within and outside of the bonded zones.	<u>Limited</u> : Narrow industry and geographic scope means little significant impact on the art industry.
10/8/15	Announcement on Reforms to Unify Clearances in Special Customs Supervision Zones and Bonded Supervision Areas	GAC	Allows enterprises to independently choose any of the customs clearance approaches such as port clearance, customs transit, and integrated regional customs clearance, and to choose to have inspections carried out in the special areas or ports of entry, unless otherwise required by Customs.	<u>Limited</u> : Procedural improvement that gives greater flexibility in one specific area of company operations, but does not significantly change the procedures for various customs clearances nor make a major difference for company operations.
12/1/15	Opinions on Deepening Inspection	AQSIQ	Proposes 22 measures in 5 categories that	<u>Limited</u> : This opinion takes steps to

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	and Quarantine Mode Reforms to Support the Free-Trade-Zones (FTZs)		<p>further simplify administrative procedures, elevate the trade expediency level, support the development of services, and accelerate the construction of interagency communication channels. In particular, the opinions propose the establishment of a system that acknowledges third-party inspection results, and encourages third-party inspection institutions to set up branches in FTZs. Additionally, the documents include measures to waive unnecessary inspections on personal ecommerce orders from abroad, to expedite as well as better manage imports of ecommerce merchandise.</p>	<p>improve the administrative procedures related to customs and quarantine measures, though it remains largely aspirational and limited to companies that operate in the free trade zones.</p>
8/11/16	Overall Construction Plan for Deepening the Concurrent and Ex Post Supervision System in China (Shanghai) Free Trade Zone (FTZ) and Pudong New Area	Shanghai Government	<p>This plan outlines measures to deepen market-oriented reforms in the Shanghai Free Trade Zone. The overall goal of the plan is to create a better market environment, let the market play a decisive role in the allocation of resources, and improve the role of the government in the market. Specific tasks include implementing the separation of the business certificate and license reform and the license administration method. Several measures of the plan have already been implemented in Pudong New Area, including a credit information sharing mechanism that encourages and supports ecommerce platforms to provide fair, impartial, and transparent credit evaluation service to parties involved in transactions.</p>	<p><u>Limited:</u> Broad administrative licensing guideline aimed at further simplification, but limited to the Shanghai FTZ and Pudong New Area, so impact on companies will be limited.</p>

IV. Institutional Reforms

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/29/14	Shanghai Free Trade Zone establishes Public Participation Commission	Shanghai FTZ Administrative Committee	Establishes a public participation commission as a market regulator and administrator with a clear delineation of the role of government and industry.	<u>None</u> : There is little detail on this and the commission is limited to the Shanghai FTZ. One FIE bank is listed as a member of the commission.
9/26/15	Notice on Deepening Reforms on the Free Trade Zone (FTZ) Food Production License Approval System	Shanghai Food and Drug Administration	Streamlines the food production license process for companies in the Shanghai FTZ by allowing companies to apply for and receive one permit, versus multiple permits, for different products, and improves licensing steps, such as onsite verification.	<u>Limited</u> : Meaningful improvements for food production companies operating in the Shanghai FTZ, but the impact of these changes is still limited by sector and geography.
11/24/15	Implementation Plan on Accelerating the Joint Development of China (Shanghai) Free Trade Pilot Zone (FTZ) and the Shanghai Zhangjiang National Innovation Demonstration Zone (NIDZ)	Shanghai Municipal Government	Proposes stronger links between the Shanghai FTZ and the Zhangjiang National Innovation Demonstration Zone, in order for the zones to have an important global innovative impact by 2030. Specific steps include joint creation of centers focusing on innovative resources allocation, entrepreneurship incubation, technology trade, and technological innovation; pilots in areas such as drug marketing authorization; steps to attract and encourage foreign and domestic R&D activity; and further administrative streamlining.	<u>Limited</u> : Although Shanghai's status as a major center of innovation for foreign companies means that the types of efforts in this plan could create new opportunities, the plan itself is broad with few implementing details.
12/17/15	Opinions on Accelerating the Implementation of the Free Trade Zone (FTZ) Strategy	State Council	Accelerates the implementation of the free trade zone strategy. In particular, this opinion calls for further opening the investment market, reforming the foreign capital management system, and optimizing the foreign investment environment. It will push forward the orderly opening up of finance, education, culture, and health industries,	<u>Moderate</u> : Focuses on some areas important to foreign companies, including healthcare, finance, and education. However, it remains limited to China's FTZs, and the actual implementation rules will determine how effective these reforms are, if taken nationwide.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			as well as lift the foreign investment ban on young and elderly care, construction design, accounting and auditing, trade and logistics, and ecommerce.	

V. Role of the State and the Market

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
8/21/13	Implementing Plans for the Guiding Opinions on Financial Support for Adjusting and Upgrading the Economic Structure	Shanghai Municipal Government	Promotes various aspects of financial reform in Shanghai, related to the Shanghai FTZ.	<u>None</u> : Encourages innovation and participation of private capital in the financial sector. There is no direct opening for foreign investment, and private capital does not likely include foreign investment. Caps on foreign investment in China's financial services sector remain.

VI. Financial Reforms

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
9/29/13	Notice on Banking Supervision Issues in China (Shanghai) Pilot Free Trade Area	CBRC	Supports the establishment of non-banking finance companies in FTZ; allows foreign-invested banks to carry out business in the FTZ; encourages private capital to participate in the banking industry of the FTZ; encourages cross-border service and financing in the FTZ.	<u>Limited</u> : Permits foreign-invested banks to carry out business in the FTZ, but direct impact limited to the banking sector.
9/29/13	Notice on Regulation of the Banking Sector in China (Tianjin) Pilot Free Trade Zone	CBRC	Allows qualified private investors to set up private banks, financial leasing companies, consumer finance companies, and other financial institutions in	<u>Limited</u> : Provides market openings for foreign banks to operate in the Shanghai FTZ, and encourages cross-border investment in

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			Shanghai Pilot Free Trade Zone.	financial services and offshore business. Direct impact for the banking sector; indirect impact for others.
9/29/13	Notice to Support the Construction of the China (Shanghai) Free Trade Zone	CIRC	Strengthens insurance in China by encouraging foreign-invested specialized health insurance institutions, the development of cross-border RMB-denominated insurance business, outbound investment by health insurance institutions in the FTZ, development of shipping insurance, fostering of social organizations, and innovation in insurance products.	<u>Limited</u> : Moderate importance for insurance industry, with specific mention of openings for foreign-invested specialized health insurance institutions in the FTZ. Impact, however, is limited to that sector and to the FTZ.
9/29/13	Measures to Support the Shanghai FTZ	CSRC	Allows the founding of an energy trading center in Shanghai; permits qualified individuals and entities in Shanghai FTZ to invest in domestic and foreign securities and futures markets from the Shanghai FTZ; allows foreign parent companies invested in the Shanghai FTZ to issue RMB bonds in the domestic market; permits securities and futures institutions to set up specialized subsidiaries in the Shanghai FTZ; and allows securities and futures institutions to carry out OTC transactions.	<u>Moderate</u> : Creates market openings for companies in various sectors to participate financially in the Shanghai FTZ. Although the opportunities are only offered in Shanghai, many of these services (such as participating in bond markets) can be done nationwide from Shanghai, which broadens the impact.
2/18/14	Implementation Opinions on Shanghai Payment Agencies Carrying Out Cross-border RMB Payment Services in Shanghai	PBOC	Allows offshore RMB borrowing in the Shanghai FTZ.	<u>Moderate</u> : Important reform allowing companies registered in the Shanghai FTZ to use RMB in cross-border transactions, and eases the review process for RMB settlement.
2/21/14	Opinions on Promoting Cross-Border RMB Business in the Shanghai FTZ	PBOC	Clarifies operational details for conducting cross-border business in RMB through the Shanghai FTZ.	<u>Moderate</u> : Promotes internationalization of the RMB and eliminates approvals for lenders operating within the

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
				Shanghai FTZ.
2/26/14	Announcement Lifting Foreign Currency Deposit Rates Caps in the Shanghai FTZ	PBOC	Removes the small amount foreign currency deposit interest rate cap in the Shanghai FTZ.	<u>Moderate</u> : Allows the market to play a greater role in China's financial system, but the mechanism is narrowly focused.
2/28/14	Notice on the Issuance of Foreign Exchange Management Implementation Details to Support the Construction of China (Shanghai) Free Trade Zone	SAFE	Simplifies settlement of current accounts and direct investment foreign exchange registration; relaxes foreign credit and debt management procedures.	<u>Moderate</u> : Reduces regulatory checkpoints for foreign exchange settlements. This policy, originally limited to the Shanghai FTZ, has been expanded nationwide.
5/19/14	Notice on Further Simplifying Administrative Approval to Support the Development of the Shanghai Pilot Free Trade Zone	CIRC	Allows shipping insurance company operations centers to establish branches in the Shanghai FTZ, and eliminates prior approval requirements for establishing shipping insurance operation centers and reinsurance companies.	<u>Limited</u> : Benefits foreign companies that provide shipping insurance to shipping companies, but impact is limited to the one particular industry.
5/21/14	Implementing Rules of the Shanghai Pilot Free Trade Zone for Separate Accounting Business (for Trial Implementation) and the Rules of the Shanghai Pilot Free Trade Zone for the Prudential Management of Risks Relating to Separate Accounting Business	PBOC	Specifies that domestic and foreign currency free trade accounts be subject to uniform rules and can be opened in separate accounting units in the Shanghai FTZ, while also laying out guidance for managing foreign exchange in the Shanghai FTZ.	<u>Limited</u> : Clarifies that foreign and domestic companies will be subject to equal treatment in setting up foreign currency accounts, but no major change to Shanghai FTZ policies that directly impact foreign firms opening foreign exchange accounts.
9/15/14	Notice on Implementing Opinions for Further Promoting the Healthy Development of Capital Markets	Shanghai Municipal People's Government	Sets broad development goals for Shanghai FTZ capital markets, including increasing foreign equity ownership limits for securities JVs and fund management companies.	<u>Limited</u> : Although minor openings for foreign investment in securities in the FTZs have occurred since the issuance of this notice, the openings remain limited and the sector is not fully open to foreign investment.
12/17/15	Implementing Rules for Further Promoting the Pilot Foreign Exchange Administration Reform in the China (Shanghai) Pilot Free Trade Zone	SAFE (Shanghai Branch)	Implements the willingness exchange settlement system toward the debt funds of FTZ enterprises (excluding financial institutions); simplifies the procedures for current foreign exchange payments; develops the headquarter economy and	<u>Limited</u> : Allows for some positive developments in foreign exchange management, but is limited solely to the Shanghai FTZ and offset by the temporary suspension of several foreign exchange licenses to

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			settlement center; and supports the development of RMB and foreign exchange derivatives products and services.	stem capital outflow.
1/22/16	PBOC Circular Regarding the Expansion of the Pilot Program of Prudent Macro Management of Cross-border Financing	PBOC	The circular refers to the establishment of a new unified cross border financing management regime implemented in China's four free trade zones in Shanghai, Guangdong, Tianjin, and Fujian. The new management regime allows select financial institutions to raise RMB- and foreign currency-denominated offshore funds.	Moderate: Though restricted to a limited number of foreign financial services firms, the circular narrowly liberalizes cross-border financial management, boosting opportunities for foreign company participation. While initially limited to the free trade zones, this reform has since been expanded nationwide.
7/22/16	Implementation Rules on Giving Play to Shanghai Free Trade Zone's Institutional Innovation Advantage, Implementing Comprehensive Regulatory Pilots, and Exploring Functional Supervision	Shanghai Government	The rules task the Shanghai FTZ administration with promoting comprehensive financial supervision pilots that focus on regulating the institutions and actions that are in regulatory vacuum or crossroads to achieve a full regulatory coverage on personnel, operations, and risk.	Limited: The rules increase governance for financial firms and may offer opportunities for foreign companies to operate in currently unregulated financial service sectors. However, because the rules are only applicable in the Shanghai free trade zone, the current impact is limited.

VII. Pricing Reforms and Competition Policy

NONE

VIII. Rule of Law/Legal and Judicial Reform

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
7/7/14	Announcement on Allowing Companies in the China (Shanghai)	Shanghai Customs	Establishes authority and reporting mechanisms for companies registered	Limited: This policy encourages companies to adopt more market-

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
	Pilot Free Trade Zone (Shanghai FTZ) to Conduct Autonomous Supervision		within the Shanghai FTZ to self-report violations discovered by the company. Self-reporting will result in lighter punishment.	oriented regulatory procedures and contributes to broader legal reforms by establishing leniency rules for companies that self-report. Geographic scope of these reforms is limited to the Shanghai FTZ.
7/25/14	Provisions on China (Shanghai) Free Trade Pilot Zone (revised)	Shanghai People's Congress Standing Committee	Sets rules for managing the Shanghai FTZ, replacing a similar set of September 2013 administrative measures. While much of the content is identical, these regulations do include new content on tax reform and creates a transparent, rule-of-law-based legal environment in the zone.	<u>Limited</u> : These provisions appear designed to further codify Shanghai FTZ policies, but do not create new openings for companies and do not have an impact on the "negative list" and market access discussions.
8/7/14	Shanghai FTZ Administrative Commission Notice of a Standardized Document for Legal Examination Rules	Shanghai Municipal People's Government	Provides a standard document to be used for requesting a legal review if a party feels the Shanghai FTZ Administrative Commission violated their legitimate rights and interests, or is acting in an incompatible manner with the requirements of the Shanghai FTZ.	<u>Limited</u> : While it does not create new market opportunities, it does represent a small positive step for improving rule of law and judicial reform in the Shanghai FTZ.
8/7/14	Implementation Measures for Concentration of Administrative Reconsideration Rights	Shanghai Municipal People's Government	Provides a legal basis for parties that feel the Shanghai FTZ Administrative Commission has violated their legitimate rights and interests to pursue legal action against the government.	<u>Limited</u> : While it does not create new market opportunities, it does represent a small positive step for improving rule of law and judicial reform in the Shanghai FTZ.
9/26/14	Shanghai FTZ Administrative Committee Establishes New IP Bureau	Shanghai FTZ Administrative Committee	Establishes Intellectual Property Bureau in Shanghai FTZ to unify and strengthen protection over patents, trademarks, and copyrights.	<u>Limited</u> : While this creates a new mechanism that could strengthen IP protection, the bureau has not taken any actions as of yet.

IX. Taxation and Budget

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
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Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
10/24/13	Notice on Tariff Policy for Imports in the China (Shanghai) Pilot Free Trade Zone	MOF, GAC, SAT	Exempts producers in the FTZ from import duties when they import required machinery, equipment, and other goods. However, the imported goods of consumer service enterprises and other enterprises, as well as goods that legal and administrative regulations and relevant provisions explicitly exclude are not included in this duty-exempt category.	Limited: Provides tax exemptions for a subset of companies, but does not apply to all industries – and it only applies to companies producing in the Shanghai FTZ.
12/2/13	Notice on Issues Concerning Policies for Enterprise Income Tax on Outbound Investment with Non-monetary Assets or Asset Restructuring Transactions in the China (Shanghai) Pilot Free Trade Zone (FTZ)	MOF, SAT	Allows enterprises registered in Shanghai FTZ to pay enterprise income tax (EIT) in installments over five years dating from confirmation of gains from the transfer of non-monetary assets.	Moderate: Broad sector impact on companies, but limited only to one area of operations and applicable only to companies registered to the Shanghai FTZ.
1/30/15	Organization Code Fee Exemption for Small- and Micro-Sized Enterprises (SMEs) in the Shanghai FTZ	Shanghai Government	Exempts SMEs in the Shanghai FTZ from a RMB 120 handling fee for organization code certification.	Limited: Likely aimed at supporting domestic companies, with limited impact for small foreign companies that do business in the Shanghai FTZ.
6/8/15	Notice of the Policies Regarding Import Tax Revenues in Guangdong, Tianjin and Fujian FTZs	MOF, GAC, SAT	Expands pilot tax policies in the Shanghai FTZ to Guangdong, Tianjin, and Fujian FTZs. Launches a selective tariff policy pilot program, allowing companies that sell goods in China that are produced in the FTZ to pay taxes on either the product's materials or its final product condition when going through inspections.	Limited: The policy gives enterprises greater discretion on how to pay their taxes. Scope of reform is limited to the four free trade zones. The tax policy is narrow in industry scope, applying tax exemptions only to machines and equipment.
8/5/16	Circular on Expanding the Scope of the Pilot Program for the Policy of Selectively Levying Customs Duties on Commodities for the Domestic Market	MOF	This circular stipulates that tariffs be levied on imported materials that are subsequently manufactured or processed within special customs supervision areas and distributed to the domestic market. This includes application of the import value-added tax and consumption tax.	None: Adjustment in administration of taxation of imported goods that would not have an impact on ability for companies to participate in the market.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
			This circular also expands an existing pilot program to include other special customs supervision areas (excluding bonded zones and bonded logistics parks) in areas where the free trade zones are located (Tianjin, Shanghai, Fujian, Guangdong) , as well as five other special customs supervision areas.	

X. Corruption, Bribery and Party Discipline

NONE

XI. Urban/Rural Issues

NONE

XII. Other

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
3/6/14	Measures on Corporate Annual Reporting Public Disclosure (Trial) and the Business Abnormal Operation Directory Management (Trial)	Shanghai Administration of Industry and Commerce	Sets rules to ease the annual corporate reporting process, as well as rules to govern companies with "abnormal operations" – those that have previously failed to meet reporting requirements.	Limited: Measures allow foreign and domestic companies to file reports online and increase overall transparency, but it only applies to companies in the Shanghai FTZ.
6/30/14	Notice on Including Enterprise Customs Registration into the "Single Window" of Enterprise Access in Shanghai Free Trade Zone	Shanghai Customs	Streamlines enterprise customs registration into the "single window" of enterprise access where authorities (administration of industry and commerce, taxation, quality inspection, commission of commerce, and customs) work jointly.	Limited: While these efforts are important for streamlining administrative approvals, creating a unified window does not ease the administrative burdens that companies face in customs clearance.
6/30/14	Notice on Enterprise Credit Information Disclosure in Shanghai	Shanghai Customs	Specifies information disclosure content, channel, and related issues regarding the	Limited: This is a process improvement in the customs regime.

Date	Policy Title/Link	Agency/Agencies	Summary	Impact
	Free Trade Zone		application of credit certificate.	
6/30/14	Notice on Implementing a Pilot for Company Coordination in Shanghai Free Trade Zone	Shanghai Customs	Requires pilot companies to appoint executives who are responsible for customs-related affairs to handle daily contact with customs industry coordinator.	<u>None</u> : This policy does not create any positive change to top company concerns with regard to customs.
6/30/14	Notice on Promoting the Customs "Certified Operators" Mutual Recognition in Shanghai Free Trade Zone	Shanghai Customs	Specifies policies to facilitate customs procedures for enterprises from Singapore, North Korea, and Hong Kong.	<u>None</u> : Impact of these policies is purely limited to foreign companies from those regions, which means no impact on companies from the United States.
8/12/14	Pilot Opinions on Comprehensive Land Use Planning and Land Management in the Shanghai Free Trade Zone	Shanghai City Planning Land Resource Bureau, Shanghai Free Trade Zone Administrative Committee	Allows for reserved industrial-use land in Shanghai FTZ to be purchased by companies and developed for commercial purposes, such as creating office space.	<u>None</u> : The opinions are intended to create more available office space in the Shanghai FTZ, where the majority of the limited land available was reserved for industrial purposes. The Shanghai FTZ negative list restricts foreign investment in high-class office buildings, so no impact for FIEs.
12/4/14	Administrative Measures for Customs Clearance Bank Accounts in Shanghai FTZ	GAC, Shanghai Municipal Government	Allows enterprises established in Shanghai FTZ to create a customs clearance payment debit account. The account can be automatically debited for tariffs owed post-delivery of products.	<u>Limited</u> : Has the potential to impact companies in a wide variety of industries that import products, whether for assembly, final use, or resale. It is a positive step toward streamlining the customs clearance process, but is limited only to the Shanghai FTZ.
9/6/15	Provisions on Accelerating the Integration and Optimization of Special Customs Supervision Areas	State Council	Sets out core trends in the development of special customs supervision areas in the future; aims to integrate existing special customs supervision areas, optimize policies and functions of government, and enhance supervision and control.	<u>Limited</u> : Describes goals to better integrate customs regulation, boost customs supervision, and combine existing zones (such as export processing zones, bonded zones, cross-border industrial zones) and others into comprehensive free-trade zones. The plan includes high-level goals, but no implementing details.

Date	Policy Title/Link	Agency/ Agencies	Summary	Impact
3/30/16	Notice on Further Improving the Market Access-related Reporting Matters for Foreign Banking Institutions in Shanghai Free Trade Zone (FTZ)	Shanghai Government	<p>The notice provides a market access management negative list for matters of reporting for banking institutions in the Shanghai FTZ, helps improve regulatory services, and enhances national treatment for foreign banks in the Shanghai FTZ. The management list improves the reporting system by clarifying and unifying reporting requirements, such as submitted materials, subjects, and time limits; unifying the requirements of reporting matters for domestic and foreign capital banks based on prudential regulatory principles; and adjusting some pre-reporting requirements to post-reporting requirements.</p>	<p>Limited: One of several recent liberalizations for foreign banks. The shift from approval to notification will also decrease the regulatory burden for foreign financial institutions. However, because the policy is limited only to the Shanghai Free Trade Zone and impacts just the financial services industry, the impact on overall reform is limited.</p>