

Several Opinions of State Council on Encouraging and Guiding Healthy Development of Private Investment

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I. Further widen field and scope of private investment

(1) Further implementation of a series of policies and measures such as the Several Opinions of the State Council on Encouraging, Supporting and Guiding the Development of Individual and Private Economy and Other Non-Public Sectors of the Economy (No. 3 [2005] promulgated by the State Council) etc, encourage and guide the private capital entering the industries and sectors where the entrance is not clearly prohibited by laws and regulations. To create standard setting of investment access threshold cultivates a equal competition and access market environment. The market access standard and preferential policy shall be open and clear; equally treatment of various the investment subjects, no additional conditions shall be created singly towards the private capital.

(2) Clearly define the government investment scope. The government investment is mainly in the economic and social fields where it concerns the national security and the resources can not be efficiently allocated by the market. Towards the infrastructure, municipal engineering and the other public service sectors where the market operation is implemented, the entrance of private capital is encouraged and supported.

(3) Further adjust the configuration and structure of the state-owned economy. The state-owned capital shall mainly invest on the continuous reinforcement and consolidation of important industries and critical sectors concerning the lifeline of the national economy, in the fields with general competition, a wider market space shall created for the private capital.

(4) Actively promote the reform of social undertakings of medical, education, etc. The private social undertakings shall be a major complementation of the development of the social and public utilities, overall planning, rational distribution and acceleration the development of the formation of a social service system where the government investment shall be the core, and private investment is the auxiliary.

II. Encouraging and guiding private capital entering primary industry and infrastructural fields.

(5) Encourage private capital participating in communication and transportation construction. Encourage the private capital investing the construction of roads, waterways, seaports, civil airports, common aviation facilities and etc by means of single proprietorship, holding, sharing and etc. Keep a firm grasp on research and formation of the scheme of railway system reform, bringing in the market competition, propelling the pluralism of the investment subject, encouraging the private capital participating in the construction of the trunk railway, by-line and station & yard facilities, allowing the private capital sharing the construction of coal transportation channel, passenger dedicated lines, intercity railway transportation and etc. exploration and establishment of railway industry investment fund, actively support the railway enterprises accelerating share reform and go public, widen the channels and approaches of private capital entering the railway construction field.

(6) Encourage the private capital participating in the construction of water conservancy project. Establish the charge compensation mechanism, put the government subsidy to effect, by means of owner's IFB, contract leasing and etc., attract private capital investing the construction of water projects such as irrigation and water conservancy, interbasin water transfer, comprehensive utilization of water resources, water and soil conservation and etc.

(7) Encourage private capital participating in the power construction. Encourage private capital participating in the construction of clean energy industry such as wind energy, solar energy, geothermal energy, biomass energy and etc. Support the private capital participating in the construction of hydropower station and power plant by means of single proprietorship, holding or sharing, and the construction of nuclear power plant by means of sharing. Further, linearization of the electricity market, actively promote the electricity price reform, expedite the implementation of the bidding strategies for interconnection to grids, putting the project owner IFB into effect, perfecting the electricity regulatory system for the creation of a favorable environment for the private power enterprises equally participation in the competition.

(8) Encourage the private capital participating in the construction of petroleum gas. Support the private capital participating in the field of oil-gas exploration and development; cooperate with state-owned oil companies for the development of oil-gas exploration and development. Support the private capital sharing the construction of storage and pipe-line transportation facilities and networks of crude oil, natural gas and product oil.

(9) Encourage private capital participating in the telecommunication construction. Encourage the private capital entering the basic telecommunication market by means of sharing. Support the private capital develops the value-added telecom service. Reinforce the supervision of monopolization of telecom field and unfair competition behaviors, to promote a fair competition and the resource sharing.

(10) Encourage private capital participating in the land control and exploration & development of mineral resources. Actively guide the private capital participating in the project construction of land arrangement, reclamation and etc by means of bidding, encourage and guide the private capital investing in the recovery and management of mine geology, persist that the mining rights market open for private capital.

III. Encouraging and guiding private capital entering municipal utilities and policy-related house construction fields

(11) Encourage private capital participating in the construction of municipal utilities. Support the private capital entering the fields of municipal water supply, gas supply, heat supply, sewage and wastes disposal, public traffic, urban landscaping and etc. encourage the private capital actively participating in the reshuffle of municipal public enterprise, towards the municipal utility projects satisfying the requirements, the operation mode of market-oriented can be applied, transferring the equity or management rights to the private capitals.

(12) Further deepen the reform of municipal utility system. Actively introduce the market competition mechanism; vigorously carry out the IFB system of investment subject, operation subject of the municipal utilities, establish and improve the franchise system of the municipal utilities. Improve and perfect the system of government procurement, establish a standard government regulation and financial subsidy mechanism, accelerating and propelling the reform of municipal utility prices and charges system, creating a favorable institutional environment for encouraging and guiding the private capital entering the municipal utility field.

(13) Encourage private capital participating in the construction of policy-related house. Support and guide the private capital investing the construction of policy-related house such as affordable housing, public rental housing and etc., participating in the work of renovating shantytowns, enjoy the policy of relevant policy-related house construction.

IV. Encouraging and guiding private capital entering the field of social undertakings

(14) Encourage private capital participating in the development of medical industry. Support private capital established medical institutions such as various hospitals, community health service institutions, sanatorium, OPD, clinic (health center) and etc. and participating in the reshuffle of public hospital conversion. Support the private medical institution undertaking public health service, basic medical service and fixed medical insurance service. Practically implement the tax policy for the non-profit medical institutions. Encourage the reasonable mobility of medical human resources towards private medical institutions, ensure the private medical institution shares an equal treatment with public hospitals in the aspects of talent introduction, assessment of professional titles, research projects and etc. Strengthen the supervision of various medical institutions from the aspects of medical quality, medical practices, expenses standard and etc. for the promotion of a health development of the private medical institutions.

(15) Encourage the private capital participating in the development of education and social training. Support the private capital established various educational and social training institutions such as colleges and universities, middle and primary schools, kindergartens, vocational education and etc. Amend and perfect the Regulations on the Implementation of the Non-state Education Promotion Law of the People's Republic of China, practically implement the policy of talents encouragement and public financial assistance for the private schools, accelerate the formation and perfection finance, equity and social security policies on promoting the development of private education.

(16) Encourage private capital participating in the development of social welfare services. By various means of land protection, credit support and government procurement, etc. to encourage private capital investing in the

construction of professional service facilities, establishing a various social welfare agencies such as eldercare (confide-old) service and rehabilitation & care service for the disabled and etc.

(17) Encourage private capital participating in the development of culture, tourism and sports industries. Encourage private capital participating in the activities of Ads, printing, performance, entertainment, cultural creative, cultural exhibition, production of film and TV, Internet culture, anime games, distribution of publications, digital production of cultural products and the relevant services, and build the cultural facilities such as museum, library, house of culture, cinemas and etc. Encourage the rational development of tourism resources by private capital, to build tourist facilities, and participating in various tourism and leisure activities. Encourage private capital investing in the production of sporting goods, building various sports stadiums and body-building facilities, and participating in the physical activities, competition performance and etc.

V. Encouraging and guiding private capital entering financial services field

(18) Allow private capital established financial institution. Prior to strengthen the effective supervision, promotion of standardized operation, preventing the financial risk; widen the share proportion limitation towards the financial institutions. Support the private capital participating in the capital and stock increase of commercial banks by means of sharing, and the reshuffle work of rural credit cooperatives and urban credit cooperatives. Encourage the private capital lunching or participating in the establishment of financial institutions such as rural banks, finance corporation, rural financial cooperatives and etc, widen the minimum investment proportion limitation of the cooperate bank in the rural banks or community banks. Practically implement the reserve policy of the full provision for losses pre-tax of the SME credit, simplify the review procedures of canceling the bad credit after verification of the medium and small financial institution. Rational widen the shareholding ratio limitation of the single investor of small loan companies, towards the agriculture-related business of the small loan companies, the equivalent financial subsidy policy for rural bank shall be applied. Support the private capital lunching to establish credit guarantee corporations, to perfect the risk-compensation mechanism and risk-sharing mechanism of the credit guarantee corporations. Encourage the private capital lunching to establish financial intermediary service agency, participating in the reshuffle of the financial institutions of securities, insurance and etc.

VI. Encouraging and guiding private capital entering commerce circulation field

(19) Encourage private capital entering the fields of wholesale and retail goods and modern logistics. Support the development of private wholesale, retail enterprises; encourage private capital investing in new circulation types of chain-store operations, the E-business and etc. Guide private capital investing in the third party logistics service field, creating the conditions for logistics outsourcing of the private logistics enterprises undertaking traditional manufacturing industry and business industry; supporting the collaborative development and common delivery of the medium and small private commerce circulation enterprises. Accelerate the reform of logistics management mechanism, encourage the resource consolidation and fully utilization of the logistics infrastructures, promote the networking operation of the logistics enterprises, build a convenient and efficient financing platform, create a fair and standardized market competition environment, propel the socialization of logistics service and the marketization of resource utilization.

VII. Encouraging and guiding private capital entering national defense science and technology industry

(20) Encourage private capital entering the investment and construction field of national defense science and technology industry. Guide and support private capital orderly participating in the reshuffle of military enterprises; encourage private capital participating in dual-use Hi-tech development and industrialization; allow private enterprises participating in the undertaking of military production and research tasks under the related regulations.

VIII. Encouraging and guiding private capital conducting restructuring and integration and participating in the reform of state-owned enterprises

(21) Guide and encourage the private enterprises combine private capital by utilizing property rights market to promote rational flowage of the property rights; develop the trans-regional and cross merging and reorganization. Encourage and support the rational flowage of the private capital within China, achieve the orderly gradient transfer of the industries, participate in Go West, rejuvenation of Northeastern old industrial bases, rise of the central region and new rural construction and development for poverty relief. Support private

enterprises satisfying requirements to run business bigger and stronger by means of consolidation and reorganization and etc., bloom into a group of companies with prominent features and strong market competition.

(22) Encourage and guide the private enterprises participating in the reform of state-owned enterprises by various means of sharing, holding, assets acquisition and etc. rationally lower the proportion of state-owned capital in the state-holding enterprise. During participating in the reform of the state-owned enterprises of the private enterprises, the policy requirements of the nation concerning assets disposal, liabilities handling and social securities shall be conscientiously implemented, properly staffing in accordance with the law, guarantee the just rights and interests of the workers.

XI. Promoting private enterprises to strengthen independent innovation and transition & upgrading

(23) Implement the tax preferential policy for encouraging the enterprises to increase the R & D investment, encourage the private enterprises increase the R&D investment, improve the ability of independent innovation, and grasp the core technology with proprietary intellectual property rights. Help the private enterprises establish engineering and technological research center and technology development center, increase the technical reserves and do well the training of technical talents. Support the private enterprises participating in the major science and technology projects of the nation and tackling the key technical problems, continuously improve the technical merit and R & D ability of the enterprise.

(24) Accelerate the implementation of the encouragement policy for promoting the commercialization of research findings, actively develop the technological market, and perfect the registration system of scientific and technical achievements, in convenience of the transfer and purchase of advanced technology of the private enterprises. Accelerate the mechanism innovation and the construction of science and technology service institution such as analysis testing, inspection and testing, venture incubation, science and technology evaluation, scientific and technological consulting and etc., provide a service platform for the independent innovation for the private enterprises. Actively promote the market competition of Hi-tech service fields in the information service outsourcing, intellectual property rights, technology transformation and achievement conversion etc, support the private enterprises lunching technical service activities.

(25) Encourage the private enterprises to enlarge the development efforts of new products to achieve the update of the products. The R&D expenses happened during the development of new products can enjoy the preferential policy of additional deduction under a certain regulation. Encourage the private enterprises implement a brand development strategy, striving for brand-named products, improve the product quality and service level. By means of accelerating the depreciation of fixed assets, encourage the private enterprises undertaking technical reform, closing down backward production facilities and accelerating the technical upgrading.

(26) Encourage and guide private enterprises developing the strategic new industry. Wildly utilize Hi-tech technologies such as IT for reforming and improving of the traditional industries, vigorously develop a recycling economy and green economy, invest and construct a new industry with development potential such as energy-saving and emission-reduction, water-saving and consumption-reduction, biological medicine, information network, clean energy, new material, environmental protection, comprehensive utilization of resources and etc.

X. Encouraging and guiding private enterprises actively participating in international competition

(27) Encourage private enterprises "going out", to actively participate in international competition. Support the private enterprises lunching internationalized operation in the aspects of R&D, manufacturing and marketing, etc., develop strategic resource, and establish an international marketing network. Support private enterprises exploring international market with the utilization of own brand, proprietary intellectual property rights and independent marketing, and accelerating the development of transnational enterprise and world famous brand. Encourage the composition of commonwealth among private enterprises, between private enterprises and state-owned enterprises, displaying the advantages of each unit to jointly conduct a various form of overseas investment.

(28) Perfect the promotion and protection system of overseas investment. Establish a policy consultation mechanism concerning encouraging and promoting the international flowage of private capital with related countries, launch a various form of dialogue and communication, develop a cooperation relationship of long-term stabilization, reciprocity and mutual benefit. Through signing the bilateral cooperation agreement of private

investment, utilizing the multilateral agreement system, to strive for a favorable investment and trading environment for the "going out" of the private enterprises and more preferential policies. Complete and perfect the encouragement policy of overseas investment, in the aspects of financial support, finance insurance, foreign exchange management, quality control and clearance, etc., private enterprises and other enterprise enjoy equal treatment.

XI. Creating A favorable environment for private investment

(29) Check-up and modify the regulations and policies against the development of private investment, effective protect the legitimate interest of private investment, cultivate and maintain an investment environment of equal competition. During the formulation of laws, regulations and policies concerning private investment, comments and suggestions of relevant chamber of commerce and the private enterprises shall be considered, the rational requirements of private enterprises shall be fully reflected.

(30) The government funds arranged by related department of governments at all levels, including financial budget investment, special construction funds, initiation fund of venture capital, and the loan from international financial institution and foreign government, the regulations must be clear and standard must be integrated, the same shall be with the various investment subjects including private investment. Support the product and service of private enterprises can be listed in government procurement catalog.

(31) Based on the risk prevention, the various utilization modes of financial institution shall innovatively and flexibly utilize multiple financial instruments, enlarge financing support towards private investment, strengthen financial service for private investment. Government at all levels and related supervision departments shall continuously perfect financing guarantee system of private investment, perfect venture investment mechanism, develop equity investment fund, and continuously support financing of private enterprises through stock market and bond market.

(32) Comprehensively check-up and integrate the administrative procedure for examination and approval concerning private investment management, simplify the links and shorten the duration, further promote the openness and standardization of management content, standard and procedures, to improve the efficiency of administrative services. Further check-up and standardize the charges concerning the enterprises, effectively reduce the burden of private enterprises.

XII. Strengthening service, guidance and standard management of private investment

(33) statistical department shall strengthen the statistical work of private investment, accurately reflect the development and distribution status of private investment. Investment department in charge, industrial management department and the guild shall practically execute a good work of supervision and analysis towards the private investment, promptly hold the private investment dynamic, and rationally guide the private investment. The construction of investment information platform shall be strengthened; the national industrial policies, development and construction planning, market access standard, trade trend at home and abroad etc. shall be released timely towards the public, guide the private investor correctly judge the situation, and reduce the blind investment.

(34) Establish and complete a service mechanism for the private investment. Fully display the self-disciplinary organization function of the chamber of commerce and guild, etc., actively cultivate and develop intermediary providing the private investment with service of laws, policies, consultation, finance, banking, technology, management and market information, etc.

(35) Spontaneously with the widening of market access, practically strengthen the supervision. Under the relevant requirements of the laws and regulations, the concern departments of governments at all levels shall practically urge private investment subject to implement investment and construction procedures, strictly obey the regulations of national industrial policies and regulations of environmental protection, land, energy saving and quality, safety, etc. Establish and complete an enterprises credit system to guide private enterprises in establishing a standardized system of property rights, finance, employment, and operation in the accordance with the law. The private investment subject shall continuously improve their own quality and ability, to build up the awareness of integrity and sense of duty, actively create the conditions to meet the market access requirements, and take on itself the relevant social responsibility.

(36) Build a favorable atmosphere of public opinion which is propitious to the healthy development of private investment. Conduct a vigorous propaganda of guidelines, policies and measures of the CPC and State Council concerning encouraging, supporting and guiding the development of the non-public economy. Conduct an objective and fair propaganda and report of the positive role of the private investment in promoting the development of the economy, adjusting the industrial structure, booming the urban and rural market and enlarging the social employment etc. Conduct a positive propaganda of the private entrepreneurs about their outstanding deeds concerning operation in accordance with the law, honest, fulfilling social responsibility seriously, actively participate in community affairs & charity.

All regions and departments shall place the work of encouraging and guiding the healthy development of private investment in a more important position, further emancipate the mind, change the ideas, deepen the reform, innovate and be realistic, in accordance with the requirements of this Opinion, keep a firm grasp on research and formulation of the specific implementation measures, put relevant policies and measures in effect as soon as possible, strive for creating a favorable policy environment and atmosphere of public opinion for the healthy development of the private investment, practically prompt the steady and healthy development of the private investment, prompt a rational growing of the investment, structural optimization, increasing of the efficiency and a sound & rapid development of the economy and society.