

《Foreign businesses to face fewer roadblocks in China》

Government will help foreign firms gain access to world's 2nd-largest economy

China will further lower market access thresholds in areas like the banking and securities industry and expand the early negative list for management to attract more foreign investments, the State Council said on Wednesday.

A notice on the issue was signed by Premier Li Keqiang and disclosed on Wednesday. It aims to promote steady growth of foreign investment in China's pursuit of having a more inviting business environment.

The document, which follows up a State Council executive meeting about the issue on July 28, said that market access will be relaxed in areas like new energy vehicle manufacturing, ship design, aircraft maintenance, gas stations, artists booking agencies and insurance.

The country will govern foreign investments with a pre-entry national treatment and a negative list management system, which has been used in 11 pilot free-trade zones.

Negative lists for foreign investments will be promoted nationwide as soon as possible to enhance openness, transparency and norms of China's business environment. Negative lists refer to employing lists of only banned or restricted practices, simplifying procedures.

The document encourages foreign investment in China, with a new focus on western and northeastern China and supporting key infrastructure projects. Multinational companies are encouraged to set up headquarters in China.

Preferential tax policies will be carried out, including deferred taxes levied on eligible projects that are invested with profits obtained from foreign-invested companies.

No withholding income tax will be levied for these projects. Deferred taxes can reduce tax burdens so companies can use the money elsewhere without interests payments.

Foreign talent is another key focus. More visas will be issued this year to foreign talent and more multiple-entry visas that last five to 10 years will be issued to eligible foreigners. A standard work permit system will be introduced in 2018 to attract foreign professionals.

Laws on foreign capital will be improved to guarantee free outflow of profits made by foreign-invested companies. These companies also are encouraged to participate in merger and reorganization of domestic companies.

China is giving foreign investors more choices when they come to invest in the country, which has the strongest manufacturing sector as the world's second-largest economy, said Mei Xinyu, a researcher at the Ministry of Commerce's International Trade and Economic Cooperation Institute.

Last year, foreign direct investment in China reached 813 billion yuan (\$126 billion), an increase of only 4.1 percent, the Ministry of Commerce said.

