

Guiding Opinions on Further Stimulating Effective Private Investment Vitality and Promoting Sustainable and Healthy Development of the Economy

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Note: English version for reference only, Chinese version shall prevail.

The General Office of the State Council issued Guiding Opinions on Further Stimulating Effective Private Investment Vitality and Promoting Sustainable and Healthy Development of the Economy

The General Office of the State Council recently issued Guiding Opinions on Further Stimulating Effective Private Investment Vitality and Promoting Sustainable and Healthy Development of the Economy (hereinafter referred to as "the Opinions").

The Opinions pointed out that in recent years the CPC Central Committee and State Council have deployed a series of targeted policy measures and carried out special inspections, and the private investment growth has been stabilized and rebounded. In order to enhance the driving force of private investment, stimulate new vitality of the market, foster new drivers of development, and address problems such as some policies and measures having not been fully implemented, the business environment needing to be improved, and some enterprises being unable to access loans or having to pay high interest to secure loans, the Opinions put forward ten policy measures to further stimulate private effective investments.

First, deepen reforms to streamline administration, delegate powers, and improve regulation and services. Ensure that key tasks are fully implemented, like abolishing or delegating the administrative licensing items by the State Council departments, canceling administrative examination and approval matters designated by the central government and implemented by local governments, and cleaning up the administrative examination and approval intermediary services by departments of the State Council, etc. Second, carry out thorough inspections to grasp the situation of private investment projects applying for examination and approval. After comprehensive and careful inspections, set clear time limits to handle project applications to speed up the progress. Third, promote industrial restructuring and upgrading.

Encourage private enterprises to participate in "Manufacture in China 2025", modern agriculture, enterprise technological transformation and other key projects to support the innovation and development of private investment. Fourth, encourage private capital to participate in Public-Private Partnership (PPP) projects. Establish reasonable return mechanism for PPP projects to attract private capital's participation. Encourage private capital to participate in the investment of large-scale PPP projects by adopting various ways such as taking mixed ownership, setting up funds, or forming unions. Fifth, reduce the operating costs of enterprises. Strengthen the supervision and management of service fees related to enterprise business operation and intermediary services, and urge financial institutions to charge fees according to law. Six, try every effort to crack the financing problems. Improve the credit rating system of private enterprises, optimize credit management and service processes, and provide diversified financing services for private capital. Seven, strengthen the building of government integrity. Carry out special treatment, increase investigations and punishments to local governments that refused to fulfill legal commitments, and hold accountable according to the law and conduct disciplinary actions and punishments directly to the main person(s) in charge and the one directly responsible who caused serious government breach of contract. Eight, strengthen policy coordination. Grasp the timing and intensity for the introduction of policies. Relevant departments have to set clear policy orientations and correctly guide the investment expectations while strengthening supervision. Nine, build new "close" and "clear" government-business relations, establish and improve the normalized communication mechanism between governments and private enterprises. Ten, take serious measures to ensure that all the policy measures will be implemented and produce the desired results, thereby enhancing private enterprises' sense of acquisition.

The Opinions requires that all regions and all government departments should thoroughly tease out all policy measures in action aiming at encouraging private investment, and check the situation of implementation one by one. All regions and all government departments are encouraged to solidify, refine and deepen each specific measure by reforms with innovative thinking, so as to make every effort to solve the deep-seated problems constraining private investment growth and further stimulate effective private investment vitality.

The original text:

Guiding Opinions of the General Office of the State Council on Further Stimulating Effective Private Investment Vitality and Promoting Sustainable and Healthy Development of the Economy

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People's governments of all provinces, autonomous regions and municipalities directly under the Central Government, as well as all ministries and commissions of and all agencies directly under the State Council,

The CPC Central Committee and the State Council attach great importance to private investments. In recent years, a series of targeted policies and measures have been deployed and special inspections have been carried out. The growth rate of private investment has been stabilized and rebounded. However, private investment growth is still faced with many difficulties and obstacles, part of the policy to encourage private investment has not yet been put into place, the business environment needs to be further improved,

some monopoly market is not open enough, and some enterprises are still unable to access loans or have to pay high interest to secure loans. In one word, the situation that private investment vitality is not strong has not been fundamentally changed. In order to further stimulate the vitality of effective private investment and promote sustained and healthy economic development, with the consent of the State Council, the following opinions are brought forward:

1. Deepen reforms to streamline administration, delegate powers, and improve regulation and services, and constantly optimize the business environment

All regions and all government departments shall thoroughly implement the requirements of the State Council on deepening the reforms to streamline administration, delegate powers, and improve regulation and services and ensure that key tasks are fully implemented, such as abolishing or delegating the administrative licensing matters by the State Council departments, canceling administrative examination and approval matters designated by the central government and implemented by local governments, cleaning up the administrative examination and approval intermediary services by departments of the State Council, etc. Resolutely implement relevant requirements on cleaning up and standardizing investment projects application and approval process, streamline and merge investment project approval matters, no administrative examination and approval matters shall be arbitrarily increased and no approval process shall be arbitrarily prolonged. Effectively prevent the return of the power and increase of administrative examination and approval matters while trying to reduce them. Give full play to the national online platform for the approval and regulation of investment projects, achieve goals that project applications are filled online and are examined and approved jointly, projects' information is disclosed and projects are supervised collaboratively, and constantly improve the efficiency of approval and quality of service.

2. Carry out thorough inspections to grasp the situation of private investment projects applying for examination and approval, and improve the level of approval services

All regions and all government departments shall carry out a comprehensive and detailed clean-up inspection on the approval of private investment projects, tease out private investment projects that have been submitted for examination and approval, check the handling of various types of examination and approval matters, and set clear time limits for handling. Projects that can be approved shall be handled as soon as possible. For projects that still do not meet requirements, help private enterprises to get relevant conditions in place as soon as possible. For projects that cannot be approved according to the law, take the initiative to explain why. If any project application is delayed in handling with no proper reason, intensify accountability, urge rectification under a deadline through admonishment meetings, notification, supervision and other means. If necessary, punish the relevant responsible person. Directing at problems found in the clean-up inspection, further improve the work, increase efficiency, optimize private investment projects approval services.

3. Promote industrial restructuring and upgrading, support the innovation and development of private investments

Encourage private enterprises to enter rail transport equipment, "Internet +", big data, industrial robots and other fields that have long industrial chain and prominent driving effects. Actively attract private enterprises to participate in the creation of "Manufacture in China 2025" national demonstration zone. Give full play to the leading role of financial funds. Absorb a wide range of social capital to support enterprises to increase technological transformation efforts and increase input to integrated circuits and other the key areas

and key projects of weak links through investment subsidies, capital injection, establishment of funds and other means. Support the construction of public service platform at mass entrepreneurship and innovation demonstration bases and industrial parks. Improve services capacity and level for private enterprises investing in emerging industries. Promote innovative technology market transactions, shorten the cycle of transformation of scientific and technological achievements, and improve the level of return on investment by scientific and technological enterprises. Encourage private capital to carry out diversified agricultural investments, support the development of new commercial activities and new industries in rural areas, promote private capital to establish joint-stock cooperation and other interest closely linked mechanisms, and increase support to market players who have done a lot to help farmers.

4. Encourage private capital to participate in Public-Private Partnership (PPP) projects, promote the construction of infrastructure and public utilities

Increase the openness of infrastructure and public utilities, prohibit any exclusion, restriction or discrimination against private capital, create equal opportunities for private enterprises, support social capitals with high proportion of private capital to participate in PPP projects, and mobilize the enthusiasm of private capital. Actively take a variety of PPP operation modes, activate inventory assets in a standardized and orderly way, enrich private enterprises investment opportunities, use funds reclaimed mainly on project construction in weak links to form new high-quality assets so as to achieve a virtuous cycle of investment. Determine reasonable prices and charges to infrastructure and public utilities, improve the price and fees timely adjustment mechanism for PPP projects. Establish reasonable return mechanism for PPP projects to attract private capital by appropriately extending of the duration of cooperation, actively innovate business model, fully tapping the commercial value of the project, etc. Try every effort to improve the financing capacity of private enterprises, effectively reduce the financing cost, promote securitization of PPP project assets, encourage private capital to participate in the investment of large-scale PPP projects by taking mixed ownership, establishing funds, forming unions and other ways.

5. Reduce business costs, enhance private investment driving force

Fully implement and improve the pilot policy to comprehensively replace business tax with added-value tax, fully implement the policy of pre-tax weighted deduction of R & D costs, and strengthen the supervision and management of service fees related to enterprise business operation and intermediary services. Regions where the allowable total rate of unemployment insurance is 1.5% shall reduce this rate to 1%. Implement the policies to appropriately reduce proportion of housing provident fund, promote the introduction or improvement of household registration policies and supporting measures. Deepen the power transmission and distribution price reform, promote electricity market transactions, adopt industrial land flexible transfer system, and make good and full use of standard plant and technology incubator land support policies to reduce the cost of land use for enterprises. Determine vehicle tolls scientifically and reasonably, standardize railway and port charges, carry out special inspections in the field of logistics, spare no effort to solve the "arbitrary charges, arbitrary fines" and other issues. Urge the banking and financial institutions to collect fees according to law, reduce the cost for obtaining loans, strictly prohibit all kinds of unjustified fees and unreasonable loan attached conditions.

6. Try every effort to crack financing difficulties, provide diversified financing services for the private capital

Take full advantage of various financial institutions, optimize the credit management and service processes, improve the confirmation, registration, mortgage, circulation and other supporting system for franchise rights, right of charge and other rights, develop and enrich revolving loans and other financial products, speed up the construction of inclusive finance system, carry out small and micro-enterprise accounts receivable financing special action, spare no efforts to solve the problems of recalling loans ahead of time, delaying in issuing loans, and stop providing loans faced with enterprise. Improve the private enterprise credit rating system, evaluate the strength of private enterprises objectively, and guide financial institutions to increase financing support for private enterprises. Give full play to the role of government websites of all levels and the national credit information sharing platform, encourage local governments to promote the "bank-tax interaction" and cooperation between banking financial institutions and the national credit information sharing platform, resolve the problem of information asymmetry between banks and enterprises, and enhance small and medium enterprises financing ability. Develop government-backed financing guarantee and re-guarantee institutions, encourage the establishment of credit risk compensation funds and capital pools for bridge loans and relending, increase support to small and medium enterprises and scientific and technological innovation enterprises.

7. Strengthen the building of government integrity, ensure the implementation of agreements by governments

Local governments at all levels shall make policy commitments to private enterprises strictly in accordance with the law, and strictly fulfill the legal policy commitments. No preferential conditions shall be committed violating laws and rules. Legal agreement or contract signed with the private enterprises should be fulfilled strictly and should not be refused to implement at the excuse of leadership transition or replacement of relevant responsible person. Arbitrary changes to agreements will not be allowed, and the situation that "new officials ignore the old debts" shall not happen. Carry out special actions to deal with government dishonesty. Intensify investigation and penalties to local governments that are found to refuse to fulfill the legitimate commitments, in particular, seriously damage legitimate rights and interests of private enterprises, destroying a good environment for private investment. The main person in charge and the person directly responsible for causing serious breach of contract by the government shall be held accountable according to law and disciplined directly.

8. Strengthen policy coordination, stabilize market expectations and investment confidence

Strengthen the coordination between departments, study the expected effect of the proposed policy and market response scientifically and prudently, and grasp the timing and intensity for the introduction of policies. Relevant departments should define policy guidance while strengthening supervision, put forward specific requirements in line with laws and regulations and correctly guide investment expectations. Intensify policy interpretation around the situation of economic operation and macroeconomic policy orientation, take the initiative to solve doubts and help private enterprises to accurately understand the intention of the policy. Establish and improve public opinion collection, study, disposal and response mechanism, release of authoritative information timely and accurately, respond to private enterprises' concerns in a down-to earth manner. Improve fair, open and transparent market rules, stabilize market expectations, enhance market vitality, help private enterprises to make full use of the large domestic market and increase investments adapting to the needs of domestic consumption upgrading and industrial transformation, support gradient transfer of labor-intensive industries to inland and border areas.

9. Build new "close" and "clear" government-business relations, enhance government service awareness and ability

Establish a sound government-private enterprise normalized communicating mechanism, further take advantage of the bridge role of the Federation of Industry and Commerce, Association, Chamber of Commerce in the communication between enterprises and government, listen to the voice of private enterprises, and help private enterprises to solve practical difficulties. Determine the "merit list" and "demerit list" in contacts with enterprises according to local conditions. Spare no effort to address the "close" but not "clear" or "clear" but not "close" and other issues. Resolutely implement the Opinions of CPC Central Committee and State Council on the Improvement of Property Rights Protection, bring forward relevant supporting documents and implementation plans as soon as possible, strengthen protection of property of all kinds of ownership, increase intellectual property protection efforts, and stimulate and protect entrepreneurial spirit. Organize and carry out specialized and accurate training for private entrepreneurs to enhance private enterprise management.

10. take serious measures to ensure that all the policy measures will be implemented and produce the desired results, enhance private enterprises' sense of acquisition.

All regions and all government departments should thoroughly tease out all policy measures issued by CPC Central Committee and the State Council that are in action aiming at encouraging private investment, check the situation of implementation in local regions and specific fields one by one, and analyze the reasons for the policy measures that have not yet been effectively implemented. Find solutions quickly to ensure that the policy will be implemented as soon as possible. Give full play to the enthusiasm of central and local governments, encourage local governments to consolidate, refine and deepen each specific measure by reforms with innovative thinking, so as to make every effort to solve the deep-seated problems constraining private investment growth and further stimulate effective private investment vitality.

The people's governments of various provinces, autonomous regions and municipalities and relevant departments shall, in accordance with the requirements of the Opinions, earnestly implement relevant policies and further optimize various tasks relating to private investment. National Development and Reform Commission shall strengthen coordination, carry out supervision and follow-up analysis of the implementation of the Opinions in conjunction with relevant departments, and report to the State Council in a timely manner when major issues arise.

General Office of the State Council
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(This document is issued publicly)