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CHINA BRIEFING

From Dezan Shira & Associates

China's Investment Landscape: Finding New Opportunities

Years 1992-2017

Introduction

ALBERTO VETTORETTI
Managing Partner
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China's foreign investment landscape has experienced pivotal changes this year.

At the start of 2017, in the face of rising protectionist sentiment in the US and EU, Chinese President Xi Jinping reaffirmed China's commitment to international trade and globalization in a much publicized speech in Davos. Policymakers in China then supported this rhetoric with a number of investment-friendly reforms throughout the year.

China liberalized a number of industries previously restricted to foreign investment, introduced the country's first nationwide negative list to guide foreign investment, nearly tripled its free trade zones (FTZs) from four to 11, and introduced a variety of administrative reforms to improve the ease of doing business.

The Middle Kingdom can still be a challenging place to do business. Foreign businesses and governments often lament allegedly unfair industrial policies, uneven market access for foreign investors, and an increasingly unwelcoming business environment. However, China continues to grow. Its economy has outperformed expectations, growing at 6.9 percent through the first half of the year, and with the latest batch of reforms, more industries are open to investment than ever before.

In this issue of China Briefing magazine, we examine how foreign investors can capitalize on China's latest FDI reforms. First, we outline new industry liberalizations in both China's FTZs and the country at large. We then consider when an FTZ makes sense as an investment location, and what businesses should consider when entering one. Finally, we give an overview of China's latest pro-business reforms that streamline a wide range of administrative and regulatory measures.

China has experienced many changes during our 25 years of service in the country. In 2017, we are dedicated to helping strategic investors find new opportunities in the maturing economy, and its attendant reform environment.

With kind regards,

Alberto Vettoretti

Years 1992-2017

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This Issue's Topic

China's Investment Landscape: Finding New Opportunities

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The New Investment Catalogue and Negative List

By Dezan Shira & Associates

Editor: Alexander Chipman Koty

China's economy is opening up to foreign investment. In June 2017, the government released updated versions of The Catalogue of Industries for Guiding Foreign Investment ("the Catalogue") and the Free Trade Zone Negative List ("the FTZ Negative List"), which reduce restrictions for foreign investors entering China. The Catalogue and FTZ Negative List are two of the most important documents for determining the industries in which foreign investors participate.

While many foreign governments and business representatives have voiced displeasure at what they consider China's slow pace of reform and opening up, more industries are now open to foreign investment than ever before. China's changing economy has created new consumer and industrial needs; authorities have recognized this by opening up several restricted industries to foreign investment, introducing new opportunities for foreign investors.

The Catalogue and FTZ Negative List

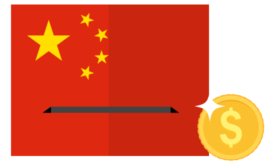
The Catalogue has been one of the principal documents governing foreign investment into China since the first version came into effect in 1995. Meanwhile, the FTZ Negative List guides foreign investment in the country's 11 free trade zones; the first version of the FTZ Negative List coincided with the launch of the Shanghai Pilot FTZ in 2013. The 2017 update to the Catalogue adopts the negative list approach trialed in China's FTZs by clearly stating the industries where foreigners face unique restrictions, and granting domestic treatment to industries that are not listed in the Catalogue.

Both the Catalogue and the FTZ Negative List detail the industries where foreign investment is restricted or prohibited. Restricted industries contain limits on foreign investment, such as joint venture (JV) requirements or shareholding limits, while foreign investors cannot participate in prohibited industries. The Catalogue also has an encouraged category for industries that benefit from special incentives, such as lowered tax rates or accelerated approvals.

Foreign investors should receive equal treatment to domestic investors in any industry not included in the Catalogue or FTZ Negative List. However, investors can still face restrictions for industries not included in either list. Some industries – like telecommunications and education – carry restrictions that apply equally to both foreign and domestic investors alike.

Notably, the 2017 Catalogue is the first version to use a negative list structure to manage foreign investment. In previous versions, it was less clear which industries faced restrictions. For example, previous catalogues listed restricted industries that were also encouraged under only the encouraged category, but not the restricted one. Now, the Catalogue clearly lists every industry that has special restrictions for foreigners in the restricted or prohibited lists.

China's Investment Landscape
Finding New Opportunities



China's 2017 FDI Catalogue

Newly encouraged industries

- NEW Manufacturing of intelligent emergency medical rescue devices
- NEW R&D and manufacturing of both virtual reality (VR) and augmented reality (AR) devices
- NEW Establishment and operation of city parking facilities
- NEW Development and manufacturing of key components for 3D printing devices
- NEW Construction of hydrogen refueling stations
- NEW Manufacturing of hydrographic monitoring sensors

Services*

- Operation of highway passenger transport services
- Operation of ocean shipping tally companies
- Operation of credit investigation and rating services
- Operation of accounting and auditing services
- Establishment and operation of comprehensive water conservancy projects
- Construction and operation of large-scale agricultural product wholesale markets

Manufacturing*

- Manufactuaring of rail transport equipment
- R&D and manufacturing of automobile electronic network and electronic controllers for electric power steering systems
- Manufacturing of high energy power batteries for new energy automobiles
- Manufacturing of motorcycles
- Design and manufacturing of civil satellites, manufacturing of civil satellite payload
- Processing of edible oil and fats from soybean, rapeseed, peanut, cottonseed, camellia seed, sunflower seed, and palm
- Processing of rice, flour, and crude sugar, and deep processing of corn
- Manufacturing and repair of marine engineering equipment (including modules)
- Manufacturing of low and medium-speed diesel engine and crankshafts for vessels
- Manufacturing of liquid biofuel (fuel ethanol, biofuel)
- Manufacturing of blade electric vehicles (BEVs)

Mining and oil & gas*

- Exploration and development of oil shale, oil sands, shale gas, and other unconvention-al oil and gas
- Exploration and mining of precious metals (gold, silver, platinum)
- Lithium mining and mineral processing
- Smelting of rare metals, including tungsten, molybdenum, tin (excluding tin compounds), and antimony (including antimony oxides and antimony sulphides)

China's 2017 FTZ Negative List

Manufacturing*

- Aeronautical manufacturing
- Shipbuilding
- Automotive manufacturing
- Railway transport equipment manufacturing
- Communications equipment manufacturing
- Mineral smelting and calendering
- Pharmaceutical manufacturing

Services*

- Transport
- Water transport
- Internet and related services
- Banking services
- Insurance business
- Accounting and audit
- Statistical survey
- Other commercial services
- Education
- Press and publishing, radio and television, financial information
- Culture and entertainment

Mining and oil & gas*

- Metal ore and non-metallic mineral mining

Industries with restrictions removed

Newly liberalized sectors

The 2017 Catalogue reduces the number of special administrative measures on foreign investment from 93 in the previous version to 63. Some of these removals do not bring actual changes: the update removes certain measures because other existing laws already restrict them, or in some cases, combine multiple special administrative measures into a single one.

Regardless, the manufacturing, services, and resource extraction sectors all benefit from liberalization under the new Catalogue. In addition to the removal of restrictions, the new Catalogue adds six new industries to the encouraged list, meaning they benefit from government incentives. The update removes seven industries from the encouraged list, and alters 35.

The updated FTZ Negative List liberalizes a similar range of industries as the Catalogue. All told, the new FTZ Negative List removes 27 special administrative measures from the previous 2015 version, bringing the total to 95.

While this means that the FTZ Negative List technically has more special administrative measures than the Catalogue, which now has 63, in reality the FTZ Negative List has fewer foreign investment restrictions than the Catalogue. The restrictions contained in the Catalogue are more general than the ones found in the FTZ Negative List, meaning that local authorities and relevant ministries can broadly interpret and apply them at their discretion. Meanwhile, the restrictive measures found in the FTZ Negative List are usually more detailed and specific, limiting particular activities or types of businesses rather than an industry as a whole.

Identifying new investment opportunities

The lifting of investment restrictions in the Catalogue and FTZ Negative List present a variety of new opportunities for businesses previously blocked or impeded from entering China. New opportunities exist in large industries that have historically been heavily restricted to foreign companies, while others are in emerging industries with strong growth potential.

China's new Catalogue and FTZ Negative List do not fundamentally shift the country's foreign investment landscape, with key sectors such as banking, education, healthcare, and telecommunications still highly restricted. However, strategic investors have new opportunities to take advantage of China's changing economy and foreign investment needs.

As China's economy shifts from low- and mid-value manufacturing to services and consumption, the country has new priorities for attracting foreign investment. In emerging tech and other strategic sectors, China wants to attract foreign technology and expertise so its domestic players can grow into global leaders. In some sectors, such as those that would combat China's environmental and pollution problems, foreign investment can help solve pressing societal issues. In other sectors, the government is lifting investment barriers to meet the growing needs of the domestic market, such as China's immense agricultural and energy demands.

China's foreign investment and industrial policies continue to be controversial to overseas interests. However, foreign investors attuned to China's shifting economy and pro-business reforms will find lucrative new emerging opportunities.

Investing in Free Trade Zones

By Dezan Shira & Associates
Editor: Zolzaya Erdenebileg

Free trade zones (FTZs) are a specific type of special economic zone (SEZ) where goods can be imported, handled, manufactured, and exported without direct intervention from Customs. They play an important role in modernizing China's business landscape and serve as areas where authorities can experiment with pro-business regulations.

Currently, there are 11 FTZs in China; seven planned FTZs were announced in August 2016. Each FTZ has a industry focus and matching incentives to attract investment. FTZs are of critical consideration for foreign firms, but this decision process is highly dependent on an investor's business focus and growth prospectus.

Overview of China's FTZs

Inaugurated in 2013, the Shanghai FTZ was the first in mainland China. It acted as a testing ground for legal innovation, attracting foreign investment with fewer restrictions. The Shanghai FTZ was created with four goals in mind:

- Maintaining and increasing competitive edge;
- Transitioning to a more market-friendly regulatory environment;
- Internationalizing the RMB; and,
- Testing new strategies for reform with intent to duplicate nationally.

By implementing policies meant to fulfil these goals, the Shanghai FTZ laid the foundation for FTZs nationwide. It relaxed incorporation requirements, adopted the use of the Negative List for pre-approval procedures, and implemented a one-stop application process, all measures which were eventually adopted nationwide.

In 2015, the government announced three more FTZs in Fujian, Guangdong, and Tianjin. This time, the government assigned strategic positions for each of the FTZs: Fujian supports trade with Taiwan; Guangdong supports economic integration with Hong Kong and Macao; and, Tianjin supports the northeastern region and helps develop offshore financial markets.

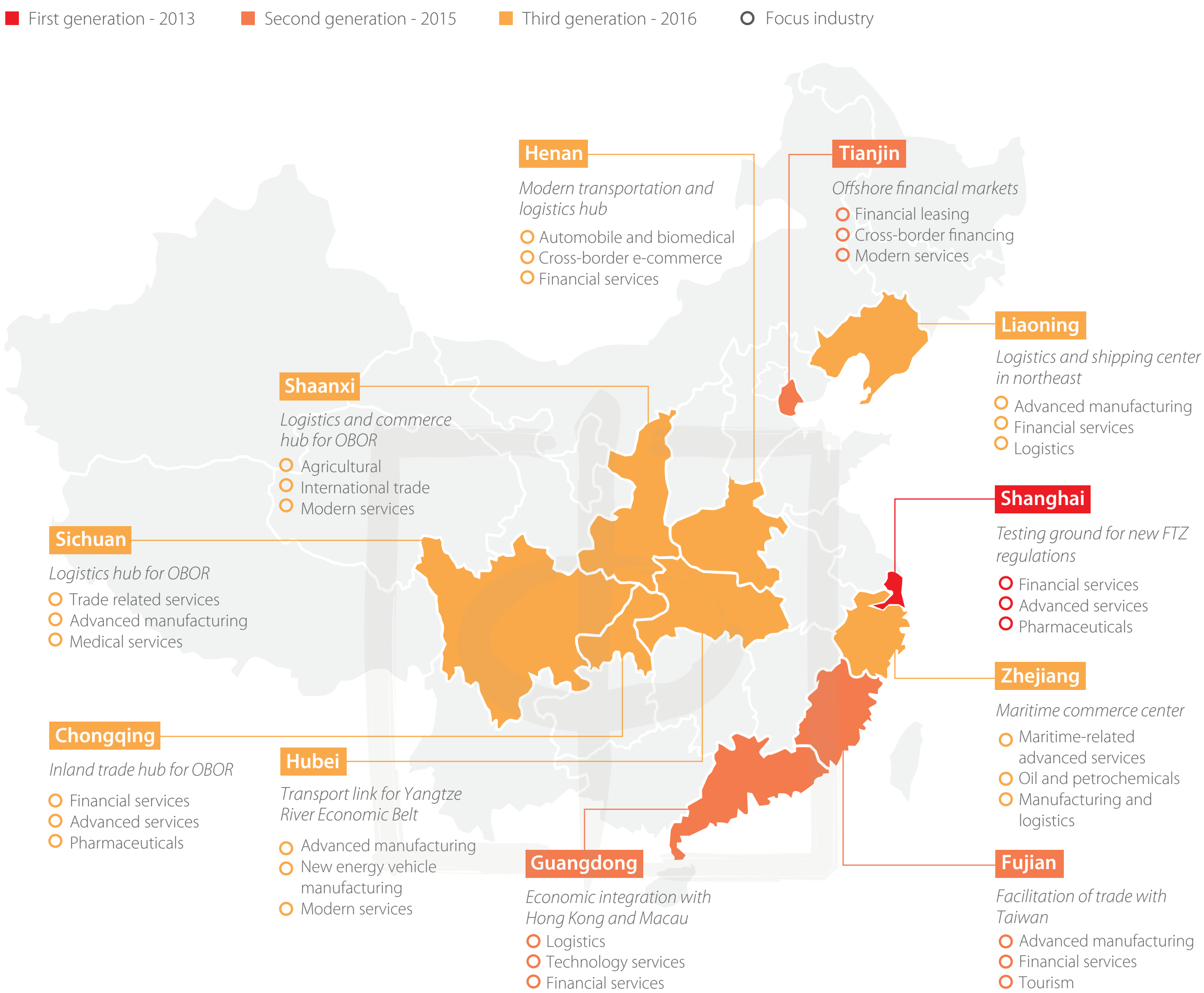
In 2016, the government announced plans for seven more FTZs, underlining the government's long-term plans to develop inland China and support the One Belt, One Road (OBOR) initiative. The FTZs are in Chongqing, Liaoning, Henan, Hubei, Shaanxi, Sichuan, and Zhejiang.

Major incentives provided by FTZs

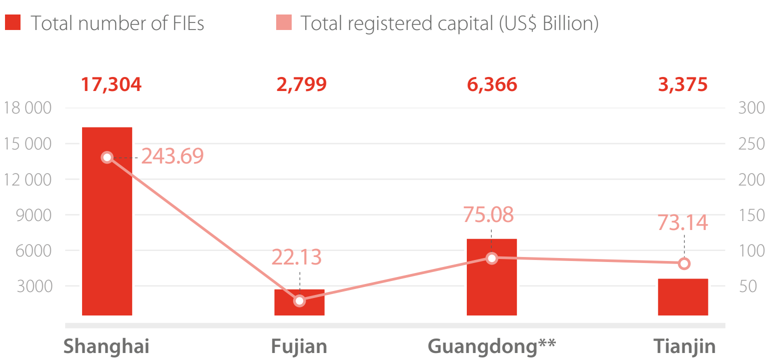
There are several incentives to invest in an FTZ. Here, we explore: modern logistics; information services; science and technology services; and, professional services.

Development of Free Trade Zones in China

Evolution of China's FTZs and Focus Industries

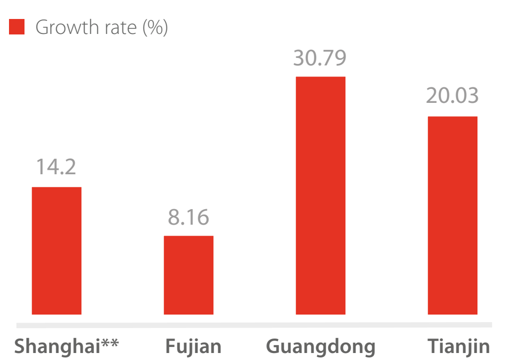


Total Number of FIEs and Registered Capital in FTZs*



*Seven new FTZs excluded due to unavailability of information; FIEs refer to foreign invested enterprises.
**Guangdong information available only until 2016.

FTZ* GDP Growth (2015 to 2016)



*Seven new FTZs excluded due to unavailability of information.
**Data only represents Gross Industrial Product (GIP)

Tax

The following FTZs offer a reduced corporate income tax (CIT) of 15 percent if the firm fulfils certain requirements:

- Hengqing New Area, Guangdong FTZ;
- Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai Shenzhen-Hong Kong Zone), Guangdong FTZ; and,
- Pingtan Comprehensive Experimental Area, Fujian FTZ.

As FTZs are areas for policy piloting, lower tax rates do not feature as heavily as might otherwise be expected. However, FTZs have started to experiment with other forms of tax benefits. For instance, in Shanghai FTZ, a FTZ-registered company can pay CIT in installments over a five-year period if the value of its interest in a portfolio company increases because of non-cash restructuring.

Moreover, unless otherwise stipulated, most FTZs allow duty free import for any machinery and other equipment for company self-use.

Customs clearance

The customs clearance process is more streamlined within the FTZs, particularly in regards to clearance declarations and payments. For instance, firms can declare several batches of goods on a single form and make a collective declaration for imports and exports of goods. This reduces clearance costs and increases declaration flexibility for firms.

Additionally, if the firm has provided adequate guarantees, it can pay tax in a one-off lump sum payment within a specified period for goods that have already been imported. To maintain oversight, customs will follow up with tax audits.

In the Shanghai FTZ, border clearance can be done on a monthly or quarterly basis with all waybills. Goods shipped to the FTZ can be directly sent to the warehouse without having to first clear customs. Previously, shipments may have had to wait a few weeks before being sent to the warehouse. When being shipped outside of the FTZ, the goods must clear customs, but the clearance time has been decreased to about two to three days.

Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

In the Qianhai Shenzhen-Hong Kong Zone, companies must be engaged in encouraged industries, meaning that their primary businesses are listed in the Preferential Corporate Income Tax Catalogue including modern logistics; information services; science and technology services; and, professional services.

To benefit from the lower CIT, firms have to submit an enterprise income tax preferential application form stating preferential items to the tax authority.

Qianhai Shenzhen-Hong Kong Zone also offers preferential individual income tax (IIT) policies to those who work in the Zone or whose talents are judged to be in line with encouraged industries. If these workers' IIT on salaries and wages exceeds 15 percent, then the Shenzhen government will subsidize the excess. The IIT preferential policy is only available to candidates who are:

- An overseas high-end talent as measured by the national, provincial, or city level government;
- Management or technical talents from World Top 500 enterprises or its branches, as well as enterprises headquartered in Qianhai Shenzhen-Hong Kong Zone;
- Have internationally recognized qualifications or an invention patent needed domestically;
- Management or technical talent of other enterprises with above-medium level position; or,
- Identified as a talent in short supply needed for the development of Qianhai.

The individual must have worked in the Qianhai-based enterprise for more than one year, and the IIT must be legally paid in the Qianhai tax bureau. The IIT fiscal subsidy should be applied for in the first two months of the year.

International trading center

Due to the number of companies already located within the FTZ and the existing infrastructure, FTZs have supply chain advantages.

In the Shanghai FTZ, for example, goods can be delivered to the FTZ and stored within a warehouse without paying customs tax. The customs tax will only be due if it is shipped domestically. If the goods are shipped internationally, then they are not subject to tax or customs clearance.

In the Plan for the Comprehensive Deepening of the Reform and Opening-up of the China (Shanghai) Pilot Free Trade Zone ("the Plan"), issued by the State Council on March 31, 2017, the government announced creation of a "single window" for goods and services trade. Based on the UN standard, the single window would establish a single point for customs clearance, documentation, IT, regulatory oversight of shipments, and connections with other major ports.

Industry-specific liberalizations

FTZs have liberalized policy for FIEs in specific industries or capabilities that are not yet widely available in China. For instance, logistics companies established within FTZs are allowed to invest up to 51 percent in international or domestic shipping agencies. Additionally, in the Shanghai FTZ, foreign ships are allowed to ship to other domestic ports; shipment between domestic ports was previously limited to Chinese-owned ships.

In the pharmaceuticals sector, under article 10 of the Plan, owners of intellectual property (IP) for medical devices can now entrust production of the device to an eligible OEM manufacturer in Shanghai; the IP owner and the manufacturer previously had to be the same.

Where to set up

FTZs allow the government to test and adjust policies for eventual expansion. As such, many foreign investors are confused as to the strategic advantage of establishing inside an FTZ in the first place.

When first rolled out, the Shanghai FTZ was highly attractive to investors for its one-stop application processing and reduced minimum registered capital requirements. However, both of these policies were implemented nationwide, leading some to question: should investors focus only on FTZs or should they expand their focus to other classes of special economic zones? It depends on your industry and business needs.

According to Amber Liu, Senior Manager of Corporate Accounting Services in Shenzhen, preferential tax policies is one of the major advantages of establishing within the Qianhai Shenzhen-Hong Kong Zone. But she warns that companies should be vigilant about their eligibility and the application process. "Companies must first be within the industries that are encouraged within the FTZ, and fulfil revenue requirements. Furthermore, they should be aware of, and diligent in, the application process – otherwise their application may be denied."

The Chinese government plans to continue piloting policy innovations in FTZs, meaning that investors would be the first to benefit from any new policies. For example, the Shanghai FTZ debuted a corporate registration website that allows for online appointments, pre-registration services, and a trial mobile app. On the other hand, as the first to pilot new policies, entities within the FTZ are also the ones that would have to deal with the initial confusion and lack of clarity.

Establishing within an FTZ does not guarantee success. For some businesses, the policy and trade environment within the Zone may present competitive advantages, while it may be less beneficial for others. Before making the decision, firms should do their homework and consult with experts to understand which path is best path for the company's expansion.

The Business Reform Agenda

By Dezan Shira & Associates

Editor: Jake Liddle and Gidon Gautel

In recent years, the government has introduced a number of policies and reforms to improve investment conditions and the ease of doing business in the China. Many experienced China hands assert that these reforms are often a case of "two steps forward, one step back", but this view overlooks a broader positive regulatory trajectory that competitive foreign investors can manage to their benefit.

The government's new Cybersecurity Law, and its data localization requirements, caused some foreign investors to lose confidence in China. New processes for business registration and work permits have frustrated China-based expats that are used to the status quo. Within the larger reform trajectory, however, constructive observers find more practical reforms designed to help the country transition from an economy driven by heavy manufacture, to one lead by technology and innovation.

Foreign investment law revision

Revisions to China's Foreign Investment Laws, which came into effect October 1, 2016, replaced the previous 'case by case approval system' with a system based on a national negative list combined with record filing.

The 'national negative list', i.e. the Catalogue of Industries for Guiding Foreign Investment mentioned in P.04 of this issue of China Briefing Magazine, consists of 'restricted' and 'prohibited' sectors as well as industries for foreign investment. Those listed as 'restricted' would still be subject to Ministry of Commerce (MOFCOM) approval, while 'prohibited' industries are strictly out of the question - while those not listed in the negative list are open, subject only to record filing.

July 10, 2017 saw a new iteration of the negative list that further lifted restrictions to a number of key industries and cut 10 items and 27 special administrative measures from the 2015 negative list. Measures guiding record filing were released on October 8, 2016, and apply to the establishment and alterations of key information or scope of FIEs. Record filing can be done online by the representative or agent of the FIE after obtaining pre-verification of the enterprise name, and before or within 30 days of issuance of its business license. The record filing system also applies to acquisitions of equity or assets of China domestic companies by foreign investors, one of the more common methods of foreign investment into China.

Simplified company establishment procedures

Company name registration

The company name registration and approval process is being simplified. On October 18, 2016, the State Administration for Industry and

Commerce (SAIC) called for the creation of local city-level company name databases, which was further expanded to all levels of government on April 19, 2017.

Along with this, an online company name registration system was established; it is able to analyze company names autonomously, and reject those already in use or that violate restrictions. If the system verifies a company name, the local registration authority will notify name approval within three working days.

Establishment

For enterprises with business scope that falls outside of the national negative list, all required documents for corporate establishment filing can now be uploaded to MOFCOM's online management system. Digital confirmation of successful filing will be issued within three working days. If MOFCOM requires additional documentation or clarification, this will be made clear within 15 days.

For companies operating in restricted categories, approval can also be initiated through the online management system, with shortened approval time of around five working days. It also removes the need of M&A prophase reports for application.

Business licenses

The introduction of the Five-in-One business license on October 1, 2016 further eased corporate establishment, by combining the business license, organization code, tax registration certificate, social security registration certificate, and the statistical registration certificate into a single document with a unified social credit code. This has reduced the registration period by about three weeks – all five elements previously required independent applications.

An online registration system for the new license will be implemented nationally by October 2017, which will be able to process application documentation and the issuance of an electronic business license with the new single social credit code. Because of this digitalization, the license will be interoperable among relevant departments.

Tax cuts

On March 5, 2017, China's Premier Li Keqiang presented a plan to cut the tax burden of businesses, recalling how the VAT reform, which was completed in 2016, cut tax burdens for businesses in every sector by a recounted RMB 570 billion (US$85 billion). He pledged to further cut business tax burdens by RMB 350 billion (US$50.7 billion) in 2017 by keeping the year's deficit to GDP ratio unchanged. The tax cuts were primarily aimed at smaller tech companies.

Lower profit enterprises with annual income of RMB RMB 500,000 (US$72,625) or less can enjoy CIT cuts of 20 percent on half of their taxable income, up from the previous cap of RMB 300,000 (US$43,575), and are valid for an extended period from January 1, 2017 to December 31, 2019.

In addition, from January 1, 2017, venture capital firms in the regions of Beijing, Tianjin, Hebei, Shanghai, Guangdong, Anhui, Sichuan, Wuhan, Xi'an, Shenyang, and the Suzhou Industrial Park, are eligible for taxable income deductions on 70 percent of tech firm investment at the seed stage. Investments made up to two years prior to this date can also apply for this benefit.

Another facet in the tax cut efforts was a simplification of the VAT regime on July 1, 2017, which reduced the four brackets of 17 percent, 13 percent, 11 percent, and six percent, into three by removing the 13 percent bracket. Items such as agricultural products and produce, fuels, books, media products, and salt were reduced to the 11 percent bracket. The main impact of this alleviates tax burdens of businesses in the respective industries, up to as much as RMB 1.6 million (US$237,000) per entity.

IP protection improvement

Trademark registration

On July 14, 2016, the SAIC initiated a reform to simplify trademark registration, by making application, trademark renewal, cancellation, and alteration manageable online, while reducing the application acceptance notification timeframe from six months to three. Meanwhile, trademark review centers will be established outside of Beijing and more application points for trademark registration will be opened. Rates for trademark registration matters were reduced by 50 percent effective from April 1, 2017, which is particularly beneficial for smaller enterprises and startups.

Patent

A draft fourth revision of China's Patent Law was released on January 1, 2016 for public consultation. Though the revisions have not yet come into force, strengthening of patent enforcement and broadened design patent protection shows the current trajectory for patenting in China.

In particular, statutory damages have been expanded fivefold, from RMB 1 million (US$155,000) to RMB 5 million (US$776,000). It also seeks to empower administrative enforcement of China's 'dual track' patent prosecution system, in which a patentee has the ability to choose between judicial and administrative remedies for encroachment, increasing the Patent Administrative Department's power to exact enforcement.

Copyright protection

China's National Copyright Administration has announced a third revision of the Copyright Law, focusing on developing the protection of right of communication through information networks, copyright collective management, the establishment of a service platform for copyright registration, and strengthened implementation of the law.

Measures to attract talent

On April 1, 2017, China's State Administration of Foreign Experts Affairs (SAFEA) rolled out national work permit reforms. Previously, the Alien Employment Permit for Z-visa applicants and the Foreign Expert Permit for R-visa applicants were issued by the labor bureau and the SAFEA respectively. They have now been unified under SAFEA into a single document with a permanent unique ID number issued to all foreign employees.

The reform introduced a tiered ranking system that categorizes applicants as 'A', 'B', or 'C', according their ability and experience under a point system determined by factors such as annual salary, age, and Mandarin proficiency. They can also directly qualify for a tier if conforming to certain criteria: for example, having held senior management or technical positions at a Fortune 500 company would qualify for tier A.

This system helps HR departments build a clearer picture of the classification of expatriates, and the corresponding requirements and procedure for work permit applications. Employers can now submit applications to hire foreign workers through an online management system, requiring fewer documents than before, up to 50 percent less upon full implementation of the system.

Local measures to attract skilled workers have also benefited foreign businesses, with around 193 region-specific programs to attract or reward foreign talent, as well as a series of smaller pilot programs and other incentives. For example, subsidies of up to RMB 100 million (US$15 million) were made available for start-ups engaging scientific and high-tech talent this year in Shenzhen. Beijing's Chaoyang and Shunyi districts now accept applications for permanent stays, long-term visas, and port visas for highly skilled forefingers in the service sector, foreign members of start-ups, and young foreign students, starting on May 2, 2017. A similar program was launched in Shanghai's Pudong district on June 16, 2017.

On January 6, 2017, a reform targeted foreign master's graduates from Chinese and 'well-known' overseas universities, cancelling the two years of work experience requirement to apply for a work visa.

Reform	Policy	Implementation date
Foreign investment law	Revisions to China's Foreign Investment Laws	October 1, 2016
	National negative list	July 10, 2017
Simplified company establishment procedures	Opening-up of an Enterprise Name Database and Promoting the Reform of Enterprise Name Registration	October 18, 2016
	Five-in-One business license	October 1, 2016
Tax cuts	Government work report/corporate tax cuts	March 5, 2017
	CIT cuts for low profit enterprises	January 1, 2017, to December 31, 2019 (Extended)
	Taxable income deductions on 70 percent of tech firm investment at the seed stage	January 1, 2017
	Simplification of the VAT regime	July 1, 2017
IP protection improvement	Reform to simplify trademark registration	July 14, 2016
	Reduced rates for trademark registration	April 1, 2017
	Patent law 4th revision (consultation draft)	January 1, 2016
	Copyright law 3rd revision (Expected) to make China a 'Strong IP Country'	January 16, 2017
Measures to attract talents	Work permit reform	April 1, 2017
	Shanghai-Pudong sets up overseas talent bureau	June 16, 2017
	Beijing sets up foreign worker service centers	May 2, 2017
	Two year work experience requirement abolished for foreign graduates from Chinese and well known universities	January 6, 2017
	Foreigners included in Shenzhen's housing fund	June 1, 2017

Pro-business reforms

The government's intent to attract foreign investment and talent has manifested in a high number of pro-business reforms initiated in recent years through trails of pilot programs and gradual implementation, signaling a positive overall reform trajectory for foreign companies.

However, not all measures will directly benefit foreign investment in practice; higher thresholds will produce hurdles in administrative processes, something evident in the results of the work permit reform. Nevertheless, a reoccurring theme throughout reforms across the board is the digitalization of application procedures, which will dramatically cut paperwork and processing times. Disparity between design and implementation of policies may hinder effectiveness in the early stages, but in retrospect, this is likely a transitory phenomenon.

Regardless, the string of pro-business reforms reveals that the government recognizes the role of foreign business and talent in its effort to maneuver its economy towards one based on high value-added services, such as finance and technology.

Years 1992-2017

Dezan Shira & Associates and France

An EU€295 million partnership to China investment success

This year, our firm Dezan Shira & Associates turns 25 years old in Asia. We are an independent, professional services firm, and one of the primary brands in this field in the region. We provide foreign investors throughout the world with advisory services concerning their investments into Asia, including pre-investment due diligence and financial planning, legal establishment, IP protection, as well as financial management such as accounting, bookkeeping, payroll, HR administration, and treasury. We also provide audit support and compliance services, in addition to posting France-bound, Asia-generated profit repatriation.

Beginning life in Hong Kong and Shenzhen, China, in 1992, we have grown over the past quarter century to have over 20 offices and several hundred staff across China, ASEAN, and India in all major cities throughout the region. Of the total foreign investment we have facilitated over the years into China, a significant and valuable proportion - some EU€295 million - has been from French businesses, making Dezan Shira & Associates a long term, proven, and trusted conduit for French investment.

Our French Clients

Typical Dezan Shira & Associates clients are smaller listed companies, subsidiaries of listed companies, and small- to medium-sized privately owned companies. Many of which are world class and well-known brands, while others are more modest, producing innovative solutions. The vast majority have found considerable success in Asia, adding value to their shareholders, generating additional employment opportunities in both Asia and France, providing increased taxable profits for the French government once Asia-generated profits have been consolidated into French head office balance sheets.

Dezan Shira & Associates' French Interaction in Asia and France

Dezan Shira & Associates is at the center of French investment flows into Asia, working closely with French business organizations in Asia and our Leading Edge Alliance partners in France. To best meet the requirements of our French clients and partners, we have also created a French Desk which is specifically dedicated to assisting our French clients meet success in Asia.

Dezan Shira & Associates Educational and Business Briefings

Our firm writes, produces, and publishes Asia Briefing, including its well-known China, ASEAN, India, Vietnam, Indonesia, and Russia Briefing titles, and its new Silk Road Briefing title. The China Briefing website alone is in the top one percent of most visited websites, according to Alexa. These titles have long provided educational support to students in France studying for international business masters, as well as providing a "how to" template for thousands of French businesspeople in France and Asia. This commitment to providing a free, educational intelligence service has cemented our reputation as one of the most knowledgeable practices in Asia, in addition to helping launch the Asia-focused careers of many French graduates into Asian businesses.

French Expertise in Asia

We monitor, analyze and keep track of the many French trade and investment policies provided by the French Government to assist local businesses succeed in selling products and services in Asia. Understanding the details of double tax treaties and applicable grants and incentives on offer in France and Asia can give a firm the edge when competing. Our joint French and Asian intelligence can help you succeed - and keep French businesses ahead of the game.

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Years 1992-2017