China to Expand Foreign Investment Access to More Industries

Policy

By CHEN Chunyou

The General Office of the State Council recently issued an action plan for advancing high-level opening-up and making greater efforts to attract and utilize foreign investment. The action plan has pragmatic measures to attract foreign investment by expanding market access and facilitating the flow of innovative elements, Wu Hao, secretary general of the National Development and Reform Commission (NDRC), said at a State Council policy briefing on March 20.

To enhance the level of foreign investment liberalization, the action plan proposes to completely remove restrictions on foreign investment in the manufacturing sector and continue to promote opening- up in telecommunications, healthcare and other service industries.

Notably, it specifies the initiation of pilot programs to relax foreign investment access to sci-tech innovation. Eligible foreign- invested enterprises in pilot free trade zones such as Beijing, Shanghai and Guangdong are allowed to expand in areas like the development and application of genetic diagnosis and treatment technologies. It also supports opening-up measures in fields like information services (limited to app stores) to ensure better results in the pilot free trade zones.

The China (Shanghai) Pilot Free Trade Zone. (PHOTO: XINHUA)

For the smooth flow of innovative elements and promoting innovation cooperation between domestic and foreign-invested enterprises, the action plan suggests supporting data flow between foreign-invested enterprises and their headquarters. Measures will be taken to regulate cross- border data security management, organize data exit security assessments, standardize personal information exit contract filings and other related tasks to facilitate secure and orderly cross- border flow of data related to R&D, production, and sales of foreign-invested enterprises.

Boosting foreign investment was also mentioned as an important task in this year's Government Work Report, which proposed expanding the list of industries encouraging foreign investment, and encouraging foreign enterprises to invest more in China. The action plan reiterates expanding the list of industries for foreign investment and the list of major foreign investment projects.

"Following the 2024 Government Work Report, the NDRC, in conjunction with relevant departments, has already worked on the revision of the Catalog for the Guidance of Foreign Investment Industries," said Hua Zhong, an official in charge of the department of foreign capital and overseas investment at the NDRC.

First Batch of Enterprises Chosen to Foster New Quality Productive Forces

By CHEN Chunyou

The State- owned Assets Supervision and Administration Commission (SASAC) of the State Council recently chose the first batch of leading enterprises to accelerate the layout in new domains, and spearhead the development of new quality productive forces.

The selected enterprises, mostly established within three years, are from strategic emerging and future industries, including artificial intelligence, quantum information and biomedicine. The average age of their core technical staff is around 35 years, reflecting a vibrant and innovative workforce.

This selection is the follow-up to a leading enterprise cultivation project launched by SASAC in 2023 to accelerate the cultivation of innovative state-owned enterprises. Under this mechanism, startups with strong development potential were chosen and granted autonomy, backed by preferential policies and incentives tailored to enhance their development potential.

One example is the China Telecom Quantum Information Technology Group Co., Ltd., which is accelerating the construction of a novel quantum-resistant security infrastructure, while promoting the industrialization of quantum communication and the practical application of quantum computing.

Another example is the Xi'an Coal Transparent Geological Technology Co., Ltd. It is seeking to revolutionize the traditional geological survey business with new- generation information technology, and develop large- scale model products in the vertical field of geology, to empower intelligent and eco-friendly development of the coal mining industry.

Case Study

Global R&D Resources Help Shape Hunan's Growth Drivers

By CHEN Chunyou & YU Huiyou

In recent years, the traditional advantageous industries in Hunan province, such as construction machinery, rail transit equipment and aerospace equipment, have maintained robust export growth. Solar cells, lithium batteries and electric passenger vehicles from Hunan have also become favorite products in overseas markets.

This is attributed to Hunan's efforts to foster new quality productive forces. In 2023, the southern province decided to build its capital city Changsha into a global R&D center. The goal is to align its functions and R&D with global needs, attract R&D resources worldwide, and produce cutting- edge achievements that benefit the globe. This, in turn, supports the province's development of new quality productive forces.

One notable collaboration is the BASF Shanshan Battery Materials Co., Ltd. (BSBM), a joint venture between Germany's leading chemical company BASF and Shanshan Corporation, one of China's top 500 enterprises. This was Hunan's largest foreign investment project in 2021.

BASF brought global resources from its Asia- Pacific R&D headquarters for cathode materials and the Chinese administrative headquarters of its battery materials division to the BSBM's Changsha base.

To date, the BSBM has achieved many feats, including developing high-nickel and ultra-high-nickel cathode materials for power batteries, which are widely used for high- end power vehicle models.

To enhance the intelligence and production capacity of the BSBM's Changsha base, a 110 kV external line project was built with government support and put into use this February.

Wang Wenjia, general manager of Continental Hope Investment Development Co., Ltd., spoke highly of Changsha's business environment.

"The governments at all levels in Changsha try their best to meet enterprise development needs, which can be seen from attracting industrial chain enterprises, improving the surrounding market system, to providing consultative services for company registration," Wang said.

The BSBM said it will grasp the strategic opportunity presented by Changsha's thriving open economy, and focus on the fast- growing electric vehicle sector. It is committed to the R&D and sustainable development of high- performance cathode materials.

High- level opening up is not only manifested in attracting foreign investment, but also in the swiftness of local enterprises in expanding in the global market.

In 2023, Hunan issued a policy to promote the integrated development of industry and trade and encourage enterprises to explore international markets. This has instilled confidence in enterprises to expand their overseas operations.

Zoomlion Heavy Industry Science & Technology Co., Ltd., a global leader in the construction machinery industry based in Changsha city, reported overseas revenue of 13 billion RMB in the first three quarters of 2023. Its products and services cover more than 140 countries and regions.

The Tebian Electric Apparatus Hengyang Transformer Co., Ltd. in Hunan's Hengyang city is a backbone power transmission equipment manufacturing provider. It has established 34 permanent overseas offices in Southeast Asia, Central Asia, the Middle East, Africa, Latin America and other regions, exporting its products to more than 70 Belt and Road Initiative partner countries.

The Xiang River, a significant tributary of the Yangtze River, flows through Changsha city in Hunan province. (PHOTO: VCG)

Plan to Uplift Innovative Application of General Aviation Equipment

By LI Linxu

In its latest move to build an aviation powerhouse, China released an implementation plan on innovative application of general aviation equipment on March 27.

The plan was jointly released by four government bodies, including the Civil Aviation Administration of China (CAAC) and the Ministry of Science and Technology.

It laid out a series of time- bound major goals for the development of general aviation equipment sector.

By 2027, the sector's supply capacity and innovation capability will be significantly improved, with a highly effective integrated industrial ecology taking shape.

Commercial application of new-type general aviation equipment is expected to be achieved in fields such as urban air transportation, logistics distribution and emergency relief.

A batch of joint labs, sci-tech innovation centers and sci- tech innovation service platforms will be established.

By 2030, a new development model for the general aviation sector will be basically established, characterized by high-end, intelligent and green transformation.

By then, the sector's market size is expected to cross one trillion RMB, injecting new momentum into the growth of low-altitude economy.

To achieve such goals, the plan put forward an array of key tasks, including building industrial collaborative innovation platforms, cultivating advanced manufacturing clusters, expanding demonstration applications in key fields, and improving regulations and standards.

Enterprises are urged to take part in the formulation and revision of relevant international rules and standards.

In recent years, China has made significant achievements in developing its general aviation industry.

As of the end of last year, it had 690 registered general aviation enterprises, possessed a fleet of 2,900 aircraft, and logged an average of 114,000 flight hours per month, according to CAAC.

New Regulations on Cross-border Data Flows Issued

The Cyberspace Administration of China on Friday issued a set of regulations on promoting and standardizing cross- border flows of data, and clarifying declaration standards for the assessment of cross- border data security and scenarios that are exempt from relevant security appraisals.

The regulations stipulate that data processors should identify and declare important data in accordance with relevant provisions. If a data processor has not been notified by relevant government departments or local authorities, or if data has not been publicly released as important data, the data processor does not need to declare its data for security assessment as important data to exit the country.

Critical information infrastructure operators must declare data when providing personal information or important data overseas, according to the regulations.

Data processors who provide important data overseas or have transferred the non- sensitive personal information of over 1 million individuals overseas or the sensitive personal information of over 10,000 individuals since the beginning of a given year must declare the data for security assessment.

Source: XINHUA

Photovoltaic Industry Has a Sunny Future

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For instance, collaborations between Chinese and European firms have led to the exchange of knowledge in solar panel manufacturing techniques, quality standards, and market strategies, fostering a robust ecosystem for solar energy innovation on a global scale.

Today, China has established the most comprehensive PV industry chain system globally, with production capacities for polysilicon, silicon wafers, cells, and modules accounting for over 80 percent of the global share, and in certain segments, reaching as high as around 97 percent.

In 2023, the price of PV modules decreased by nearly 50 percent compared to 2022, leading to a significant reduction in PV installation costs. Additionally, N-type modules offer a 3-8 percent increase in electricity generation. In most regions of China, the cost of PV electricity has already fallen below 0.2 RMB/kWh, highlighting its sustained economic viability over traditional energy sources and demonstrating new productive characteristics that can change development patterns.

A report from the University of Exeter in the UK previously stated that solar energy will become the most competitive energy source in the coming years. The report predicts that by 2044, PV electricity will account for more than half of global electricity generation. The brilliance of "Chinese photovoltaics" is shining in multiple countries and regions internationally.

For instance, the Francisco Pizarro Solar Power Plant in Spain, one of the largest operational PV power stations in Europe, began operation in 2022 and uses solar panels entirely made in China. In Garissa County, Kenya, the Garissa PV Power Station constructed by Chinese enterprises has effectively addressed local electricity shortages, continuously providing clean electricity to local residents.

Shaping renewable energy landscape

China's leadership in solar energy innovation is also reflected in its ambitious environmental goals and policy frameworks. The country has set aggressive targets for renewable energy capacity expansion, aiming to achieve carbon neutrality by 2060. To support these goals, the country has implemented incentives and subsidies to encourage investments in solar energy infrastructure and R&D initiatives.

Additionally, stringent environmental regulations and standards have been put in place to promote sustainable practices and mitigate the environmental impact of solar energy production and deployment.

The impact of Chinese innovation in solar energy extends beyond technological advancements to economic growth and job creation. The rapid expansion of the solar energy sector has spurred the growth of related industries, such as manufacturing, construction, and renewable energy services. This has led to the creation of millions of jobs domestically and has positioned China as a global hub for solar energy production and innovation.

The country's journey of innovation in solar energy is a testament to its vision, strategic planning, and relentless pursuit of sustainability. Through technological advancements, large- scale deployment, research collaborations, and supportive policies, it has emerged as a frontrunner in the global transition towards clean and renewable energy sources. The lessons learned from China's experience can serve as valuable insights for countries and industries seeking to accelerate their renewable energy transitions and address the challenges of climate change.