

UDC Express

Summary of Political and Economic Trends

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UDC Express is an informative report that integrates policy, news and data, which provides multifaceted policy analysis, FTZ industry trends and index data every month. It is compiled by the research team of Shanghai UDC Business Consulting Co., Ltd. (UDC) for reference.

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■ Industry Data

Imports and Exports of Bonded Areas from January to May 2019

Waigaoqiao Free Trade Zone

From January to May 2019, Waigaoqiao Free Trade Zone completed the import-export volume of USD 48.45 billion, with a year-on-year decrease of 5.5%, of which imports were USD 36.58 billion, down 5.3%, and exports were USD 11.87 billion, down 6.0%.

Waigaoqiao Free Trade Logistics Park

From January to May 2019, Waigaoqiao Free Trade Logistics Park completed the import-export volume of USD 1.2 billion, with a year-on-year decrease of 28.2%, of which imports were USD 580 million, down 45.5%, and exports were USD 620 million, down 1.5%.

Yangshan Free Trade Port Area

From January to May 2019, Yangshan Free Trade Port Area completed the import-export volume of USD 5.23 billion, with a year-on-year decrease of 2.5%, of which imports were USD 3.62 billion, down 1.7%, and exports were USD 1.6 billion, down 4.4%.

Pudong International Airport Free Trade Zone

From January to May 2019, Pudong International Airport Free Trade Zone completed the import-export volume of USD 3.96 billion, with a year-on-year increase of 29.9%, of which imports were USD 2.25 billion, up 56.3%, and exports were USD 1.71 billion, up 6.2%.

Overall Data of Four Zones

The total import-export volume of these four zones was USD 58.83 billion, with a year-on-year decrease of 4.1%, of which imports were USD 43.03 billion, down 4.0%, and exports were USD 15.8 billion, down 4.4%.

(Source: Website of the General Administration of Customs)

Registration of Enterprises in Shanghai Pilot Free Trade Zone

By the end of May 2019, there were 88,860 enterprises in Shanghai Pilot Free Trade Zone, including 70,060 domestic-funded enterprises, with a registered capital of RMB 4.995688 trillion, and 18,800 foreign-funded enterprises, with a registered capital of RMB 286.316 billion.

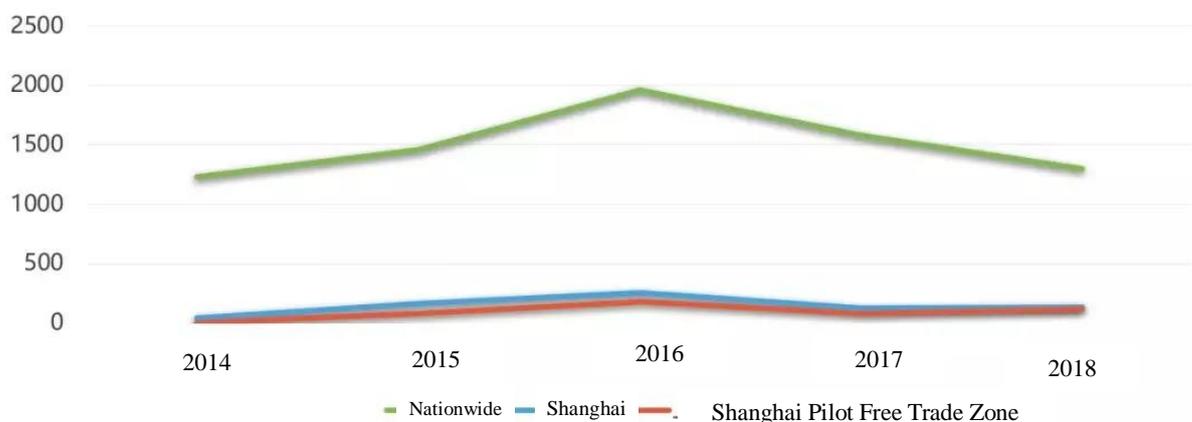
In May, a total of 490 new enterprises were established. (Source: Pudong New Area Market Supervision Administration)

Overseas Investment in Shanghai Pilot Free Trade Zone

One of the important roles played by Shanghai Pilot Free Trade Zone after its establishment is to build a bridgehead for overseas investment and to promote China's market entities to go global. In recent six years since its establishment, Shanghai Pilot Free Trade Zone has been the leader of overseas investment in China. Over the years, the total amount of overseas investment has occupied a large proportion in the whole city:

Overseas investment volume in past years (actual investment volume, unit: 100 million USD)					
Year	2014	2015	2016	2017	2018
Nationwide	1231.2	1456.7	1961.5	1582.9	1298.3
Shanghai	43.5	166.36	251	123.6	130.35
Shanghai Pilot Free Trade Zone	6.1	79	175	77.6	116.7

Overseas investment volume in past years (actual investment volume, unit: 100 million USD)



It can be seen from the data over the years that the trend of overseas investment in Shanghai Pilot Free Trade Zone is basically the same as the foreign investment of the whole country. Driven by the overseas investment filing system, the overseas investment volume in Shanghai

Pilot Free Trade Zone has made a great leap forward from 2014 to 2016; influenced by the enhanced supervision of foreign investment since 2017, the irrational foreign investment in real estate, hotels, cinemas, entertainment industry, sports clubs and other fields has been effectively curbed. Although the total amount of overseas investment has fallen, the structure of the overseas investment industry has been increasingly optimized. At the end of 2018, the overseas investment in Shanghai Pilot Free Trade Zone accounted for a considerable proportion of the city's total investment and continued to lead the country.

In 2018, the foreign investment of Shanghai mainly flowed to leasing and business service industry, manufacturing industry and information transmission/software and information technology service industry. The leasing and business service industry accounted for 22.74% of the total investment in 2018, with a year-on-year increase of 103.41%; the manufacturing industry accounted for 18.08% of the total investment in 2018, with a year-on-year increase of 17.38%; the information transmission/software and information technology service industry accounted for 12.62% of the total investment in 2018, with a year-on-year increase of 81.12%.

As an innovative carrier for the construction of the "Belt and Road" bridgehead, Shanghai Pilot Free Trade Zone has fully played the role of radiation. By the end of 2018, driven by Shanghai Pilot Free Trade Zone, enterprises in Pudong New Area have invested in nearly 200 projects in 30 countries along the "Belt and Road" including Singapore and the Czech Republic, with a total investment of USD 4.68 billion.

■ Key Policies and Industry Trends

(I) Key Policies

1. [G20 Summit] Establishment of Six New Pilot Free Trade Zones and a New Section of Shanghai Pilot Free Trade Zone

On June 28, 2019, President Xi Jinping delivered an important speech at the G20 Summit. President Xi Jinping announced that six new pilot free trade zones and a new section of Shanghai Pilot Free Trade Zone would be established. The process of exploring and constructing Hainan Free Trade Port would be accelerated; the tariff levels would be further

reduced; the restrictions beyond the negative list for the access of foreign investment would be abolished.

2. Official Release of Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2019) (Order 26 of National Development and Reform Commission and Ministry of Commerce in 2019)

The *Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2019)* have been approved by the CPC Central Committee and the State Council. It is now issued and will come into effect on July 30, 2019. The *Special Administrative Measures (Negative List) for the Access of Foreign Investment in Pilot Free Trade Zones (2018)* issued by the National Development and Reform Commission and the Ministry of Commerce on June 30, 2018 were abolished at the same time.

3. Several Opinions on Supporting Pudong New Area to further Deepen Reform and Opening-up and Realize High-quality Development in the New Era

Opinions include the authorization of greater autonomy to Pudong New Area in reform, promotion of all-round and high-level opening up with greater efforts, establishment of a core bearing area of the science and technology innovation center with global influence, construction of a new industrial highland with international competitiveness, establishment of a high-quality modern urban area, and enhancement of organizational guarantee. Pudong should be promoted to play a better role as a leader and experimental field. Pudong should have counter-cyclical performance and counter-trend posture, open up the development situation, add impetus to development, and make every effort to create new achievements in the new era.

4. The New Section of Shanghai Pilot Free Trade Zone will Establish an Integrated Account System of Domestic and Foreign Currencies

Recently, Yi Gang, Governor of the People's Bank of China, said at the 11th Lujiazui Forum that the construction of financial centers will be promoted in the following nine aspects: firstly, support Shanghai to establish an integrated account system of domestic and foreign currencies in the new section of Shanghai Pilot Free Trade Zone. Secondly, continue to improve the inter-bank foreign exchange market and bond market. Thirdly, support the

cooperation between the Shanghai Gold Exchange and the Chicago Mercantile Exchange. Fourthly, support international financial organizations to set up offices in Shanghai. Fifthly, support the establishment of cross-regional financial cooperation platforms in the Yangtze River Delta region. Sixthly, support the construction of Shanghai Science and Technology Innovation Center. Seventhly, support Shanghai Commercial Paper Exchange Corporation Ltd. to promote the notes of accounts receivable in the Yangtze River Delta region. Eighthly, support a pilot project in Shanghai to lift the cap on foreign ownership of securities companies and fund management companies. Ninthly, further enrich and improve the functions of the Shanghai Headquarters of the People's Bank of China.

5. Implementation Rules of Financial Support Measures for Promoting Innovation and Entrepreneurship of Small and Micro Enterprises in Pudong New Area (Exposure Draft)

Recently, the Science and Technology and Economic Commission of Shanghai Pudong New Area published the draft of *Implementation Rules of Financial Support Measures for Promoting Innovation and Entrepreneurship of Small and Micro Enterprises in Pudong New Area* (hereinafter referred to as "Implementation Rules") for public review. The main contents of the *Implementation Rules* include the construction of innovative incubators, support of the high-quality project development, support of the upgrading of small and micro enterprises, support of the functional platform construction, etc. Enterprises can apply for corresponding financial subsidies according to their own conditions.

6. Implementation Plan for Implementing Several Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Strengthening Financial Services for Private Enterprises

Municipal Finance Bureau, Shanghai Branch of the People's Bank of China, Shanghai Banking and Insurance Regulatory Bureau and Shanghai Securities Regulatory Bureau jointly issued the implementation plan, proposing establishing "cultural creative board", making full use of the innovative advantages of the system of Shanghai Pilot Free Trade Zone, and exploring various financing methods such as overseas equity and creditor's rights, etc.; supporting the listing of Shanghai private scientific innovation enterprises on the science and technology innovation board, and the listing, merger, reorganization and refinancing of

qualified private enterprises on the main board, small and medium enterprise board, GEM and NEEQ; proposing that commercial banks and third-party payment institutions can rely on free trade accounts to provide more convenient domestic and foreign currency cross-border settlement services for cross-border e-commerce transactions with real trade background carried out by private enterprises, and commercial banks can open overseas individual free trade accounts for qualified overseas talents according to regulations.

(II) Industry Trends

1. Official Launch of Shanghai-London Stock Connect

China Securities Regulatory Commission and Financial Conduct Authority issued a joint announcement in June, which approved in principle the Shanghai Stock Exchange and the London Stock Exchange to carry out Shanghai-London Stock Connect business. The Shanghai-London Stock Connect was officially launched.

2. Launch of Global Largest Incubator of Johnson & Johnson Innovation LLC in Zhangjiang

Recently, "Johnson & Johnson Innovation LLC Shanghai Incubator" ("JLABS@Shanghai") was launched in Zhangjiang, Pudong. This is the largest incubator of Johnson & Johnson Innovation LLC in the world and also the first incubator in the Asia-Pacific Region. Occupying an area of more than 4,400 square meters, the incubator is jointly built by Shanghai Zhang Jiang Pharma Valley Public Service Platform Co., Ltd. and Johnson & Johnson Innovation LLC, and it can accommodate nearly 50 innovative entities, covering pharmaceutical, medical equipment, consumer goods, medical technology and other fields. At present, 31 enterprises from all over the world have settled down there.

3. Release of Artificial Intelligence Industry Innovation Cloud Platform in Zhangjiang

At the recent Zhangjiang International Artificial Intelligence Summit Forum, 6789 Group and IBM R&D team jointly released the "artificial intelligence industry innovation cloud platform". It integrates IBM's Eco Cloud platform, Watson intelligent asset service, Node Red technology components and other artificial intelligence digital assets, as well as the sci-tech innovation ecological resources gathered by 6789 Group, and can provide full life cycle

services including resource, data, training, information, application programming interface and end-to-end services.

4. Launch of 5G+UHD Industrial Base in Jinqiao

The 5G+UHD Industry Summit and the 4th Global Virtual • Reality Conference were held in June, and the 5G UHD Video Industry Demonstration Base jointly built by various parties was launched at the Summit, which landed in Shanghai Jinqiao Economic and Technological Development Zone.

5. Signing of Projects worth over RMB 20 Billion by Central Enterprises in Shanghai Pilot Free Trade Zone

Recently, at the Re-election Meeting of the Central-Local Integration Development Platform Council of China (Shanghai) Pilot Free Trade Zone and the Project Signing Ceremony, a number of major projects of the "national team" of central enterprises were signed centrally, including six projects for the construction of financial center, and six projects focusing on the development of headquarters and platform economy, totaling 12 projects. The central enterprises involved include Aluminum Corporation of China, Sinochem Group, China National Nuclear Corporation, China Huadian Corporation, CITIC Group, China Mobile Group, China Resources Pharmaceutical Group Limited, State Grid Corporation of China, State Power Investment Corporation, China Construction Bank, State Development and Investment Corporation and China Telecom.

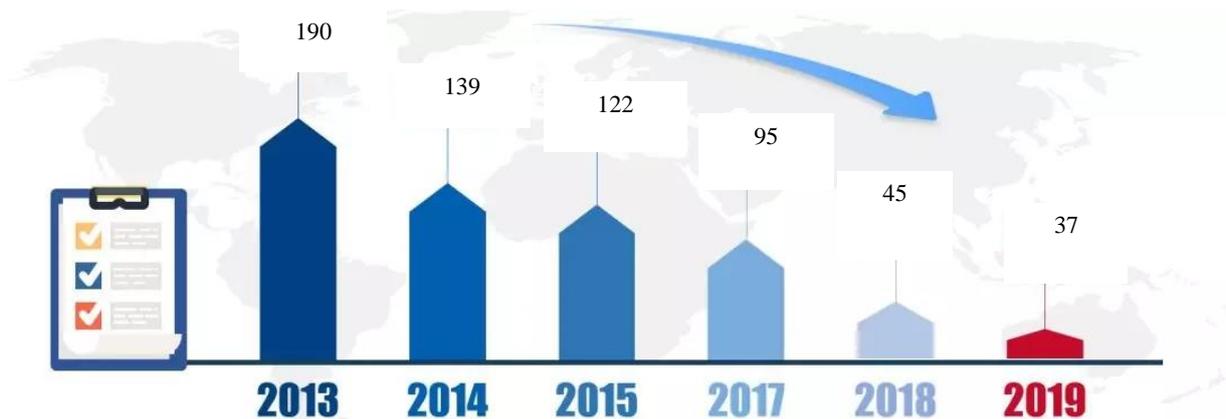
6. Re-upgrading of Shanghai Waigaoqiao Direct Imported Goods, Approval of PLUS Store Being the "Extended Space" of Perennial Exhibition Platform in CIIE

D.I.G. PLUS (Sunland Store) was opened on June 2, which would be an extension of the national pavilion project of the "6 days + 365 days" perennial exhibition and trading platform of China International Import Expo. It not only creates a commodity docking channel for the national pavilion and other professional platforms, but also creates a comprehensive offline experience scene integrating exhibition and sales for terminal consumers, thus forming a brand-new retail platform with FTZ gene and the characteristics of the major professional platforms in Waigaoqiao.

■ Selected Readings

The Negative List for the Access of Foreign Investment in Pilot Free Trade Zones in 2019 is Released! Exclusive Arrangement Based on the Horizontal and Vertical Comparison!

On June 30, 2019, the National Development and Reform Commission and the Ministry of Commerce issued the *Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019)* (Order 25 of National Development and Reform Commission and Ministry of Commerce in 2019) (hereinafter referred to as "2019 National Negative List"), the *Special Administrative Measures (Negative List) for the Access of Foreign Investment Pilot Free Trade Zones (2019)* (Order 26 of National Development and Reform Commission and Ministry of Commerce in 2019) (hereinafter referred to as "2019 Pilot Free Trade Zone Negative List") and the *Catalogue of Industries for Guiding Foreign Investment (2019)* (Order 27 of National Development and Reform Commission and Ministry of Commerce in 2019), which once again sent a positive opening signal to expand market access. The number of the special administrative measures in the 2019 National Negative List was reduced from 48 to 40, and the number of the special administrative measures in the 2019 FTZ Negative List was reduced from 45 to 37.



Number of Special Administrative Measures in the Previous FTZ Negative Lists

The highlights of the 2019 FTZ Negative List mainly include:

- Compared with the national version, relax the ratio of foreign shares in wheat and maize seed industries to 66%

- Cancel restrictions on joint ventures and cooperation in oil and natural gas exploration and exploitation
- Cancel restrictions on investment in fishing for aquatic products in sea areas and inland waters under China's jurisdiction, and maintain the prohibitions outside the zone
- Cancel restrictions on exploration and exploitation of molybdenum, tin, antimony and fluorite
- Cancel the requirement that the publication printing be controlled by the Chinese parties
- Cancel restrictions on the production of rice paper and ink ingots prohibited from foreign investment
- Cancel the requirement that the domestic shipping agency companies should be controlled by the Chinese parties
- Cancel the restriction that the pipeline networks for gas and heat supply in cities with a population of more than 500,000 people should be controlled by the Chinese parties
- Cancel restrictions on foreign investment in China's multi-party communication, storage and forwarding, and call center business
- Cancel restrictions on the development of wild animal and plant resources originated in and protected by China
- Cancel the restriction that movie theaters and performance brokerage companies should be controlled by the Chinese parties
- Art troupes in the pilot free trade zone shall be controlled by the Chinese parties, and shall be prohibited outside the zone
- Compared with the national version, the 2019 FTZ Negative List has more detailed requirements for opening up in some areas

The horizontal and vertical comparison of the 2019 FTZ Negative List, the 2018 FTZ Negative List and the 2019 National Negative List is as follows to see the new changes in the new FTZ Negative List (Note: the "Same" and "Delete" in the table below refer to the comparison with the 2018 FTZ Negative List. The differences are marked in color):

S/N	FTZ Negative List (2018)	FTZ Negative List (2019)	National Negative List (2019)
I. Agriculture, Forestry, Animal Husbandry and Fishery Industries			
1	The investment proportion of Chinese parties in the breeding of new varieties of wheat and corn and seed production shall not be less than 34%.	Same	Chinese parties shall be controlling shareholders for investment in the breeding of new varieties of wheat and corn and seed production.
2	It is prohibited to invest in the development and research, breeding and planting of China's rare and endemic precious species, as well as the production of relevant propagating materials (including good genes in farming, animal husbandry and aquaculture industries).	Same	Same
3	It is prohibited to invest in the breeding of genetically modified varieties of crops, breeding livestock and poultry and aquatic fingerlings, and the production of genetically modified seeds (fingerlings).	Same	Same
4	It is prohibited to invest in fishing in the sea area within the jurisdiction and inland waters of China.	Delete	Same
II. Mining Industry			
5	Equity or contractual joint venture is required for investment in the exploration and exploitation of oil and natural gas (including coal-bed gas, excluding oil shale, oil sand and shale gas).	Delete	Delete
6	It is prohibited to invest in the exploration and	It is prohibited to invest in the exploration,	It is prohibited to invest in the exploration,

	exploitation of tungsten, molybdenum, tin, antimony and fluorite.	exploitation and beneficiation of rare earth, radioactive minerals and tungsten. (Any access to the mining field for geologic data, ore samples and production technology is prohibited without prior approval.)	exploitation and beneficiation of rare earth, radioactive minerals and tungsten.
7	It is prohibited to invest in the exploration, exploitation and beneficiation of rare earth. (Any access to the mining field for geologic data, ore samples and production technology is prohibited without prior approval.)		
8	It is prohibited to invest in the exploration, exploitation and beneficiation of radioactive minerals.		
III. Manufacturing Industry			
9	Chinese parties shall be controlling shareholders for investment in publication printing.	Delete	Same
10			It is prohibited to invest in the smelting and processing of radioactive minerals and nuclear fuel production.
11	It is prohibited to invest in the application of steaming, frying, moxibustion, calcining and other preparation technologies and the production of confidential prescription productions for Chinese patent medicines.	Same	Same
12	Except for special	Same	Same

	vehicles and new energy vehicles, Chinese party(ies) shall hold no less than 50% of shares in a Sino-Foreign equity joint venture enterprise manufacturing automobiles; a foreign company can establish less than 2 (inclusive) equity joint ventures manufacturing similar vehicles in China. (The restriction on the proportion of foreign investment in an equity joint venture enterprise manufacturing commercial vehicles shall be lifted in 2020. The restriction on the proportion of foreign investment in an equity joint venture enterprise manufacturing passenger vehicles and the restriction that a foreign company can establish less than 2 (inclusive) equity joint ventures manufacturing similar vehicles in China shall be lifted in 2020.)		
13	Manufacturing of satellite telecasting ground receiving facilities and key components.	Same	Same
14	It is prohibited to invest in the manufacturing of rice paper and ink ingots.	Delete	Delete
IV. Power, Heat, Gas and Water Production and Supply Industries			
15	Chinese parties shall be controlling shareholders for investment in the construction and operation of nuclear	Same	Same

	power stations.		
	Chinese parties shall be controlling shareholders for investment in the construction and operations of pipeline networks for gas, heat, and water supply and sewage in cities with a population of more than 500,000.	Chinese parties shall be controlling shareholders for investment in the construction and operations of pipeline networks for water supply and sewage in cities with a population of more than 500,000.	Chinese parties shall be controlling shareholders for investment in the construction and operations of pipeline networks for water supply and sewage in cities with a population of more than 500,000.
V. Wholesale and Retail Industries			
16	It is prohibited to invest in the wholesale and retail of tobacco, cigarettes, redried tobacco leaves and other tobacco products.	Same	Same
VI. Transportation, Warehousing and Postal Service Industries			
17	Chinese parties shall be controlling shareholders for investment in domestic water transportation companies. (It is not allowed to run any domestic water transportation and other ancillary business in any disguised form, such as operating or renting a ship registered in China or a shipping space therein. The water transportation operators, who run the domestic water transportation business, should not use any ship registered in a foreign country, except for such circumstances that subject to the Chinese governmental approval, with no availability of any Chinese ship capable of meeting the transportation requirements and the port or the waters for	Same	Chinese parties shall be controlling shareholders for investment in domestic water transportation companies.

	the ship to stop is/are open, the water transportation operators may use a foreign ship to run any marine transportation or towage between two Chinese ports temporarily within such timeline or voyage as prescribed by the Chinese government).		
18	Chinese parties shall be controlling shareholders for investment in domestic shipping agency companies.	Delete	Delete
19	For investment in public air transport companies, Chinese parties shall be controlling shareholders; the investment proportion of a foreign company (including its affiliates) shall not exceed 25%; and the legal representative shall be a Chinese citizen. (Only Chinese public air transport enterprises can deliver domestic air transportation services and render scheduled or non-scheduled international air transportation services as designated carriers in China.)	Same	For investment in public air transport companies, Chinese parties shall be controlling shareholders; the investment proportion of a foreign company (including its affiliates) shall not exceed 25%; and the legal representative shall be a Chinese citizen.
20			For investment in public air transport companies, Chinese parties shall be controlling shareholders; the investment proportion of a foreign company (including its affiliates)

			shall not exceed 25%; and the legal representative shall be a Chinese citizen.
21	The legal representative of general airline companies shall be a Chinese citizen. Equity or contractual joint venture is required for investment in general airline companies for agriculture, forestry and fishery. Chinese parties shall be controlling shareholders for investment in other types of general airline companies.	Same	Same
22	Chinese parties shall be relatively controlling shareholders for investment in the construction and operation of civil airports.	Same	Same
23	It is prohibited to invest in air traffic control companies.	Same	Same
24	It is prohibited to invest in domestic express delivery of letters and in postal companies, and to provide postal services.	Same	It is prohibited to invest in domestic express delivery of letters and in postal companies.
VII. Information Transmission, Software and IT Service Industries			
25	Telecommunications Companies: Limited to the telecommunications business sectors to be kept open as promised by the Chinese government upon accession to the WTO. The proportion of foreign investment in the value-added telecommunications	Telecommunications Companies: Limited to the telecommunications business sectors to be kept open as promised by the Chinese government upon accession to the WTO. The proportion of foreign investment in the value-added telecommunications business shall not exceed	Telecommunications Companies: Limited to the telecommunications business sectors to be kept open as promised by the Chinese government upon accession to the WTO. The proportion of foreign investment in the value-added telecommunications

	business shall not exceed 50% (except for e-commerce). Chinese parties shall be controlling shareholders for investment in basic telecommunications services (The operators must be such companies as set up according to law to be specialized in basic telecommunications services). The pilot policies for the original area (28.8 square kilometers) of China (Shanghai) Pilot Free Trade Zone shall be extended to all pilot free trade zones.	50% (Except for e-commerce, domestic multi-party communication, storage and forwarding, as well as call centers). Chinese parties shall be controlling shareholders for investment in basic telecommunications services (The operators must be such companies as set up according to law to be specialized in basic telecommunications services). The pilot policies for the original area (28.8 square kilometers) of China (Shanghai) Pilot Free Trade Zone shall be extended to all pilot free trade zones.	business shall not exceed 50% (Except for e-commerce, domestic multi-party communication, storage and forwarding, as well as call centers).Chinese parties shall be controlling shareholders for investment in basic telecommunications services
26	It is prohibited to invest in Internet news information services, online publishing services, online audio and video program services, Internet cultural business (excluding music) and Internet public information publication services, except for those business sectors to be kept open as promised by the Chinese government upon accession to the WTO.	Same	Same
VIII. Finance Industry			
27	The proportion of foreign investment in securities companies shall not exceed 51%. The proportion of foreign investment in securities investment	Same	Same

	fund management companies shall not exceed 51%. (Such restriction shall be lifted in 2021.)		
28	The proportion of foreign investment in futures companies shall not exceed 51%. (Such restriction shall be lifted in 2021.)	Same	Same
29	The proportion of foreign investment in life insurance companies shall not exceed 51%. (Such restriction shall be lifted in 2021.)	Same	Same
IX. Leasing and Commercial Service Industries			
30	It is prohibited to invest in Chinese legal affairs is prohibited (except for delivering the information about the impacts of China's legal environment). Foreign investor shall not become partners in domestic law firms. (Foreign law firms are permitted to enter China by means of establishing a representative office, which shall not recruit any Chinese practicing lawyer. The assistants employed shall not provide legal services to clients. The establishment of a representative office in China and the dispatched representative shall be subject to the approval by the competent judicial and administrative	Same	It is prohibited to invest in Chinese legal affairs is prohibited (except for delivering the information about the impacts of China's legal environment). Foreign investor shall not become partners in domestic law firms.

	authorities of China.)		
31	Equity or contractual joint venture is required for investment in market investigations. Chinese parties shall be controlling shareholders for investment in TV and radio ratings survey companies.	Same	Same
32	It is prohibited to invest in social surveys.	Same	Same
X. Scientific Research and Technical Service Industries			
33	It is prohibited to invest in the development and application of human stem cells, genetic diagnosis and treatment technologies.	Same	Same
34	It is prohibited to invest in humanities and social science research institutions.	Same	Same
35	It is prohibited to invest in geodetic surveying, marine charting, aerial photography for surveying and mapping purposes, ground moving surveys, administrative boundary surveying and mapping; compilations of topographic maps, maps of the world administrative regions, maps of the nationwide administrative regions, maps of the administrative regions of provincial level and below, nationwide maps for teaching purpose, regional maps for teaching purpose, real 3D maps and electronic maps for navigation purposes; regional geological mapping and any surveys of mineral	Same	Same

	geology, geophysics, geochemistry, hydrogeology, environmental geology, geologic disasters and remote sensing geology etc.		
XI. Water Conservancy, Environment and Public Facility Management Industries			
36	It is prohibited to invest in the development of wild animal and plant resources originated in and protected by China.	Delete	Delete
XII. Education			
37	Investment in preschool education, high school education and higher education institutions is limited to contractual joint venture, which must be led by the Chinese party (The President or principal administrative person must be a Chinese citizen (permanently residing in China) and the Chinese personnel must account for more than 50% of the council, board of directors or joint management committee.) (No foreign education institution, or other organization or individual shall be permitted to independently establish any school or other education institution (exclusive of any vocational school offering no diploma curriculum), which mainly enroll students from among the Chinese citizens). However, foreign	Same	Investment in preschool education, high school education and higher education institutions is limited to contractual joint venture, which must be led by the Chinese party (The President or principal administrative person must be a Chinese citizen, and the Chinese personnel must account for more than 50% of the council, board of directors or joint management committee.)

	education institutions are permitted to set up the education institutions, which mainly enroll students from among the Chinese citizens, in collaboration with Chinese education institutions.)		
38	It is prohibited to invest in compulsory education institutions and religion education institutions.	Same	Same
XIII. Health and Social Services			
39	Equity or contractual joint venture is required for investment in medical institutions.	Same	Same
XIV. Cultural, Sports and Entertainment Industries			
40	It is prohibited to invest in news organizations, including but not limited to news agencies. (To set up resident news offices in China and to dispatch resident correspondents to China, the foreign news agencies must obtain the approval of the Chinese government. The foreign news agencies which render news services in China must be subject to the review and approval by the Chinese government. Any business cooperation between Chinese and foreign news agencies must be led by the Chinese party and be subject to the approval of the Chinese government.)	Same	It is prohibited to invest in news organizations, including but not limited to news agencies.

41	<p>It is prohibited to invest in the editing, publication and production of books, newspapers, periodicals, audio/video products and electronic publications. (However, subject to the Chinese government's approval, and to the assured dominant leadership and ultimate right to review the contents held by the Chinese party and to the compliance with the other conditions approved by the Chinese government, the Chinese and foreign publishing units may carry out the Sino-foreign partnership in the publication projects. The provision of financial information services in China is prohibited without prior approval of the Chinese government.)</p>	Same	<p>It is prohibited to invest in the editing, publication and production of books, newspapers, periodicals, audio/video products and electronic publications.</p>
42	<p>It is prohibited to invest in various levels of radio and TV broadcasting stations, radio/TV channels, radio/TV transmission networks (transmitting/relaying stations, radio/TV satellites, satellite uploading stations, satellite relaying stations, microwave stations, monitoring stations and cable radio/TV transmission networks etc.). It is</p>	Same	<p>It is prohibited to invest in various levels of radio and TV broadcasting stations, radio/TV channels, radio/TV transmission networks (transmitting/relaying stations, radio/TV satellites, satellite uploading stations, satellite relaying stations, microwave stations, monitoring stations and cable radio/TV transmission networks etc.). It is</p>

	<p>prohibited to engage in offering any radio/TV video program on demand and installation of the ground receiving devices of satellite radio/TV programs. (The settlement of any foreign satellite channel shall be subject to the approval system.)</p>		<p>prohibited to engage in offering any radio/TV video program on demand and installation of the ground receiving devices of satellite radio/TV programs.</p>
43	<p>It is prohibited to invest in radio and television program (including import business) production and operation companies. The (SARFT-designated units may submit declarations for the imported movies and TV dramas and other foreign TV programs to be transmitted by satellite. The production of TV dramas (incl. TV cartoons) under the Sino-foreign partnership programs shall be subject to the licensing system.)</p>	Same	<p>It is prohibited to invest in radio and television program (including import business) production and operation companies.</p>
44	<p>Chinese parties shall be controlling shareholders for investment in the construction and operation of movie theaters. The showing of movies should conform to the Chinese government's regulations on the time ratio between domestic movies and imported movies. The accumulated time for a showing unit of domestic movies shall not be less than 2/3 of the total showing time</p>	Delete	Delete

	in a year.		
45	It is prohibited to invest in movie production and distribution companies, theater companies and movie import business. (Subject to approval, however, it is permitted for Chinese and foreign companies to produce movies under the partnership arrangements.)	Same	It is prohibited to invest in movie production and distribution companies, theater companies and movie import business.
46	It is prohibited to invest in cultural relics auction companies, cultural relics stores and state-owned cultural relics museums. (It is forbidden to transfer or pledge unmovable cultural relics or otherwise forbidden by the State to be delivered out of the Chinese territory, or to offer the same for leasing. It is forbidden to set up and operate any intangible cultural heritage investigation agency. Any foreign organization or individual conducting any intangible cultural heritage investigation and archeological investigation, exploitation and excavation in China shall cooperate with the Chinese counterpart and shall be subject to the approval and licensing by the competent authorities.)	Same	It is prohibited to invest in cultural relics auction companies, cultural relics stores and state-owned cultural relics museums.
47	Chinese parties shall be controlling shareholders for investment in	Delete	Delete

	performance brokerage companies.		
48	Chinese parties shall be controlling shareholders for investment in art troupes.	Same	It is prohibited to invest in art troupes.

How will Waigaoqiao be supported by the 20 measures introduced for Pudong?

Recently, the *Several Opinions on Supporting Pudong New Area to further Deepen Reform and Opening-up and Realize High-quality Development in the New Era* (hereinafter referred to as "Opinions") were released. Many of the opinions are closely related to Waigaoqiao. Now, we will clarify for you which of the 20 measures in Opinions will inject new impetus into the reform and development of Waigaoqiao:

Grant Municipal Economic Management Authority to Pudong New Area according to Law

Further strengthen the decentralization to Pudong New Area in the economic regulation, administrative approval, planning formulation and comprehensive law enforcement, and in principle, authorize or entrust Pudong New Area to implement the administrative functions and powers in the economic field stipulated in laws, regulations and rules that are exercised by the municipal government and relevant municipal departments, except for those matters that need to be managed by the municipal administrative organs in a unified and coordinated manner.

Deepen the Reform of Market Access Management System

Comprehensively implement the negative list system of market access based on the pilot project on the management mode of the negative list of foreign investment admittance, to realize the equal treatment of the state, foreign and private capital. Deepen the reform of "separation of operating permits from business licenses", accelerate the exploration of "one business, one license" reform, and take the lead in exploring the enterprise name registration notification commitment system, etc.

Improve the Level of Investment and Trade Liberalization and Facilitation

Free trade zones have a strong development foundation for offshore trade, cross-border e-commerce and regional headquarters of multinational companies. Based on the Opinions, Pudong will improve the cross-border fund receipt and payment arrangements to support the offshore trade development in

the future, support the development of cross-border e-commerce business and model innovation, and deepen the reform of centralized operation and management of cross-border funds of multinational companies.

Strengthen the Professional Trade Platforms in Waigaoqiao

At present, there are six 100-billion level trade platforms (electronic components, electronic consumer goods, metal and metal mines, petrochemical products, infrastructure equipment, medical equipment and consumables) and ten 10-billion level trade platforms (automobile and spare parts, garment and textile raw materials, agricultural and sideline products, medicine and alcohol, etc.) in the bonded area of Shanghai Pilot Free Trade Zone. It is planned to achieve the goal of gathering ten 100-billion level platforms by 2020. Opinions are clear that more one-hundred-billion sales scale commodities will be further cultivated, and new models of facilitating quarantine supervision will be explored in designated places such as national (regional) commodity centers of the pilot free trade zone. The spot market of commodities in Pudong New Area should be supported to carry out pilot projects such as bill of lading transactions, pre-sale transactions and settlement of account by letter of credit, etc. At the same time, Pudong will also support more international duty-free stores to settle down, and carry out on-site tax refund pilot projects for the departure tax refund.

Create a Comprehensive Talent Service Environment with Greater Competitiveness

Give Pudong New Area the right of direct settlement approval for the introduction of domestic talents and the right of settlement approval for overseas students, intensify the innovation breakthrough strength of international talent introduction policy, strive for the support of relevant state departments, relax the restrictions on the age, education and work experience of foreign talents in the high-tech field introduced by employers in the pilot free trade zone, and explore and implement the differentiated process of work permits for foreigners to come to China in the pilot free trade zone. Allow employers with high credit quality to exempt from submitting relevant materials and simplify their working procedures (employers can adopt the commitment system without submitting certificate of non-criminal record, work qualification certificate, relevant qualification certificate and other core documents; academic certificate does not need to be certificated; employers do not need to check materials at the window, etc.) when dealing with the work permits for foreign high-end talents or urgently-needed talents in key industries in key areas to come to China. At the same time, build an

international talent port and deepen the construction of a "single window" for international talent service in the Shanghai Pilot Free Trade Zone.

Create a World-Class Advanced Manufacturing Industry Cluster

The Opinions are also clear that it is necessary to support the concentrated development of key industries such as "China Core", "Innovative Drugs", "Intelligent Manufacturing", "Blue Sky Dream", "Future Car" and "Data Port" in Pudong New Area, support the acceleration of the development of large aircraft industry in Pudong New Area, actively introduce advanced vehicle projects, further extend the new energy automobile industry chain, build the leading position of the global intelligent network car and develop the industrial internet. In the future, Waigaoqiao will play the leading role of leading enterprises and integrated service platform of industrial chain based on the abundant enterprise resources, and focus on promoting the construction of strategic emerging industrial ecosphere, such as biomedicine, big data, car networking and high-end manufacturing.

Enhance the Global Competitiveness of High-End Services

The free trade zone is the gathering place of headquarters economy, financial leasing and international shipping business. The Opinions propose that it is necessary to create the leading position of financial leasing industry, strengthen the function of the comprehensive service platform of financial leasing in the pilot free trade zone, and continuously improve the policy environment for the development of financial leasing industry. build a leading position for international ship management and strengthen institutional innovation in the fields such as international ship registration, international ship management, shipping insurance and maritime arbitration, etc.; build a highland of headquarters economy, and promote regional headquarters to upgrade to Asia-Pacific headquarters and global headquarters and expand to R&D, manufacturing, sales, trade, settlement and other multi-functional headquarters; build a leading position of international professional services, and accelerate the gathering of professional services institutions such as accounting, law and consulting, etc.

Accelerate the Planning and Adjustment of Shanghai Waigaoqiao Port Area

The Opinions propose that it is necessary to build an international first-class hub-type and networked comprehensive transportation system, speed up the planning and adjustment of Shanghai Waigaoqiao Port Area, promote the development of sea-railway combined transportation and river-ocean combined transportation, and upgrade the service level of Shanghai International Shipping Center. This will also

promote the construction of cruise repair industry bases and supporting parks in the Waigaoqiao shipbuilding base, deepen the collaborative innovation between China Cruise Tourism Development Experimental Zone (Shanghai) and Shanghai Pilot Free Trade Zone, and promote the further development of "departure port" of Waigaoqiao.

For more help, please contact us

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