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A.China, US issue joint statement on economic, trade consultations

On the 19th, China and the United States issued a joint statement on bilateral economic and trade consultations in Washington. The statement is as follows:

Under the direction of President Xi Jinping and President Trump, the Chinese delegation led by President Xi Jinping's special envoy and State Council Vice-Premier Liu He, has conducted constructive consultations on trade issues with the American delegation represented by Secretary of the Treasury Steven T. Mnuchin, Secretary of Commerce Wilbur L. Ross, and trade representative Robert Lighthizer etc. from May 17th to 18th, 2018.

There was a consensus on taking effective measures to substantially reduce the US trade deficit in goods with China. In order to meet the increasing consumer needs of the Chinese people and promote high-quality economic development, China will greatly purchase goods and services from the United States, which also promotes economic growth and employment in the US.

Both sides agreed on the significant increase of the US agricultural products and energy export. Therefore, the US will send a delegation to China to discuss the specific issues.

The two sides also discussed the issues of expanding manufacturing products and services trade, and reached an agreement on creating advantages for increasing trade in the above-mentioned areas.

The two sides paid high attention to protecting intellectual property rights and agreed to strengthen cooperation. China will carry forward the revision of relevant laws and regulations, including the *Patent Law*.

Both sides agreed to encourage two-way investment and will strive to create a fair and competitive environment for commerce.

Both sides agreed to continue to keep high-level communication for this issue and will actively seek solutions to their respective economic and trade issues.

B.Interpretation of the State Council's Institutional Reform Program in 2018

Based on establishing "Responsibility", divide "Power" effectively

Compared with previous institutional reforms, this reform also focuses on the integration of institutional responsibilities. Specifically, the thought of this reform is to integrate responsibilities and establish corresponding institutions for specific areas. Therefore, some

institutions that used to have a wide range of duties will have fewer responsibilities after this reform. For example, some responsibilities of the NDRC (National Development and Reform Commission) have been assigned to other departments in this reform. However, this is the only way to reform. The purpose is to make the division of responsibilities among institutions clearer, solve the problems of regulatory gaps and duplication, and realize functional supervision and the principle of “one matter with one department to manage”. It can be said that this effectively divide powers based on establishing responsibilities. This is also the main line for observing this institutional reform.

The establishment of the Ministry of Natural Resources, the Ministry of Ecology and Environment, and the Ministry of Agriculture and Rural Affairs is closely related to the targeted poverty alleviation and pollution prevention in three major battles. Specifically, the ideas for the establishment of the three institutions are the same, all of which plan to withdraw and integrate the relative responsibilities to build up new institutions based on the original institutions, thus strengthening their authority and execution power.

On the basis of Ministry of Land and Resources, the Ministry of Natural Resources, as an example, has integrated the regional planning responsibilities of NDRC, the Ministry of Housing and Urban-Rural Development, the investigation and registration responsibilities of the Ministry of Water Resources, the Ministry of Agriculture, and the State Forestry Administration on water, grasslands and forests resources, as well as the overall responsibilities of the State Oceanic Administration and the State Bureau of Surveying and Mapping. This arrangement ensures that the new Ministry of Natural Resources can conduct unified supervision over the exploitation, utilization, and protection of all natural resources and solve the problems of inadequate ownership of natural resources and overlapping spatial plans.

For environmental pollution control, the Ministry of Ecology and Environment has integrated the protection responsibilities that are divided in various institutions so as to be able to conduct unified supervision and administrative law enforcement duties on various pollutant emissions in urban and rural regions, which indicates that the monitoring and punishment of environmental pollution will be stricter in the future. Nowadays, the environmental conditions are worrisome in China, and pollution control is the only way. With the gradual upgrade of environmental protection policies and the gradual improvement of the environmental monitoring system, the traditional high-pollution industries such as thermal power, iron and

steel, cement, non-ferrous metals, and chemicals will continue to be the important targets of environmental protection constraints, and the industrial restructuring is imperative.

Meanwhile, the fate of NDRC has also attracted much attention. In this reform, it has undergone many adjustments, with seven functions being assigned to other departments: the planning responsibility of main functional area has been integrated into the Ministry of Natural Resource; the responsibility of climate change and emission reduction into the Ministry of Ecology and Environment; the responsibility of agricultural investment into Ministry of Agriculture and Rural Affairs; the auditing responsibilities of major projects into the National Audit Office; the responsibility of price supervision, inspection, and monopoly law enforcement into the State Administration for Market Regulation; the drug and medical price service management responsibilities into the National Medical Insurance Bureau; other responsibilities, such as the implementation of the collection, rotation, and management of national strategic materials, and the management of national food, cotton, and sugar reserves into the State Grain and Reserves Administration.

It shall be pointed out that although the above-mentioned 7 major functions have been changed, the newly formed State Grain and Reserves Administration are managed by NDRC. Therefore, those responsibilities mentioned above still belong to NDRC. In addition, although a number of functions have been assigned to other departments, the NDRC has also increased some of its powers and responsibilities after the reorganization. For example, the responsibilities of organization and implementation strategy and emergency reserve material collection, rotation, and day-to-day management previously belonging to the Ministry of Civil Affairs, the Ministry of Commerce, the National Energy Administration and other departments have been integrated into the State Grain and Reserves Administration. It is reported that the above-mentioned corresponding responsibilities involve the Division of Agriculture and Economics, the Investment Division, the Price Division, the Price Supervision Bureau, the Climate Division, the Reserve Bureau, and the Audit Office in NDRC. After the corresponding adjustments in powers and responsibilities, some divisions and subordinate agencies were incorporated into newly established ministries or subordinate agencies of the State Council.

For the impact of this reorganization, some experts in system stated that NDRC will shift the work focus to coordinated development planning and reform in the region under the background of simplifying administration and delegating power and reducing approval matters.

Other analysts believe that the NDRC has removed tedious and complicated issues through this reform, and has retained the characteristics of “comprehensive research and development” and “taking into account the balance between the total amounts”. In the future, it will guide the economy more easily and efficiently.

C. Government Work Report

Key tasks for 2018 in Government Work Report

Premier Li Keqiang delivered the annual Government Work Report on March 5 at the opening meeting of the first session of the 13th National People’s Congress.

There are nine key tasks proposed in the Government Work Report.

1. Stepping up supply-side structural reform

In economic development the government needs to focus on the real economy, continue to cut overcapacity, reduce excess inventory, deleverage, lower costs and strengthen areas of weakness. The country will take big steps to streamline administration and cut taxes and fees, keep improving the business environment, and further energize market entities to increase the quality of economic growth.

2. Moving faster to make China a country of innovators

Industrial transformation and the latest global revolution in science and technology are trends China must be on board with. The country will do more in implementing the innovation-driven development strategy, and keep on making the Chinese economy more innovative and competitive.

3. Deepening reforms in fundamental and key areas

The government will, drawing on the important momentum generated by the 40th anniversary of reform and opening-up, endeavor to make new breakthroughs in reform and continue to unleash and develop productive forces.

4. Fighting three critical battles

To fulfill the key annual tasks, the government needs to make everyone involved clear about their responsibilities, strengthen policy implementation, and ensure that every element of work is done to good, solid effect.

5. Making strong moves in the rural revitalization strategy

Plans will be well designed and the institutions and mechanisms needed to achieve integrated urban-rural development will be improved. The government will rely on reform and innovation to build powerful new growth drivers for rural development.

6. Making solid progress in the coordinated regional development strategy

Regional development policies will be refined. Progress will be made in equalizing access to basic public services. The gap in urban-rural and regional development will gradually be narrowed, and the comparative advantage and potential of each region will be fully leveraged.

7. Actively increasing consumption and promoting effective investment

The government will boost consumption in response to the new changes in consumer demand, focus on making structural adjustments to increase investments, and create a positive cycle of supply structure upgrading and appropriate expansion of aggregate demand.

8. Creating a new landscape in all-around opening-up

China will further expand the scope and raise the quality of its opening-up. The structure, layout, institutions and mechanisms for opening-up will be improved, and the government will use high-standard opening-up to generate high-quality development.

9. Doing more to ensure and improve people's well-being

The country will, in line with economic growth, do more to directly benefit the people, address the difficulties that affect their lives, and ensure that their basic living needs are met. The aim is to help people feel happier and more satisfied and secure.

D.Information Sharing:

1.List of Top 30 Chemical Industry Parks in China in 2018 (Shared by CPCIF, for your reference only, those are not AICM IAST suggested chemical parks. We will monitor some of the parks) .

The following contents are extracted:

Appendix 1: List of Candidates of Top 30 Chinese Chemical Industrial Parks in 2018

No.	Name	Province
1	Shanghai Chemical Industry Park – The National Economical and Technological Development Zone	Shanghai
2	Huizhou Daya Bay Economic and Technological Development Zone	Guangdong
3	Ningbo Petrochemical Economic & Technological	Zhejiang

	Development Zone	
4	Nanjing Jiangbei New Material Technology Park	Jiangsu
5	Zibo Qilu Chemical Industry Park	Shandong
6	Jiangsu Taixing Economic Development Zone	Jiangsu
7	Jiangsu Yangtze River International Chemical Industry Park	Jiangsu
8	Ningbo Daxie Development Zone	Zhejiang
9	Ningdong Energy and Chemical Industry Base of Ningxia Hui Autonomous Region	Ningxia
10	Dongying Port Economic Development Area	Shandong
11	China New Chemical Material (Jiaxing) Park	Zhejiang
12	Yangzhou Chemical Industry Park	Jiangsu
13	Jiangsu Changzhou Binjiang Economic Development Zone	Jiangsu
14	Maoming National Hi-tech Industrial Development Zone	Guangdong
15	Cangzhou Lingang Economic and Technological Development Zone	Hebei
16	Zhuhai National Economic and Technical Development Zone (Gaolan Port Economic Zone)	Guangdong
17	Quangang Petrochemical Industry Park	Fujian
18	Quzhou National Hi-tech Development Zone	Zhejiang
19	Jiangsu Hi-tech Fluorine Chemical Industry Park	Jiangsu
20	Jining New Material Industry Park	Shandong
21	Shijiazhuang Circular Chemical Industry Park	Hebei
22	Wuhan Chemical Industry Park	Hubei
23	New Material Industry Park, Zhenjiang New Area	Jiangsu
24	China New Chemical Material (Liaocheng) Industrial Park	Shandong
25	Changshou Economic and Technological Development Area	Chongqing

26	China Petrochemical (Qinzhou) Industry Park	Guangxi
27	Hunan Yueyang Green Chemical Industry Park	Hunan
28	Hangzhou Bay Shangyu Economic and Technological Development Zone, Shaoxing, Zhejiang Province	Zhejiang
29	Liaoyang Aromatics and Fine Chemical Industrialization Base	Liaoning
30	Anqing High-tech Industry Development Zone	Anhui

Appendix 2: List of Candidates of Top 10 Promising Chinese Chemical Parks in 2018

No.	Name	Province
1	Tianjin Nangang Industrial Zone	Tianjin
2	Gulei Port Economic Development Zone, Zhangzhou, Fujian Province	Fujian
3	Dalian Changxing Island (Xizhong Island) Petrochemical Industry Base	Liaoning
4	Lianyungang Xuwei New Area	Jiangsu
5	Qingdao Xinhe Eco-Chemical Technology Industrial Park	Shandong
6	Yingkou Xianrendao Island Energy & Chemical Industry Zone	Liaoning
7	Yangkou Port Economic Development Zone (Yangkou Chemical Industry Park), Rudong, Jiangsu	Jiangsu
8	Quanhui Petrochemical Industry Park	Fujian
9	Zhejiang Dushan Port Economic Development Zone	Zhejiang
10	Zhanjiang Economic & Technological Development Zone	Guangdong

2. Notice of the Ministry of Finance, State Administration of Taxation and Ministry of Ecology and Environment on the Issues Related to Environmental Protection Taxes (The significance of the

environmental protection tax: The Environmental Protection Tax Law passed this time will be carried out with taxation leverage, so that enterprises that discharge more pollutants will pay more taxes and enterprises that discharge less will enjoy tax concessions. Through the construction of a green tax system that promotes economic restructuring and changes in the way of development, it will form an effective constraint incentive mechanism to force companies to reduce emissions.)

<http://www.chinatax.gov.cn/n810341/n810755/c3375495/content.html>

3 Announcement No. 34 of the Ministry of Commerce of the People's Republic of China on the Increase of Tariffs on Certain Imported Commodities Originating in the United States in 2018

(Impact: Could increase the cost by paying more tariff for those who import the goods in the list)

<http://www.mofcom.gov.cn/article/b/c/201804/20180402728516.shtml>

4 Urgent Notice of the Provincial Safety Committee Office on Deeply Learning Lessons from "12 • 9" Major Explosion Accidents in Lianyungang and Further Strengthening the Work of Safe Production of Dangerous Chemicals (Please refer to attachment 1)

(Impact: “对独栋厂房超 10 人, 车间或岗位超 3 人情况自纠自查” Might have some operational difficulties for more than 10 people in one workshop)

****AICM would like to express its sincere thanks to all IAST members who have lent us hands in the course of writing this report.***