

# AICM

## Industry Affairs Quarterly Report

2019 4<sup>th</sup> Edition



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## A. **Brief Interpretation of the Communiqué of the Fourth Plenary Session of the 19th CPC Central Committee**

The 19th Central Committee of the Communist Party of China (CPC) concluded its fourth plenary session in Beijing on October 31<sup>st</sup>. The session reviewed and adopted the CPC Central Committee's decision on some major issues concerning how to uphold and improve the system of socialism with Chinese characteristics and advance the modernization of China's system and capacity for governance. The official document of this plenary, the *Fourth Plenum Decisions*, which was released on Nov. 5 discusses 13 aspects of governance:

- Upholding the leadership of the Party
- Ensuring that the people have a say in governance
- Ensuring that governance is law-based
- Improving the government's structure
- Promoting economic development
- Promoting socialist culture
- Ensuring that the basic needs of the people are met
- Ensuring social stability
- Improving environmental protection
- Strengthening the armed forces
- Improving "One Country, Two Systems"
- Improving foreign policy
- Improving the systems for policing the Party and government

The discussion of economic development in the *Decisions* reiterates the core tenants of economic policy under president Xi. The main content includes:

- The state-owned economy will continue to remain a key pillar.
- The private sector will also be "encouraged, supported, and guided"
- Markets will play a decisive role in allocating resources.
- Supply-side Structural Reform is the dominant economic policy framework

According to the *Decisions*, the state will play a more important role:

- Building a new state-led mechanism to make breakthroughs in key technologies.
- Enhancing the competitiveness, innovation, control, influence and anti-risk capabilities of the state-owned economy.
- Making state-owned capital stronger, better, and bigger.
- Creating a market environment in which all entities have equal access to resources in accordance with the law, can openly and fairly participate in competition, and are equally protected by law.

Although it seems the state economy is emphasized, the *Decision* also reiterates government's commitment to create a market environment in which all entities have equal access to resources in accordance with the law, can openly and fairly participate in competition, and are equally protected by law. Specifically, the following reforms, which address to the perennial concerns of non-state-owned enterprises will be expected:

- Conducting rigorous reviews of policies to ensure fair competition
- Improving property rights protection
- Imposing stricter penalties on IPR infringement
- Enhancing protection of trade secrets

Note: The above information is provided by China Advocate, should you have any questions, please contact Linda Li via [lild@chinaadvocate.com](mailto:lild@chinaadvocate.com)

## **B. Foreign-related Bistability is Particularly Critical, and the Policy Makers Have Made Arrangements in Advance (From Political and Economic Trend)**

The State Council has issued the Opinions on Further Improving the Utilization of Foreign Investment. It says that all regions and departments shall “fully understand the significance of further utilization of foreign investment, improve their awareness of the situation, take the initiative to achieve practical results, and pay close attention to the implementation of policies and measures.” The document puts forward twenty suggestions on deepening opening-up, intensifying investment promotion, deepening investment facilitation reform, and protecting the legitimate rights and interests of foreign investment.

The document signed by Li Keqiang has been issued to local authorities and dubbed as “new 20 on foreign investment”. The name has come because it contains new contents, new requirements, and new arrangements. For example, it says we shall continue to reduce the negative list for access to foreign investment in the national and pilot free trade zones, along with a comprehensive removal of restrictions not included in the negative list. It says we shall give priority to building more comprehensive bonded zones in the central and western regions, with efforts to reduce the costs of cross-border use of funds. And it indicates that we should make it easier for foreigners to work in China, and improve the procedures for approving land for foreign-funded projects. Each offers guideline for concrete policies.

## **C. A Lecture by Mr. Fu Xiangsheng on the Sustainable Development of Petrochemical Parks**

Supported by AICM and co-sponsored by the China Petroleum and Chemical

Industry Federation, the Park Party Committee and Nanjing Jiangbei New Area, the Petrochemical Park Sustainable Development Conference was held in Nanjing on November 14. Fu Xiangsheng, vice president of the federation, pointed out the following key points on his report to the conference.

For the harmonious development of the park and the community, the pursuit of sustainable development should be centered around the following five areas:

1 Industrial synergy is the foundation for the sustainable development of the park

2 Standardized management is the key to the sustainable development of the park

3 The construction of a green park is the key point of the sustainable development of the park

4 The construction of an intelligent park is the key to the improved management of the park

5 Make creative efforts to explore new approaches to the sustainable development of the park against the world's leading standards

Our analysis of the world's large petrochemical bases and domestic petrochemical and chemical parks of a certain size has led to the discovery that they boast a high degree of industrial chain integration, perfect public utility and infrastructure, strong cost competitiveness, professional management, strong supporting service ability, favorable science and innovation environment, and a spirit to shoulder social responsibility for a harmonious relationship with the local communities. So, we hope that the petrochemical parks will emulate the world-class parks in planning layout, industrial structure, industrial chain coordination, resource and energy sharing, park and project management, staffing and professional services. Especially, the seven petrochemical bases, the four modern coal chemical demonstration bases, and other petrochemical bases and parks with outstanding advantages, good basic conditions, good industrial foundation, and high management level, which are located in Shanghai, Nanjing, Dongying Port, Cangzhou Lingang, Zhanjiang, and Qin Zhou, shall grow into world-class green petrochemical industry clusters that are base-oriented, integrated and clustered, in line with the national strategy of building world-class petrochemical industrial clusters with global competitiveness.

#### **List of green chemical industrial parks (2019 edition)**

- Shanghai Chemical Industry Park
- Daya Bay Petrochemical Industrial Park, Huizhou, Guangdong

- Nanjing Jiangbei New Materials High-Tech Park
- Liaocheng Chemical Industrial Park
- Hangzhou Bay Shangyu Economic and Technological Development Zone
- Chemchina New Materials (Jiaxing) Park

**Green chemical industrial parks (established in 2019)**

- Taixing Economic Development Zone, Jiangsu Province
- Zhuhai Economic and Technological Development Zone
- Shijiazhuang Xunhuan Chemical Industrial Park
- Ningbo Daxie Development Zone
- Dongying Port Economic Development Zone
- Yangzhou Chemical Industry Park

*Note: Source: Petroleum and Chemical Park (bimonthly), no. 6, 2019*

**D. Conference on the Construction of Social Credit System by Cities Divided into Districts in Jiangsu (from Jiangsu Development & Reform Commission website)**

- On October 25, the Provincial Credit Office held a Conference on the construction of social credit system by cities divided into districts in Yangzhou, to implement the new requirements and arrangements initiated by governor Wu Zhenglong and executive vice governor Fan Jinlong to promote the construction of the social credit system across the province, and exchanged experience and ideas over the transference of the credit management to be part of the development and reform commission in each city. Qi Biao, deputy director of the commission and director of the office, attended the symposium and gave a speech. Huang Weimin, director of Yangzhou Development and Reform Commission, attended the symposium and delivered a speech. Deputy directors of the development and reform commission of each city divided into districts, credit construction department directors, and comrades from the Provincial Credit Office and Provincial Public Credit Information Center also attended the symposium.
- Mr. Qi gave a speech titled Implement the New Requirements of the Work and Establish a New Starting Point for Development to Achieve the Goal of Making Credit a Beautiful Name Card of Jiangsu. He stressed that we shall strive for excellence in the new starting point, continue to rank among the top in China in the construction of social credit system, and strive to make credit a beautiful card of Jiangsu. While fully affirming that the construction of social credit system

in our province has achieved good results, he hoped that weak links can be addressed, such as regional development imbalance, insufficient public credit information system support, credit information fusion sharing and application services to be improved, and innovation in the application model of credit products and services to be strengthened, by effectively solving problems in the development. He said we should draw on the advanced experience and practice of other provinces and cities, focus on the key tasks and plan well for next year, get well geared towards the 14th five-year plan, and push the high-quality development of the credit system construction across the province. Further, he highlighted the importance of making steady progress based on precise standards, the actual situation and long-term planning.

- The symposium concluded with a summary delivered by the person in charge of the office, who asked the cities to earnestly implement the requirements of the symposium, convey the spirit of the symposium and break down the work, and listed out the tasks for cities to carry out in the near future.

#### **E. Information Sharing**

##### 1. Xiangshui accident report

The State Council recently approved the investigation report on the 3·21 especially serious explosion accident in Jiangsu Xiangshui Tianjiayi Chemical Co., Ltd. The investigation team confirmed that the explosion was an especially serious production safety accident caused by spontaneous combustion of hazardous waste stored illegally for a long time (see annex in email).

##### 2. Opinions of the State Council on Further Improving the Utilization of Foreign Investment

[http://www.gov.cn/zhengce/content/2019-11/07/content\\_5449754.htm](http://www.gov.cn/zhengce/content/2019-11/07/content_5449754.htm)

The document says that we shall follow closely Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, implement the decisions of the CPC Central Committee and the State Council on stabilizing foreign investment, respond appropriately to the new situation, new characteristics and new challenges in the utilization of foreign investment in China, stimulate market vitality and boost investment confidence, ensure the national treatment of foreign-invested enterprises, create an open, transparent and predictable environment for foreign

investment, continue to deepen the reform of delegating power to lower-level governments, and make better use of foreign investment. There are altogether 20 policies and measures in 4 aspects proposed by the document.

3. BASF-Guangdong integration base will become an important cornerstone of China-Germany cooperation

On November 24, the BASF-Guangdong new integrated production base project with a total investment of US \$10 billion was officially launched in the Donghai Island of Zhanjiang, Guangdong Province. It took just 16 months for the project to be announced for construction last year until it was officially launched. When completed, the project will be BASF's third largest base in the world. "It will help Zhanjiang grow into a world-class chemical industry cluster, and contribute to the economic growth of Zhanjiang, south China and Asia in the near future", said Martin Brudermueller, chairman of the board of executive directors and chief technology officer of BASF Europe.

Source: chinanews.com

<http://baijiahao.baidu.com/s?id=1651051237508459254&wfr=spider&for=pc>

4. Xi Jinping gave a speech at the symposium on ecological protection and high-quality development in the Yellow River basin

On September 18, 2019, Xi Jinping gave a speech at the symposium on ecological protection and high-quality development in the Yellow River basin. He pointed to the need to improve the river basin management system, improve the cross-regional management and coordination mechanism, and improve the organizational system of the river chief system and the lake chief system, so as to strengthen joint prevention, control and law enforcement for the protection and restoration of water ecosystems and the environment in river basins.

Source: Xinhuanet [http://www.xinhuanet.com/2019-10/15/c\\_1125107042.htm](http://www.xinhuanet.com/2019-10/15/c_1125107042.htm)

5. Market Access Negative List (2019 Edition) (see annex in email)

The much-anticipated Market Access Negative List (2019 Edition) is finally rolled out! The National Development and Reform Commission and the Ministry of



Commerce issued the Market Access Negative List (2019 Edition) recently. As the first annual revision of the negative list system for market access since it was fully implemented, the Market Access Negative List (2019 Edition) includes a total of 131 items, representing a reduction of 20 items from Market Access Negative List (2018 Edition) and a reduction of 13 percent.

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