

AICM Industry Affairs Quarterly Report

2020 1st Edition



www.aicm.cn

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A. Exploring New Momentum in New Industries and Upholding the General Principle of Seeking Progress while Maintaining Stability

China will set pillar industries and give them priorities of development and policy support according to the internal and external markets in different periods of economic development. In the past, China's economy was driven by different pillar industries in different development stage. For example, the light industry and textile in the early days of opening up to the outside world represented the pillars. That's the same goes for the energy and chemical industry and the auto industry in the medium-term of economic development, as well as the real estate in recent years. Recently, people from China's economic circle have different views on what is new pillar industry. Some people advocated that the Three New Industries, namely new materials, new energy and new technologies should be considered as new pillars. However, some think that this concept is too old and too general, and it should be more specific. The new pillar industries should be the artificial intelligence, 5G commerce, semiconductors, energy conservation and environmental protection, etc. For example, in general, given that the new intelligence will be widely applied in household articles in the future, the semiconductor industry market will expand more than 10 times.

Others have suggested that new industries should not refer only to emerging industries. More importantly, the original pillar industries may become new pillars after being upgraded, such as new energy vehicle industry. Apart from buses and official vehicle, there are as many as 200 million private cars in China. Therefore, the automobile market is still large and can be promoted as a new pillar industry.

The new pillar industries can create new momentum for economic growth. However, according to the latest views from the economic circle, not only new industries, but also service industry can create new momentum, which should be written in the report on the work of government.

Economists who hold this view believe that, last year, China's economy was mainly driven by consumption, stabilizing its growth even in the face of economic downturn. However, since China's service industry accounted for more than 50% of GDP for the first time in 2015, China has entered into a period of service economy. Emerging industries will definitely be flourishing and will become the main force driving the economy growth sooner or later. Therefore, it is necessary and possible to define consumer service as one of the new momentum.

(From Political and Economic Trends 200114)

B. The CPC Central Committee Set the Tone and Made Deployment at Its Meetings

On February 12, the Standing Committee of the Political Bureau of the CPC Central Committee held a meeting which gave priority to efforts including maintaining stable economic performance and social harmony and stability, reaching the targets and fulfilling the missions set

by the Committee. The attitude towards the 2020 targets and tasks, to a certain extent, determines the layout of policy to deal with the impact of the epidemic.

It has been clear that in the GDP target for 2020 the growth rate will be reduced. But the point is how much it will be reduced.

(1) The Central Committee has made clear the impact of the epidemic on the economy: “The epidemic has already had impacts on the macroeconomic performance” and “it will continue for some time.”

(2) According to the government authorities, the epidemic will have impacts on the economy mainly in the first quarter, and then the economy will recover after that.

The Central Committee and the government have clearly realized the impacts of the epidemic on the economy. At present, it is worth noting that, firstly, the epidemic will have impacts on the economy mainly in the first quarter, and secondly, the economy will subsequently recover.

Formulating Epidemic Prevention and Control Measures and Macro-control Policies According to Specific Conditions

The meeting on February 12 emphasized the goal of holistically preventing and controlling the epidemic while at the same time reaching the targets in terms of social and economic development. Besides, the epidemic prevention and control measures and macro-control policies were formulated according to different conditions, which can be summarized into the following aspects:

(1) Set Overall Plans in a Holistic Approach

Before and after mentioning the overall work plan in the next step, the work plan of non-epidemic prevention and control key areas as well as the strengthening of macro-control policies, the Communique of the February 12 Meeting emphasized the importance of taking a holistic approach to prevent and control epidemic and to achieve the social and economic development goals for four times.

(2) Formulating epidemic prevention and control strategies according to specific conditions in different regions:

Strengthen prevention and control in areas where the epidemic situation is extremely serious or where the risk is high.

Differentiated prevention and control strategies should be formulated with different grade standards in non-epidemic prevention and control key areas. Bias and extreme practices should be timely corrected to minimize the impact of epidemic prevention and control on production and people's lives.

(3) Formulating differentiated macro-control policies

The February 12 Meeting clearly defined the direction of “strengthening macro-policy adjustment and exploring and formulating corresponding policies and measures in response to the impact of the epidemic”. We have further deployed differentiated policies in the following three areas. The policy support first of all should focus on areas where epidemic prevention and control are implemented and areas that are greatly affected by the epidemic, and secondly on the small and

medium-sized micro-enterprises as well as employment of the public. It should thirdly be focus on orderly pushing for work resumption and production.

(4)Actively Expanding Domestic Demand (Investment and Consumption) and Stabilizing Overseas Market Demand:

Investment: Focusing on key areas, optimizing the investment of special bonds of local governments, making good use of investment within the central budget, encouraging the private investment, and accelerating the construction of a number of major projects. 2. Consumption: Promoting the upgrading and expansion of service consumption, expanding the consumption of physical commodities, and accelerating the release of emerging consumption potential. 3. Overseas market demand: Supporting foreign trade enterprises to resume production as soon as possible, increasing trade financing support, and well-implementing major foreign investment projects .

(From Political and Economic Trends 200218)

C. Full Resumption of Work: Challenges and Solutions

According to An Academic Center for China's Economic Practice and Thinking, Tsinghua University (hereinafter referred to as ACCEPT Institute), China's economic growth rate may be between 5.3% and 5.9% in 2020, depending on how long the epidemic period will continue.

In the process of defeating the coronavirus, safe and smooth work resumption is more important than any fiscal and monetary stimulus policies.

Challenge 1: A large-scale rebound of the epidemic after work resumption. In order to avoid it, norms and standards for anti-infection economic activities must be introduced. It is suggested that the current community grid for epidemic prevention management mode should be applied into the workplace, and that the work and life of employees should be managed in a unified way.

Challenge 2: Local governments may have no intention of resuming work in order to avoid an increase in the number of epidemic cases.To avoid this kind of situation, it is necessary to make it clear to the local governments and the enterprises that as long as the epidemic prevention and control measures are strictly implemented during the period of work resumption, the local governments and the enterprises will not be held accountable for the new cases arising from it. At the same time, the higher level fiscal department will subsidize the isolation related losses incurred by the enterprises.

Challenge 3: The failure of key enterprises to resume work leads to the slowdown of other enterprises.

The government should sort out the key industrial chains and cover the bottom of some key shortage links, that is, the government promises to subsidize the production capacity that cannot be used in the end. In particular, priority should be given to two types of enterprises, one is those with export orders and export compliance pressure; another is those that is situated in a key industrial chain and supply chain in the world and produces supporting products for foreign-funded enterprises, as to ensure the safety of the supply chain to the greatest extent and prevent some countries from using the break of the supply chain as an excuse to transfer the manufacturing industry to other countries.

Challenge 4: The public worries about being infected with the coronavirus after work resumption.

It is suggested that more specific statistics should be published to help the society understand the virus more comprehensively, rationally and objectively. For example, it is suggested to publish the mortality rate of people of all ages and people with different physical conditions. As the mortality rate of healthy adults infected with coronavirus is relatively low, the publication of relevant figures is conducive to the psychological comfort of large-scale workers returning to work.

Currently, the situation is getting better and better domestically. China has been strictly preventing and controlling the epidemic, and at the same time, it has been promoting the resumption of work and production in an orderly manner. After witnessing the process of China's resumption of production.

At the beginning of March, the resumption rate of central enterprises in China reached 91.7%, the operation rate of petroleum and petrochemical, communication, electric power, transportation and other industries exceeded 95%; the resumption rate of foreign enterprises in China exceeded 80%; the opening rate of big supermarkets reached 95%; the resumption rate of small and medium-sized enterprises exceeded 30%. The data also shows that in local areas, the overall return rate of companies in Guangdong has reached 82.5%, the return rate of foreign-funded enterprises in Zhejiang has exceeded 85%, and the return rate of Enterprises above the scale of the Yangtze River Delta integrated demonstration zone has reached 96.1%. The data strongly shows that China is steadily pushing forward the resumption of production.

(Partially from Full Resumption of Work: Challenges and Solutions by ACCEPT 20200222)

D. Accelerating the Modernization of the Management System and Capacity in Safety Production of Hazardous Chemicals

“In order to strengthen the accountability of hazardous chemical enterprises, what effective measures will be taken” in accordance with the Opinions on Comprehensively Improving the Work of Safe Production of Hazardous Chemicals (《关于全面加强危险化学品安全生产工作的意见》)? — a statement made by an official of Ministry of Emergency Management of the People's Republic of China at a press conference.

The official: The failure to implement the enterprises' accountability for safe production is the main cause of hazardous chemical accidents. In order to comprehensively improve the level of safe production of hazardous chemicals, we must strengthen the accountability of enterprises. Firstly, strengthening the rule of law. Actively research and amend the relevant provisions of the Criminal Law, and strictly implement the accountability. We will promote the formulation of laws related to the safety production and the transportation of hazardous goods, amend the Safety Production Law and the Safety Production License Regulations, and strengthen the rule of law. We will strictly implement the law enforcement publicity system, the law enforcement process record system and major law enforcement decisions legal review system, refine the standard of administrative penalty discretion for safety production, and strengthen precise and strict law

enforcement. We will implement a reward system for employees, their families and the public who report hidden dangers in production in enterprises, and strictly investigate and deal with reported cases in accordance with the law. Secondly, further constraining the discreditable behaviors. The enterprise's person chiefly in charge (legal representative) of the hazardous chemicals production and storage must conscientiously fulfill his responsibilities and make safety commitments. For those who are subject to criminal punishment or dismissal for reasons of failing to perform their duties in safety production, they shall be banned from entering their jobs according to law. The enterprise management and technical teams must correspondingly perform their duties, so as to make sure everyone fulfill their responsibility and well finish their works. If the investigation and control of potential safety hazards are ineffective and the risk prevention and control measures are not implemented, the relevant person shall be investigated according to the regulations. For institutions or chief managers who intentionally evade or oppose safety production and environmental protection supervision, who give commands or operate in violation of regulations, that give rise to major potential safety hazards, and who change technological process in violation of regulations, destroy monitoring and control facilities, entrain dangerous goods, falsely report, hide, or conceal the truth, which lead to serious injury to the people or their property, shall be incorporated into credit records in accordance with laws and regulations. Disciplinary measures for dishonesty shall be strengthened and strict supervision shall be carried out. Thirdly, improving incentive measures. We will comprehensively promote the standardization of safe production in hazardous chemical enterprises. Under the same conditions, we will reduce the inspection frequency of primary and secondary standardization enterprises, and give priority to allowing such enterprises to expand production and capacity, enter the park, etc. For hazardous chemicals projects encouraged by the nation, the self-used advanced testing and inspection equipment for hazardous goods imported within the total investment shall be exempted from import duties in accordance with the current policies and regulations. We will implement the referential policies of the credit of enterprise income tax for investment in special equipment for safety production. We will push hazardous chemical enterprises to establish an internal audit mechanism and a commitment system for production safety, improve their management and prevention mechanisms of risk classification control and hidden danger investigation, and incorporate those enterprises into the conditions for evaluating their grades of production safety standardization.

Source: the website of the Ministry of Emergency Management of the People's Republic of China

E.Notification for foreign colleagues entering China

Foreign colleagues entering China should fill in the "entry health declaration card" and subject to temperature check and medical inspection by Customs and local authorities. People who is a close contact or found to have fever, cough and other symptoms must cooperate with the local government for investigation and further arrangement. For those who are not coming from sensitive countries and have no abnormal physical condition and have residency or job in the province, health monitoring must be done well when they enter into their community or workplace. For people entering China for short-term period who have no residency job unit in the province, health monitoring shall be carried out by the hotel or host organization according to the local epidemic prevention and control policies and measure.

The link is the government's hotline. Please contact us if foreign employees in your company have any questions. Thank you!

<http://h5.www.gov.cn/c/wxzi/hnt4/index.html?t=0&custom=&crd=&s=5&from=singlemessage&isappinstalled=0>

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