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CHINA, U.S. UNDERSCORE COMMON INTERESTS, AGREE TO CONTROL DIFFERENCES

September 4, 2016 By Xinhua
http://www.ecns.cn/2016/09-04/225119.shtml

Chinese President Xi Jinping said Saturday China and the United State have far more common interests than differences and hoped bilateral ties stay on the right track.

In a meeting with U.S. President Barack Obama in the eastern city of Hangzhou on the eve of a G20 summit, Xi said cooperation between China and the U.S. can lead to "great things" that are conducive to both countries and to the world at large.

He said the two countries should follow the principles of non-conflict, non-confrontation, mutual respect and win-win cooperation, deepen mutual trust and collaboration, and manage and control their differences in a constructive manner, in order to push forward the continuous, sound and stable development of bilateral ties.

ARTICLE HIGHLIGHTS

- China, U.S. underscore common interests, agree to control differences
- China revises inbound investment laws
- China announces seven new free trade zones
- China continues reform to promote trade and growth between China and the U.S.
- China to encourage Venture Capital to help generate new growth

A statement from China's Ministry of Foreign Affairs said the two leaders compared notes on Sino-U.S. relations and on major international and regional issues of mutual concerns in a "candid, in-depth and friendly manner," with a series of "important consensus" reached between the duo.

Noting it was in Hangzhou 44 years ago that the normalization of Sino-U.S. ties broke the ice, Xi also spoke highly of his previous meetings with Obama since 2013.

In particular, the building of a new type of major-country relations between China and the U.S. has witnessed substantial progress over the past three years, he said.

Two-way trade, investment and personnel exchanges are at historical highs, and both countries have worked together in combating climate change, advancing negotiations on a bilateral investment treaty, and establishing a mutual trust mechanism between the two militaries.

Important progress was also made in fighting cyber crimes, coping with the Ebola epidemic in Africa, and facilitating a comprehensive agreement on the Iranian nuclear issue, Xi said.

"All these have showcased the strategic importance and global influence of Sino-U.S. relations," the Chinese president said.

UNDERPINNING COOPERATION

With the G20 Hangzhou summit set to convene on Sunday, Xi said China appreciates the U.S. side's cooperation and support for its hosting of the summit.

He said holding a successful summit is the international community's shared expectation, as well as the due responsibility of China and the United States as the world's two largest economies.

China hopes to work with the United States and other parties to achieve fruitful results during the summit to inject momentum to the world economy while lifting confidence, he said.

On the economic front, Xi said China's fundamentals for long-term economic growth remain sound, and that the country will adhere to the macroeconomic policy of making progress while maintaining stability, and firmly advance the supply-side structural reform.

He told Obama that China will stick to the direction of opening up and reform, and further facilitate foreign investment access.

China welcomes foreign enterprises to invest in the country, and will continue to provide them with favorable business environment, Xi said, calling for efforts to reach a reciprocal and win-win bilateral investment treaty as soon as possible.

Noting that China and the U.S. handed over their instruments of joining the Paris Agreement separately to UN Secretary-General Ban Ki-moon on Saturday in Hangzhou, Xi said the two countries have made important contributions again to address the global challenge of climate change.

Xi said both countries should expand cooperation in fields such as energy conservation and emission reduction, clean energy, and intelligent power grid, among others.

They should also continue to actively expand practical collaboration between their militaries and local authorities, and in areas of counter corruption, law enforcement, cyber security, culture and UN peacekeeping, he said.

For his part, Obama said the U.S. welcomes China's contribution to global development and the peacekeeping cause.

The two countries took the lead in ratifying and accepting the Paris Agreement on climate change, demonstrating again the influence of the cooperation between the two countries, Obama said.

Washington hopes to build stronger trade and investment ties with China, and make joint efforts with China on a wider range of fields, including regional and global security, he said.

CONTROLLING DIFFERENCES

Aside from strengthening cooperation, Xi and Obama also agreed to manage and control

differences between their two countries in a constructive manner.

On the issue of Taiwan, Xi said China will resolutely safeguard its sovereignty and territorial integrity, and curb "Taiwan independence" activities in all forms

China will make great efforts to maintain the peaceful development of relations across the Taiwan Strait and seek peaceful reunification of the nation.

He urged the U.S. to honor its commitment to the one-China policy, the principle of the three joint communiques, and safeguard peaceful development of cross-Strait ties and the overall interests of Sino-U.S. cooperation with actual deeds.

The Chinese president also voiced hopes the U.S. will honor its commitment in Tibet-related issues, and not support secessionist activities by "Tibet independence" forces.

China opposes any other country interfering in its internal affairs in the name of human rights issues, Xi continued.

The country attaches great importance to the protection and promotion of human rights, and ensures its citizens' freedom of religious belief according to law.

The achievements of China's human rights cause are obvious to all, he said, adding China is willing to carry out dialogues and communication on human rights issues with other countries on the basis of equality and mutual respect.

Obama, meanwhile, said the U.S. opposes all attempts aimed at seeking "Taiwan independence," and reaffirmed that Tibet belongs to China.

He said the U.S. and China should make sure that both countries could carry out fruitful cooperation in fields with common interests, while working to control differences in spheres where disagreements remain, so as not to impact bilateral ties.

He said he is willing to work with President Xi in laying down a sound foundation for the future of U.S.-China ties.

REGIONAL ISSUES

Both sides exchanged views on other major international and regional issues.

They agreed the two countries share extensive common interests in the Asian-Pacific region, and should continue to reinforce communication and cooperation to properly manage and control differences.

They also agreed to reinforce coordination and cooperation on regional hot topics and global challenges to promote the proper resolution of related issues together with the international community and play positive roles in promoting world peace, stability and prosperity.

Talking on the South China Sea issue, Xi urged the U.S. to "play a constructive role" in maintaining peace and stability in the region.

He said China will continue to unswervingly safeguard its territorial sovereignty and maritime rights and interests in the South China Sea.

In the meantime, China will stick to peaceful settlement of disputes through consultation and negotiation with parties directly concerned, and safeguard peace and stability in the South China Sea along with ASEAN members, Xi said.

As to the Korean Peninsula nuclear issue, Xi said China has been committed to denuclearization on the Korean Peninsula, safeguarding peace and

stability of the peninsula, and solving relevant issues through dialogue and consultation.

All parties should refrain from any act that could

escalate regional tension and collectively make positive efforts to put the situation back on the right track.

He said China opposes the deployment of the anti-missile system of Terminal High Altitude Area Defense (THAAD) in the Republic of Korea, while asking the U.S. to respect China's strategic security interests.

CHINA REVISES INBOUND INVESTMENT LAW

September 4, 2016 By Xinhua
http://www.ecns.cn/business/2016/09-04/225106.shtml

China's top legislature on Saturday revised four laws regulating inbound investment, with an easing of rules for foreign and Taiwanese investors looking to start businesses across China.

Legislators voted for and passed the revisions at the close of the National People's Congress (NPC) Standing Committee's bi-monthly session, which ran from Monday to Saturday.

Provisions have been added to four laws: the law on foreign-capital enterprises, the law on Chinese-foreign equity joint ventures, the law on Chinese-foreign contractual joint ventures, and the law on the protection of investment of Taiwanese compatriots.

All the revisions will take effect on Oct. 1, this year.

The revisions have suspended administrative approvals for foreign and Taiwanese investors setting up ventures regulated by the four laws, following successful trials in free trade zones (FTZ) in Shanghai, Guangdong, Tianjin and Fujian.

Such investors are only required to report business plans to local regulators if their business is on a "negative list."

In the first seven months of 2016, 5,783 enterprises have been set up in the four FTZs by foreign investors and those from Taiwan, Hong Kong and Macao, securing inbound investment of 7.2 billion U.S. dollars, a year-on-year increase of 66.3 percent, Tang Wenhong, director of the Foreign Capital Department of the Ministry of Commerce (MOC), told a subsequent press conference.

Trials in FTZs have proven to be "effective," said Tang, adding that the new revisions mean a more open investment environment in China and more convenience for investors.

Revising the laws is a necessary and feasible move that conforms to the rule of law, said the NPC law committee in a review report to the lawmakers.

Also on Saturday, the MOC released a new set of supporting measures on foreign investors and those from Taiwan, Hong Kong and Macao reporting to the government, in a bid to avoid the regulatory vacuum after the revisions entering into force.

The MOC is soliciting public opinion on the document.

Chinese authorities have been mulling further revisions to the four laws, targeting major problems exposed by the ongoing reform drive, said Commerce Minister Gao Hucheng while delivering a report to the legislature at the session.

CHINA ANNOUNCES SEVEN NEW FREE TRADE ZONES, SIGNALLING INTENT TO DIVERSIFY ECONOMY

September 9, 2016 by China Briefing
http://www.chinabriefing.com/news/2016/09/09/china-seven-new-trade-zones.html

On August 31, 2016, Beijing passed approval for Chongqing, Zhejiang, Hubei, Henan, Sichuan, Shaanxi, and Liaoning to establish seven new free trade zones (FTZs), bringing China's total number to 11.

The decision to increase China's FTZs by such a significant amount is widely seen as an effort to combat slowing economic growth in the Middle Kingdom, with 2015's GDP growth of 6.9 percent the slowest in 25 years. As the country's economy continues to diversify, the FTZs are also seen as a means to open up key markets and industries for foreign investment.

Of particular interest are the locations that Beijing has selected for the new zones. China's FTZs to date have all been established along its coast, making five of the seven new zones the first to be established inland. This is reflective of China's overall economic targets, with Chinese Minister of Commerce Gao Hucheng stating earlier this year that Central and Western China will be the "new frontier" for foreign investment in the country.

Makeup of the New FTZs

The new FTZs will adhere to the "negative list" concept that is present in the country's existing zones.

While the full plans for the FTZs have yet to be announced, certain details have been released on why they were chosen and how they will be structured:

Chongqing (Liang Jiang New Area, West Logistics Park, and a micro-electronics park)

Chongqing has been identified as an important gateway city to open up China's west, making its FTZ key to driving the region's overall development in the coming years.

Zhejiang

Zhejiang's FTZ will primarily serve to improve the construction of Zhoushan Free Trade Port, push commodity trade liberalization, and enhance China's ability to configure global trade of commodities.

Hubei (Wuhan, Xiangyang, Yicheng)

Hubei's FTZ is planned to be 127 square kilometers. The zone will look to develop a number of strategic new sectors and high-tech industrial bases, as well as be a key component of the Yangtze River Economic Belt.

Henan (Zhengzhou, Luoyang, Kaifeng)

Henan's FTZ is planned to be a 120 square-kilometer area encompassing provincial capital Zhengzhou, Luoyang, and Kaifeng. Its main purpose will be to implement a modern three-dimensional traffic system and modern logistics system by hastening the construction of north, south, and east infrastructural links. It will also focus on transforming into a state-of-the-art integrated transport hub to become a key location along

China's "One Belt, One Road" connection with Eurasia.

Sichuan

Similar to Chongqing, Sichuan province will serve as a gateway to opening up China's western inland areas. Its FTZ is intended to build an inland open economic highland to improve collaboration between interior and coastal areas.

Shaanxi

Shaanxi's FTZ will also aid in the construction of the "One Belt, One Road" network, and utilize it as a means to promote international economic cooperation and cultural exchange with China.

Liaoning

The Liaoning FTZ will be primarily involved in reigniting the competitiveness of the northeast's traditional industries and opening up various sectors to increased foreign investment.

Key Takeaways

The overall effectiveness of China's FTZs as a draw for foreign investment is not guaranteed, as highlighted early last month when the government decided to further liberalize the existing FTZs in Shanghai, Tianjin, Fujian, and Guangdong to increase interest. However, with the announcement for the new zones arriving only 18 months after the policy frameworks for FTZs in Tianjin, Fujian, and Guangdong were published, the importance that the Chinese government is attaching to the FTZs as a driver for investment shows no signs of wavering.

The goal of the new FTZs will not be to act as a testing ground for nationwide reform like the Shanghai FTZ before them, but to drive regional growth by encouraging selected industries to develop. It's still too early to say how successful this plan will be, but the fact that the majority of these zones will be established in China's central and western regions is indicative of the policy direction that the Chinese government is pursuing. When considered alongside the various investment incentives that have recently been implemented and the extensive development targets laid out in China's 13th Five Year Plan, China's central and western provinces look set to be amongst the most dynamic in the coming years.

LI: BEIJING WILL OPEN DOOR WIDER

Updated September 22, 2016 by China Daily
http://usa.chinadaily.com.cn/china/2016-09/22/content_26860739.htm

China to keep pushing reforms, premier assures business executives

Premier Li Keqiang said China will only open wider to the world, and US businesses will find a larger market share in the world's second-largest economy.

Speaking with academics and business leaders on Tuesday at the Waldorf Astoria in New York, Li said China would continue to push for reforms such as streamlining administration, delegating more power and strengthening protection of intellectual property rights to create a better environment for foreign investors.

"China's door, once open, is unlikely to be closed," he said in a roundtable discussion moderated by

Michael Bloomberg, the three-term former mayor of New York City and founder of financial news service Bloomberg LP.

China and the United States not only have stable political ties, but also enjoy close business cooperation, Li said.

"There exist tremendous investment opportunities between China and the US," Li said. "I believe American businesses will find a larger and larger market in China."

The premier said he hopes the US will ease its controls on the export of high technology products, and that the two countries will reach a high-level, win-win bilateral trade agreement soon.

He said China is a firm defender of free trade and is committed to supporting efforts to advance trade liberalization within the framework of the World Trade Organization.

The premier said it is only natural that there have been some differences between the world's largest and second-largest economies, given their different cultural and national conditions.

"In spite of rain and wind, there is always a clear sky after the rain," Li said.

Other participants in the discussion included former US secretary of state Henry Kissinger, former US Treasury secretary Henry Paulson, Blackstone CEO Stephen Schwarzman, Columbia University President Lee Bollinger and TV journalist Charlie Rose.

Bloomberg, who is also chairman of the Working Group on US RMB Trading and Clearing, kicked off the discussion by saying that China and the US benefit from each other's successes.

"When we work together, extraordinary things really are possible, and the global climate agreement reached in December in Paris is a very good example of the cooperation between both countries. It would not have been successful without the leadership by both China and the US and without the leadership by cities and businesses in both countries," he said.

Bloomberg also praised Li for helping to guide China through "one of the most dynamic moments in its history, one that has really been extraordinary to watch".

"China's economic growth has improved millions of lives, and I want to congratulate Premier Li and his team here for all they've done to make that possible."

CHINA MOVES TO BOOST VENTURE CAPITAL

Updated September 21, 2016 By Xinhua
http://europe.chinadaily.com.cn/business/2016-09/21/content_26847802.htm

BEIJING - The Chinese government on Tuesday announced measures to stimulate venture capital (VC) in an effort to sustain the ongoing entrepreneurial wave.

To increase investment in cash-starved startups, China will nurture more VC investors, strengthen policy support, diversify corporate financing channels and allow in more foreign capital, according to a guideline released by the State Council.

Industrial leaders, business incubators, wealth management companies and other institutional

investors will be encouraged to make investment, as well as individuals, such as angel investors, said the guideline.

State-owned companies will be allowed to set up VC funds or invest in new firms.

Venture loans will also be promoted in an orderly manner.

The official policy support will focus on taxation and coordination between VC investment and government projects.

China will attract foreign VC by granting easier access and simplifying procedures. Domestic companies will be encouraged to invest in foreign startups.

In addition, the government will enhance supervision, create a withdrawal mechanism and help set up an industrial association for venture investors.

Robust VC will help generate new growth impetus and stabilize the economy, the guideline said.

Confronted with a prolonged economic slowdown, policymakers are promoting mass entrepreneurship and innovation to sustain growth, rolling out preferential policies for people to establish their own businesses.

New business registrations jumped 28.9 percent in the first eight months of 2016.