New FDI rules to open up hinterland

Billboards of multinationals are seen in this file photo taken in 2006 in Yichang, Hubei province. [Asianewsphoto]

Foreign investors can open hospitals in Jilin, run gas stations in Hubei and develop Tibetan medicines in Tibet starting in 2009.

The expanded business opportunities were among those listed in the central government's updated foreign investment directory for the middle and western regions.

Made public yesterday by National Development and Reform Commission (NDRC), the new directory will replace the version unveiled in 2004 and will take effect on Jan 1. It can be downloaded on the Chinese version of the commission's online directory.

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To attract foreign investment, local governments in the western and central areas have come up with various preferential measures such as tax breaks, low-interest loans and cheap rent on industrial-purpose land.

"The new directory is well fit into local conditions and their own development blueprints," said an NDRC spokesman yesterday. "And we hope it can attract more foreign investment to middle and western parts."

Each municipality, province and autonomous region has identified its own investment preferences in the updated 28-page catalogue. Foreign investors are encouraged to invest in agriculture, environmental protection, infrastructure and industrial upgrades in the 21 provinces, autonomous regions and municipalities in western and middle China.

With tax breaks, they can also invest in occupational training, operation of holiday destinations and even passenger transportation by bus or train.

The NDRC spokesman said overseas investors can start businesses on their own or via joint ventures with Chinese partners.

Since the turn of the new century, China has launched the national development program to rejuvenate the economy in the western and middle parts of the country after the eastern and coastal regions have become economic powerhouses.

In recent years, the foreign direct investment (FDI) growth rate has sped up in the western and middle regions compared with that of eastern China, Commerce Minister Chen De-ming said earlier this week.

But FDI in the country dropped by 36.52 percent year-on-year in November to $5.3 billion, down from $6.72 billion in October.

NDRC's vice-minister Du Ying said the less-developed central and western parts are likely to suffer more than coastal regions in the unfolding global economic slowdown because of fledgling industrial structures, sharply declining resource prices and a weaker capability to handle risk and social conflict.

He asked the local governments in the regions to roll out more preferential policies to attract foreign investment while exploring domestic investment and consumption potential.

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