EXHIBIT 61

2022 Report to Congress On China's WTO Compliance

United States Trade Representative
February 2023

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ABBREVIATIONS

ACFTU	All China Federation of Trade Unions
CBIRC	China Banking and Insurance Regulatory Commission
CED	U.S.-China Comprehensive Economic Dialogue
CFDA	China Food and Drug Administration
CNIPA	China's National Intellectual Property Administration
GACC	General Administration of Customs of China
ISO	International Organization for Standardization
JCCT	U.S.-China Joint Commission on Commerce and Trade
MIIT	Ministry of Industry and Information Technology
MARA	Ministry of Agriculture and Rural Affairs
MOF	Ministry of Finance
MOFCOM	Ministry of Commerce
MOST	Ministry of Science and Technology
MPS	Ministry of Public Security
NBC	National Biosafety Committee
NDRC	National Development and Reform Commission
NMPA	National Medical Products Administration
PBOC	People's Bank of China
SAC	Standardization Administration of China
SAIC	State Administration for Industry and Commerce
SAMR	State Administration for Market Regulation
SASAC	State-owned Assets Supervision and Administration Commission
SAT	State Administration of Taxation
SCLAO	State Council's Legislative Affairs Office
SED	U.S.-China Strategic Economic Dialogue
S&ED	U.S.-China Strategic and Economic Dialogue
SPB	State Postal Bureau
SPC	Supreme People's Court
SPP	Supreme People's Procuratorate
WTO	World Trade Organization

FOREWORD

This is the 21st report prepared pursuant to section 421 of the U.S.-China Relations Act of 2000 (P.L. 106-286), 22 U.S.C. § 6951 (the Act), which requires the United States Trade Representative (USTR) to report annually to Congress on compliance by the People's Republic of China (China) with commitments made in connection with its accession to the World Trade Organization (WTO), including both multilateral commitments and any bilateral commitments made to the United States. The report covers calendar year 2022. It also incorporates the findings of the Overseas Compliance Program, as required by section 413(b)(2) of the Act, 22 U.S.C. § 6943(b)(2).

In preparing this report, USTR drew on its experience in overseeing the U.S. Government's monitoring of China's WTO compliance efforts. USTR chairs the Trade Policy Staff Committee (TPSC) Subcommittee on China, an inter-agency body whose mandate is, *inter alia*, to assess China's efforts to comply with its WTO commitments. This TPSC subcommittee is composed of experts from USTR, the Departments of Agriculture, Commerce, Labor, Justice, State and Treasury, the Environmental Protection Agency, the Federal Trade Commission and the U.S. Patent and Trademark Office, among other agencies. Members of the TPSC subcommittee work closely with State Department economic officers, Foreign Commercial Service officers, Enforcement and Compliance officers and Intellectual Property Attachés from the Commerce Department, Foreign Agricultural Service officers, Customs and Border Protection attachés and Immigration and Customs Enforcement attachés at the U.S. Embassy and Consulates General in China, who are active in gathering and analyzing information, maintaining regular contacts with U.S. industries operating in China and maintaining a regular dialogue with Chinese government officials at key ministries and agencies. The TPSC subcommittee meets in order to evaluate and coordinate U.S. engagement with China in the trade context.

To aid in its preparation of this report, USTR as chair of the TPSC published a notice in the Federal Register on August 29, 2022. The notice asked interested parties to submit written comments. A number of written comments were received from interested parties. In lieu of a public hearing, the TPSC then posed written questions to certain of the interested parties, and the interested parties subsequently responded to those questions in writing. All of these written materials are available at *www.regulations.gov* under docket no. USTR-2022-0012.

EXECUTIVE SUMMARY

OVERVIEW

In this report, we provide an updated assessment of China's WTO membership. This assessment reveals the unique and very serious challenges that China's state-led, non-market approach to the economy and trade continues to pose for the multilateral trading system. While the United States and other like-minded WTO Members have pursued various WTO-focused strategies over the years to address the unique problems posed by China, it has become clear that new and more effective strategies – including strategies that involve taking actions outside the WTO where necessary – are critically needed to address those problems.

CHINA'S WTO RECORD

When China acceded to the WTO in 2001, it voluntarily agreed to embrace the WTO's open, market-oriented approach and to embed it in China's trading system and institutions. China also agreed to take on the obligations set forth in existing WTO rules, while also making numerous China-specific commitments. As we previously documented, and as remains true today, China's record of compliance with these terms has been poor.

After more than 20 years of WTO membership, China still embraces a state-led, non-market approach to the economy and trade, despite other WTO Members' expectations – and China's own representations – that China would transform its economy and pursue the open, market-oriented policies endorsed by the WTO. In fact, China's embrace of a state-led, non-market approach to the economy and trade has increased rather than decreased over time, and the mercantilism that it generates has harmed and disadvantaged U.S. workers and companies, as well as workers and companies of other WTO Members, often severely. China also has a long record of violating, disregarding and evading WTO rules to achieve its industrial policy objectives. China continues to use numerous and constantly evolving unfair, non-market and distortive trade policies and practices in pursuit of harmful and anticompetitive industrial policy objectives. At the same time, China has sought to frustrate WTO oversight mechanisms, such as through its poor record of adhering to its WTO transparency obligations.

WTO-FOCUSED STRATEGIES

For many years following China's accession to the WTO, a variety of bilateral and multilateral efforts were pursued by the United States and other WTO Members to address the unique challenges presented by China's WTO membership. However, even though these efforts were persistent, they did not result in meaningful changes in China's state-led, non-market approach to the economy and trade.

For example, the United States pursued a dual track approach in an effort to resolve the many concerns that arose in our trade relationship with China. One track involved using high-level bilateral dialogues, and the other track focused on enforcement at the WTO.

The United States approached its bilateral dialogues with China in good faith and put a great deal of effort into them. These dialogues were intended to push China toward complying with and internalizing WTO rules and norms and making other market-oriented changes. However, they only achieved isolated, incremental progress. At times, the United States did secure broad commitments from China for fundamental shifts in the direction of Chinese policies and practices, but these commitments were unenforceable and China repeatedly failed to follow through on them. Moreover, over time, commitments from China became more difficult to secure.

Meanwhile, at the WTO, the United States brought 27 cases against China, often in collaboration with like-minded WTO Members. The United States secured victories in every one of its cases that was decided. Other WTO Members were also successful in many cases that they brought against China. Still, even when China changed the specific practices that had been challenged, it did not typically change the underlying policies, and meaningful reforms by China remained elusive.

As has become clear, the WTO's dispute settlement mechanism is of only limited value in addressing a situation where a WTO Member is dedicated to a state-led economic and trade regime that prevails over market forces. The WTO's dispute settlement mechanism is designed to address good faith disputes in which one member believes that another member has adopted a measure or taken an action that breaches a WTO obligation. This mechanism is not designed to address a trade regime that broadly conflicts with the fundamental underpinnings of the WTO system. No amount of WTO dispute settlement by other WTO Members would be sufficient to remedy this systemic problem. Indeed, many of the most harmful policies and practices being pursued by China are not even directly disciplined by WTO rules.

In addition to pursuing WTO dispute settlement cases, the United States has actively participated in meetings at the WTO addressing China's adherence to its WTO obligations over the years. For example, the United States took on a leading role in the numerous China-specific Transitional Review Mechanism meetings from 2002 through 2011. However, China consistently approached these meetings in ways that frustrated WTO Members' efforts to secure a meaningful assessment of China's compliance efforts. The United States also raised, and continues to raise, China-related issues at regular meetings of WTO committees and councils, including the WTO's General Council. Among other things, the United States sought to highlight how China's trade-disruptive economic model works, the costs that it exacts from other WTO Members and the benefits that China receives from it. While these efforts raised awareness among WTO Members, they did not lead to meaningful changes in China's approach to the economy and trade.

In theory, the WTO membership could have adopted new rules expressly requiring members like China to abandon non-market economic systems and state-led, mercantilist trade regimes. For two basic reasons, however, members have not pursued any negotiation of new WTO rules that would change China's current approach to the economy and trade in a meaningful way.

First, new WTO rules disciplining China would require agreement among all WTO Members, including China. China has shown no willingness at the WTO to consider fundamental changes to its economic system or trade regime. Given the extent to which China has benefited and continues to benefit from the current state of affairs, it was not realistic to expect that China would agree to effective new WTO disciplines on its behavior. Indeed, China has been using its WTO membership to develop rapidly – but in an anticompetitive manner that comes at the expense of others. In 2001, when China acceded to the WTO, China's economy was the sixth largest in the world. China's economy is now four times larger than it was in 2001, and it is the second largest economy in the world. China also has risen to become the largest goods trader among WTO Members. It is therefore highly unlikely that China would agree to new WTO disciplines targeted at its policies and practices. In fact, in connection with ongoing discussions at the WTO relating to needed WTO reform, China has stated that it would not alter its state-led, non-market approach to the economy and trade.

Second, China has a long record of not pursuing ambitious outcomes at the WTO. Past agreements, even relatively narrow ones, have been difficult to achieve, and even when an agreement is achieved, it is significantly less ambitious because of China's participation.

As these experiences make clear, it is unrealistic to believe that actions at the WTO alone will be sufficient to force or persuade China to make fundamental changes to its economic and trade regime. The WTO system was designed for countries that are truly committed to market principles, not for an economically powerful country determined to maintain a state-led, non-market system, and China has demonstrated no willingness to change its approach in any meaningful way.

STRATEGIES OUTSIDE THE WTO

In recent years, it became evident to the United States that new strategies were needed to deal with the many problems posed by China's state-led, non-market approach to the economy and trade, including solutions independent of the WTO. For example, the United States launched an investigation into China's acts, policies and practices relating to technology transfer, intellectual property and innovation under Section 301 of the Trade Act of 1974. The findings made in this investigation led to substantial U.S. tariffs on imports from China as well as corresponding retaliation by China. Against this backdrop of rising tensions, in January 2020, the two sides signed what is commonly referred to as the "Phase One Agreement." This Agreement included commitments from China to improve market access for the agriculture and financial services sectors, along with commitments relating to intellectual property and technology transfer and a commitment by China to increase its purchases of U.S. goods and services.

Many of the commitments in the Phase One Agreement reflected changes that China had already been planning or pursuing for its own benefit or that otherwise served China's interests, such as the changes involving intellectual property protection and the opening up of more financial services sectors. Other commitments to which China agreed reflected a political calculation, as evidenced by the attention paid to the agriculture sector in the Phase One Agreement and the novel commitments relating to China's purchases of U.S. goods and services ostensibly as a means to reduce the bilateral trade deficit.

Given these dynamics, and given China's interest in a more stable relationship with the United States, China followed through in implementing some provisions of the Phase One Agreement. At the same time, China has not yet implemented some of the more significant commitments that it made in the Phase One Agreement, such as commitments in the area of agricultural biotechnology and the required risk assessment that China is to conduct relating to the use of ractopamine in cattle and swine. China has also fallen far short of implementing its commitments to purchase U.S. goods and services in 2020 and 2021.

The reality is that this Agreement did not meaningfully address the more fundamental concerns that the United States has with China's state-led, non-market policies and practices and their harmful impact on the U.S. economy and U.S. workers and businesses. China's government continues to employ a wide array of interventionist industrial policies and supporting measures, which provide substantial government guidance, massive financial resources and favorable regulatory support to domestic industries across the economy, often in pursuit of specific targets for capacity and production levels and market shares. In furtherance of its industrial policy objectives, China has also limited market access for imported goods and services and restricted the ability of foreign manufacturers and services suppliers to do business in China. It has also used various, often illicit, means to secure foreign intellectual property and technology to further its industrial policy objectives.

The principal beneficiaries of these non-market policies and practices are China's state-owned and state-invested enterprises and numerous nominally private domestic companies. The benefits that Chinese industries receive largely come at the expense of China's trading partners, including their workers and businesses. As a result, markets all over the world have faced distorted signals, and the playing field is heavily skewed against foreign businesses that seek to compete against Chinese enterprises, whether in China, in the United States or globally.

The industrial policies that flow from China's non-market economic system have systematically distorted critical sectors of the global economy such as steel, aluminum, solar and fisheries, devastating markets in the United States and other countries. At the same time, as is their design, China's industrial policies are increasingly responsible for displacing companies in new, emerging sectors of the global economy, as the Chinese government and the Chinese Communist Party (the CCP or the Party) powerfully intervene in these sectors on behalf of Chinese companies. Companies in economies disciplined by the market cannot effectively compete with both China's domestic companies and the Chinese state.

NEW STRATEGIES

In the United States' view, new strategies are needed to deal with the many problems posed by China's state-led, non-market approach to the economy and trade, including solutions independent of the WTO. These strategies also need to be based on a realistic assessment of China's economic and trade regime and need to be calibrated not only for the near-term but also for the longer term. Accordingly, as first explained in last year's report, the United States is now pursuing a multi-faceted strategic approach that accounts for the current realities in the U.S.-China trade relationship and the many challenges that China poses for the United States and other trading partners, both now and likely in the future.

The U.S. Trade Representative announced the initial steps of the United States' strategic approach one year ago. This approach includes several components, which the United States has begun to implement.

First, it is critical that the United States take steps domestically to invest in, and build policies supportive of, the industries of today and tomorrow. Important steps taken to date include the passage of the CHIPS and Science Act, the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

Second, the United States is continuing to pursue bilateral engagement with China. China is an important trading partner, and every avenue for obtaining real change in its economic and trade regime must be utilized. We are focused on the United States' most fundamental concerns with China's state-led, non-market approach to the economy and trade, which includes China's industrial policies. At the same time, the United States will work to hold China accountable for its existing commitments, including under the Phase One Agreement.

Third, it is clear that domestic trade tools – including updated or new domestic trade tools reflecting today's realities – will be necessary to secure a more level playing field for U.S. workers and businesses. The United States is exploring how best to use and improve domestic trade tools to achieve that end.

Finally, it is equally critical for the United States to work more intensely and broadly with allies and like-minded partners in order to build support for solutions to the many significant problems that China's state-led, non-market approach to the economy and trade has created for the global trading system. This work is taking place in bilateral, regional and multilateral fora, including the WTO.

INTRODUCTION

In this report, we first provide a broad assessment of China's WTO membership to date. We then discuss U.S. strategies for addressing the many unique challenges that China's state-led, non-market trade regime continues to pose for the United States and other WTO Members. Finally, we catalogue the many specific trade concerns generated by that trade regime.

ASSESSMENT OF CHINA'S WTO MEMBERSHIP

In assessing China's WTO membership below, we first recall the terms of China's accession to the WTO. As we have previously explained, these terms included not only commitments to adhere to the rules and principles set forth in the WTO agreements but also an unprecedented number of China-specific commitments intended to address the unique challenges posed by a state-led, non-market economy that appeared to be transitioning toward a market economy. We then review China's record of compliance as a WTO member, which has been poor. Finally, we describe the numerous challenges that still must be confronted in light of China's continued adherence to a state-led, non-market approach to the economy and trade.

CHINA'S WTO ACCESSION

In July of 1986, China applied for admission to the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT). The GATT formed a Working Party in March of 1987, composed of all interested GATT contracting parties, to examine China's application and negotiate terms for China's accession. For the next eight years, negotiations were conducted under the auspices of the GATT Working Party. Following the formation of the WTO on January 1, 1995, pursuant to the Marrakesh Agreement Establishing the World Trade Organization (WTO Agreement), a successor WTO Working Party, composed of all interested WTO Members, took over the negotiations.

Like all WTO accession negotiations, the negotiations with China had three basic aspects. First, China provided information to the Working Party regarding its trade regime. China also updated this information periodically during the 15 years of negotiations to reflect changes in its trade regime. Second, each interested WTO Member negotiated bilaterally with China regarding market access concessions and commitments in the goods and services areas, including, for example, the tariffs that would apply on industrial and agricultural goods and the commitments that China would make to open up its market to foreign services suppliers. The most trade liberalizing of the concessions and commitments obtained through these bilateral negotiations were consolidated into China's Goods and Services Schedules and apply to all WTO Members. Third, overlapping in time with these bilateral negotiations, China engaged in multilateral negotiations with Working Party members on the rules that would govern trade with China. Throughout these multilateral negotiations, U.S. leadership in working with China was critical to removing obstacles to China's WTO accession and achieving a consensus on appropriate rules commitments. These commitments are set forth in China's Protocol of Accession and an accompanying Report of the Working Party.

WTO Members formally approved an agreement on the terms of accession for China on November 10, 2001, at the WTO's Fourth Ministerial Conference, held in Doha, Qatar. One day later, China signed the agreement and deposited its instrument of ratification with the Director-General of the WTO. China became the 143rd member of the WTO on December 11, 2001.

China's Protocol of Accession, accompanying Working Party Report and Goods and Services Schedules are available on the WTO's website (www.wto.org).

To accede to the WTO, China agreed to take concrete steps to remove trade barriers and open its markets to foreign companies and their exports from the first day of accession in virtually every product sector and for a wide range of services. Supporting these steps, China also agreed to undertake important changes to its legal framework, designed to add transparency and predictability to business dealings.

Like all acceding WTO Members, China also agreed to assume the obligations of more than 20 existing multilateral WTO agreements. Areas of principal concern to the United States and China's other trading partners, as evidenced by the accession negotiations, included core principles of the WTO, such as most-favored nation treatment, national treatment, transparency and the availability of independent review of administrative decisions. Other key concerns arose in the areas of agriculture, sanitary and phytosanitary measures, technical barriers to trade, trade-related investment measures, customs valuation, rules of origin, import licensing, antidumping, subsidies and countervailing measures, trade-related aspects of intellectual property rights and services. For some of its obligations, China was allowed minimal transition periods, where it was considered necessary.

Through its membership in the WTO, China also became subject to the same expectations as other WTO Members, as set forth in the Marrakesh Declaration issued in April 1994 at the conclusion of the Uruguay Round negotiations. There, among other things, WTO Members expressly affirmed their view that the WTO Member economies would participate in the international trading system based on "open, market-oriented policies."

Even though the terms of China's accession agreement are directed at the opening of China's market to WTO Members, China's accession agreement also includes provisions designed to address issues related to any injury that U.S. or other WTO Members' industries and workers might experience based on import surges or unfair trade practices, particularly during what was envisioned to be a time of transition for China from a non-market economy to a market economy. These mechanisms include: (1) a special textile safeguard mechanism (which expired on December 11, 2008, seven years after China's WTO accession); (2) a unique, China-specific safeguard mechanism allowing a WTO Member to take action against increasing Chinese imports that disrupt its market (which expired on December 11, 2013, 12 years after China's WTO accession); (3) an expression of the ability of WTO Members to use an antidumping methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product; and (4) an expression of the ability to use methodologies for identifying and measuring subsidy benefits to Chinese enterprises that are not based on terms and conditions prevailing in China.

With China's consent, the WTO also created a special multilateral mechanism for reviewing China's compliance on an annual basis. Known as the Transitional Review Mechanism, this mechanism operated annually for eight years after China's accession. A final review, looking back over the first 10 years of China's WTO membership, took place in 2011.

EXPECTATIONS OF WTO MEMBERSHIP

For all WTO Members, the expectations of WTO membership are clearly set forth in the Marrakesh Declaration issued in April 1994 at the conclusion of the Uruguay Round negotiations. There, WTO Members expressly affirmed their view that the establishment of the WTO ushers in a "new era of global economic cooperation" that "reflect[s] the widespread desire to operate in a fairer and more open multilateral trading system." WTO Members further made clear their determination that their economies would participate in the international trading system, based on both "open, market-oriented policies" and "the commitments set out in the Uruguay Round Agreements and Decisions."

As this language makes clear, it was not contemplated that any WTO Member would reject market-based policies in favor of a state-led trade regime. It also was not contemplated that any WTO Member would pursue mercantilist outcomes instead of policies promoting a fairer and more open multilateral trading system. Rather, it was expected that each WTO Member would pursue open, market-oriented policies designed to achieve more efficient outcomes. The pursuit of open, market-oriented policies means not only adhering to the agreed rules but also observing in good faith the fundamental principles that run throughout the many WTO agreements, which include non-discrimination, openness, reciprocity, fairness and transparency.

When China acceded to the WTO in 2001, it agreed to embrace the WTO's open, market-oriented approach and embed it in its trading system and institutions. Through China's commitments and representations, WTO Members understood that China intended to dismantle existing state-led, mercantilist policies and practices, and they expected China to continue on its then-existing path of economic reform and successfully complete a transformation to a market-oriented economy and trade regime.

China's protocol of accession to the WTO sets out China's obligations under the WTO agreements as well as numerous additional China-specific commitments made necessary because of the need for China to transform its approach to the economy and trade. China itself acknowledged "the evolving nature of its economy," and it confirmed that "a socialist market economy system was applied" in China. Similarly, WTO Members highlighted that "China was continuing the process of transition towards a full market economy." WTO Members noted, for example, that "the special features of China's economy, in its present state of reform, still created the potential for a certain level of trade-distorting subsidization."

For these reasons, it was agreed that special safeguard-like provisions would be included among the terms of China's protocol of accession as protective measures while China completed its transformation into a market economy. As noted above, for example, China's protocol of accession included a China-specific safeguard mechanism, special antidumping rules and special methodologies for identifying and measuring subsidy benefits. It also created a unique, 10-year review mechanism designed to monitor China's progress in implementing its many WTO commitments and to secure updated information on the use of industrial plans by China.

CHINA'S WTO COMPLIANCE RECORD

As has been catalogued in prior reports, China has a poor record when it comes to complying with WTO rules and observing the fundamental principles on which the WTO agreements are based − non-discrimination, openness, reciprocity, fairness and transparency. Too often, China flouts the rules to achieve industrial policy objectives. In addition, and of more serious concern to the United States and other WTO Members, China has not made sufficient progress in transitioning toward a market economy. China continues to embrace a state-led, non-market and mercantilist approach to the economy and trade. This approach results in sophisticated and expansive policies and practices that often evade WTO disciplines and cause serious harm to markets, workers and industries in the United States and other WTO Members. At the same time, China has used the benefits of WTO membership – including its guarantee of open, non-discriminatory access to the markets of other WTO Members – to become the WTO's largest trader, while resisting calls for further liberalization of its trade regime by claiming to be a "developing" country.

Adoption of Market-Oriented Policies

Since last year's report, our assessment of China's record in terms of transitioning to a market economy has not changed. More than 20 years after its accession to the WTO, China has still not embraced open, market-oriented policies. The state remains in control of China's economy, and it heavily intervenes in the market to achieve anticompetitive industrial policy objectives. Indeed, the state's role continues to grow, not recede.

As we detailed in prior reports, China pursues a wide array of continually evolving interventionist policies and practices. It offers substantial government guidance, resources and regulatory support to domestic industries, including China's state-owned enterprises and numerous other domestic companies. At the same time, it also seeks to limit market access for imported goods and services and restrict the ability of foreign manufacturers and services suppliers to do business in China in various ways. The benefits that China's industries realize from these non-market policies and practices largely come at the expense of China's trading partners and their workers and companies, as markets all over the world are distorted, and the playing field is heavily skewed against foreign companies that seek to compete against Chinese companies, whether in China's market or markets outside of China.

This situation has worsened in recent years. Since new leaders assumed power in China in 2013, the state's role in the economy – effectuated by the Chinese government and, increasingly, the CCP – has grown. While China has repeatedly signaled in recent years that it is pursuing "economic reform," China's concept of "economic reform" differs from the type of change that a country would be pursuing if it were embracing open, market-oriented principles. For China, "economic reform" appears to mean perfecting the management of the economy by the government and the Party and strengthening the state sector, particularly state-owned and state-invested enterprises. Meanwhile, as the state's role in the economy has increased in recent years, the depth and breadth of challenges facing U.S. and other foreign companies doing business in China – or competing with favored Chinese companies in markets outside of China – have similarly increased.

To fully appreciate the challenges presented by China's non-market economy, it is vital to understand the extent to which the state still maintains control over economic decision-making in China. As we catalogued in prior reports, a thorough examination of China's Constitution, relevant directives and pronouncements by China's leadership, legislative and regulatory measures issued by the Chinese government, China's industrial plans and the actions of the Chinese government and the CCP leave no doubt that the state maintains a tight grip on virtually all economic activity. Indeed, the government and the Party have constitutional mandates to develop a "socialist market economy with Chinese characteristics." To fulfill these mandates, the framework of China's economy is set by the government and the Party, which exercise control directly and indirectly over the allocation of resources through instruments such as government ownership and control of key economic actors and innumerable government directives. The government and the Party also direct and channel economic actors to meet the state's planning targets. The government and the Party permit market forces to operate only to the extent that they accord with the objectives of national economic and industrial policies. When there is conflict between market outcomes and state objectives, the government and the Party intervene to ensure that the state's objectives prevail.

Aside from the role of the government and the Party in managing the economy, there are also serious concerns over how the government and the Party exercise influence over the operations and investment decisions of both state-owned and state-invested enterprises and private companies, including foreign-invested enterprises. This influence appears to be growing, as the Party is increasing its control over key actors in China's economy and not, as had been hoped, enabling China's transition to a market economy.

China claims that its state-owned and state-invested enterprises make business decisions independently of the state and based on market principles. However, the government and the Party continue to exercise control over state-owned and state-invested enterprises. Among other things, they appoint and control key executives through the Chinese Communist Party Organization Department. They also provide state-owned and state-invested enterprises with preferential access to important inputs (such as land and capital) and other competitive advantages unavailable to private Chinese companies. State-owned and state-invested enterprises, in turn, play an outsized role in China's economy. For example, state-owned and state-invested enterprises outstrip private Chinese companies in terms of their share of total credit, their market dominance in key industries and their share of total market capitalization on China's stock market.

Both state-owned and state-invested enterprises and private Chinese companies also host internal Party committees capable of exercising government and Party influence over their corporate governance and business decisions. This arrangement is codified in Chinese law under Article 19 of the *Company Law*, which applies to both state-owned and state-invested enterprises and private Chinese companies. In recent years, moreover, the Party has taken steps to increase the strength and presence of Party committees within all of these companies. For example, state-owned and state-invested enterprises and private Chinese companies are being pressured to amend their articles of association to ensure Party representation on their boards of directors, usually as the Chairman of the Board, and to ensure that important company decisions are made in consultation with Party cells.

Increasingly in recent years, China has also taken "golden shares" in large private Chinese companies. Under this type of arrangement, the Chinese government via a government guidance fund or other state-backed entity purchases a small stake in the company in exchange for a seat on the board of directors or veto rights. The result is stronger Chinese government oversight and control of the company's operations.

As we explained in prior reports, U.S. industry associations report that the Party is also taking steps to influence the managerial and investment decisions of foreign-invested enterprises in China through the insertion of Party cells. According to these reports, these efforts, in some cases, are beginning to affect the decision-making processes of some Chinese-foreign joint ventures in China.

Further reinforcing the Party's influence over enterprises in China is the *Social Credit System*, a tool endorsed by the Party that the government will increasingly be using to monitor, rate and condition not only the conduct of all individuals in China, but also all domestic and foreign companies in China. This system has become operational, but so far there is no fully integrated national system for assigning comprehensive social credit scores for companies, and the social credit system remains highly fragmented, as local governments experiment with their own pilot social credit schemes. In any event, it appears that the government will use the threat of poor ratings and corresponding adverse consequences under the *Social Credit System*, among other things, to ensure that all economic actors in China operate in accordance with China's industrial policy objectives and do not cross political redlines on sensitive matters like human rights.

Separate from these various mechanisms used to control company behavior, the government and the Party continue to control or otherwise influence the prices of key factors of production. The result is that the means of production in China are not allocated or priced according to market principles. For example, all land in China is property of the state, as either state-owned urban land or collectively owned rural land. The state also exerts a high degree of control over energy and other input prices. In addition, there are significant institutional constraints on the extent to which wage rates are determined through free bargaining between labor and management, contrary to International Labor Organization principles. China denies workers the right of association and the right to organize and collectively bargain. China prohibits the formation of independent trade unions to represent workers, and workers do not have the legal right to strike, which is an important lever in collective action and negotiation with management over wages in market economies. In addition, government restrictions on labor mobility continue to inhibit and guide labor flows, causing distortions on the supply side of the labor market.

The government and the Party also exercise strong control over the financial sector. Five large commercial banks that are majority state-owned entities operate large branch networks on a nationwide basis and account for nearly half of total commercial bank assets. There are also three large state-owned policy banks, as well as scores of city commercial banks and credit unions under local government control. In addition to the ownership of these banks by the government, the state exercises other forms of influence over banking decisions. The Party, through its Organization Department, appoints executives in state-owned banks and other state-owned financial institutions. China's central bank, the People's Bank of China (PBOC), also meets frequently with large banks in China to ensure that their lending decisions align with PBOC and government objectives. In addition, the *Law on Commercial Banks* provides that "commercial banks are to conduct their business of lending in accordance with the needs of national economic and social development and under the guidance of the industrial policies of the state."

Similarly, China's legal system continues to function as an instrument by which the government and the Party can secure discrete economic outcomes, channel broader economic policy and pursue industrial policy objectives. Key legal institutions, such as the courts, are structured to respond to the Party's direction, both broadly and on a case-specific basis. As a general matter, to the extent that companies and individuals seek to act independently of government or Party direction, the legal system does not provide a venue for them to achieve these objectives on a systemic or consistent basis. In addition, companies and individuals continue to face challenges in obtaining impartial outcomes, either because of local protectionism or corruption.

The larger issue of China's restrictions on the freedom of information also impacts China's economic system. For example, while China's Internet firewall and the Party's regular censorship of audio-visual and print media have many negative effects outside China's economic system, they also create distortions in China's economy, and these distortions affect the ability of foreign companies to operate and compete effectively in China's market.

In March 2021, China finalized and issued the *14th Five-Year Plan (2021-2025) for National Economic and Social Development*, which runs from 2021 through 2025. Like its predecessor, the *14th Five-year Plan* covers all sectors of China's economy and is not limited to one overarching plan, but instead will include hundreds of sub-plans. In this regard, various institutions participate in plan formulation and execution, including central government bodies with legislative and regulatory authority, thousands of provincial and local government authorities, various organs of the Party and key Chinese companies.

When compared to the industrial plans of other WTO Members, China's industrial plans are fundamentally different. In several significant ways, China's industrial plans go well beyond traditional approaches to guiding and supporting domestic industries. First, adherence to the objectives of China's industrial plans is effectively mandatory. Chinese companies have little discretion to ignore them, even when market forces would dictate different commercial behavior. Second, the financial support that the state provides to domestic industries in support of China’s industrial plans is significantly larger than in other countries. The state also provides massive, market-distorting financial support to the ongoing operations of China’s domestic industries. This support often leads to severe excess capacity in China – followed by China’s widespread dumping of the inevitable excess production into the markets of other WTO Members. This assault on global markets causes serious harm to other WTO Members’ industries and workers. The WTO does not provide effective mechanisms for addressing this problem. Third, China’s industrial planning is more complex than in any other country, as it is made up of hundreds of plans across industries and at all levels of government. Fourth, China actively seeks to help its domestic producers through myriad additional policies and practices that impede, disadvantage and harm the foreign competition and skew the playing field against imported goods and services and foreign manufacturers and services suppliers.

When combined with the large size of China’s economy and China’s large share of global trade, the policies and practices that China pursues in support of its industrial plans transform China into a unique and pressing problem for the United States and other market economies as well as for the WTO and the multilateral trading system. Moreover, this troubling situation is not static. New mechanisms to maintain and enhance the state’s control over the economy in China continue to emerge.

Compliance with WTO Rules

Since last year’s report, our assessment of China’s record in terms of complying with WTO rules and observing the fundamental principles on which the WTO agreements are based has not changed. China’s record remains poor.

As we detailed in prior reports, China’s economic and trade regime has generated many WTO compliance concerns over the years. Too often, WTO Members have had to resort to the WTO’s dispute settlement mechanism to change problematic Chinese policies and practices. The United States, for example, has brought 27 cases against China at the WTO covering a wide range of important policies and practices, such as: (1) local content requirements in the automobile sector; (2) discriminatory taxes in the integrated circuit sector; (3) hundreds of prohibited subsidies in a wide range of manufacturing sectors; (4) inadequate intellectual property rights enforcement in the copyright area; (5) significant market access barriers in copyright-intensive industries; (6) severe restrictions on foreign suppliers of financial information services; (7) export restraints on numerous raw materials; (8) a denial of market access for foreign suppliers of electronic payment services; (9) repeated abusive use of trade remedies; (10) excessive domestic support for key agricultural commodities; (11) the opaque and protectionist administration of tariff-rate quotas for key agricultural commodities; and (12) discriminatory regulations on technology licensing. Even though the United States has routinely prevailed in these WTO disputes, as have other WTO Members in their disputes against China, they take years to litigate, consume significant resources and often require further efforts when China fails to comply with WTO rules.

In addition, China has often taken steps to obscure its actions to make it more difficult for trading partners to even challenge them in the WTO’s adjudicative system. The WTO’s dispute settlement mechanism was designed to facilitate the resolution of disagreements over whether an action breaches a WTO obligation, but where the action is so obscured that it is difficult to demonstrate it as a factual matter, the dispute settlement mechanism can fail to be an effective disciplinary tool. In this regard, as USTR has explained in prior reports, China disregards many of its WTO transparency obligations, which places its trading partners at a disadvantage and often serves as a cloak for China to conceal unfair, non-market and distortive trade policies and practices from scrutiny.

For example, during the first 15 years of its WTO membership, China failed to notify any sub-central government subsidies to the WTO, despite the fact that most subsidies in China are provided by provincial and local governments. The magnitude and significance of this problem is illustrated by the five WTO cases that the United States has brought challenging prohibited subsidies maintained by China. While those cases involved hundreds of subsidies, most of the subsidies were provided by sub-central governments. The United States was able to bring those cases only because of its own extensive investigatory efforts to uncover China's opaque subsidization practices. Most other WTO Members lack the resources to conduct the same types of investigations.

Today, China continues to shield massive sub-central government subsidies from the scrutiny of other WTO Members, while also obscuring massive central government subsidies provided through a newer vehicle known as "government guidance funds." While China claims that the government has no role in these government guidance funds, the facts plainly reveal that these government guidance funds are run by government agencies and state-owned enterprises and provide state capital to Chinese companies. Together with other non-market practices, the massive subsidies provided by China's central government and sub-central governments contribute to the serious excess capacity problems that have been plaguing industries like steel, aluminum, solar panels and fishing and have been devastating global markets and foreign competitors, and similar results can be expected in other industries now being targeted by China for dominance.

As has become clear, the WTO's dispute settlement mechanism has not been effective in addressing the serious issues that arise from a WTO Member's state-led, non-market approach to the economy and trade that systematically disadvantages that Member's trading partners and broadly conflicts with the fundamental, market-oriented underpinnings of the WTO system. The value of the dispute settlement mechanism is also undermined where a WTO Member does not operate in good faith. As a result, over time, despite the enforcement efforts of the United States and other WTO Members, China has been able to reinforce its state-led, non-market policies and practices, which WTO rules and the dispute settlement mechanism have so far proven unable to discipline effectively.

UNRESOLVED PROBLEMS

A long list of problems with China's state-led, non-market trade regime persist. Because China is the largest trader among WTO Members, the harm caused by these problems is significantly magnified.

Most importantly, fundamental structural issues remain unaddressed. These include, for example, China's heavy reliance on market-distorting industrial policies covering virtually every sector of the economy, preferential treatment of state enterprises, massive subsidization of domestic industries (including financial support to and through state-owned enterprises and other state entities at multiple levels of government and a banking system dominated by state-owned banks favoring state-owned enterprises and targeted industries), forced technology transfer, state-sponsored theft of intellectual property and severe and persistent non-market excess capacity in key industries.

A host of other serious issues also remain outstanding. Key examples include significant market access restrictions, unjustified non-tariff barriers, import substitution, violations of internationally recognized labor rights (including forced labor), lax or unenforced environmental standards, increased adoption of unique Chinese national standards (including reportedly through the China Standards 2035 plan, which seeks to set the global standards for next-generation technologies), continued gaps in intellectual property protection and enforcement, overly broad cybersecurity regulation designed to favor domestic companies, unwarranted data localization requirements and cross-border data transfer restrictions, the misuse of competition policy for industrial policy objectives, purposeful obfuscation of trade and economic policies, especially with regard to China's subsidies practices, and inadequate regulatory transparency.

Overlaying all of these problematic policies and practices is China's economic system. Unlike the U.S. system, China's economic system is state-led, and it facilitates control and direction of all aspects of the economy by the Chinese government and the CCP, along with a reliance on rule *by* law rather than rule *of* law. The very fact that decisions in the marketplace are made based on the goals of the state, rather than based on commercial considerations, distorts the global economy in ways that can weaken and damage trading partners' economies. As has become evident to China's trading partners, one significant result of China's non-market economic system is the creation of excess capacity – that is, capacity that would not have been created and would not persist if market forces were operating properly.

In the past, China itself has acknowledged excess capacity in several industries, including steel, cement, electrolytic aluminum, flat glass and shipbuilding. Numerous other excess capacity industries have been identified by industry associations in the United States and other countries. Some of the Chinese industries most likely to inflict the disastrous consequences of severe excess capacity on the world in the future can be found in the *Made in China 2025* industrial plan. Through that plan, the Chinese government is seeking to create dominant Chinese companies in 10 sectors, including advanced information technology, robotics and automated machine tools, aircraft and aircraft components, maritime vessels and marine engineering equipment, advanced rail equipment, new energy vehicles, electrical generation and transmission equipment, agricultural machinery, new materials and pharmaceuticals and medical devices. By some estimates, the Chinese government is making available more than $500 billion of financial support to these sectors, often using large government guidance funds that China attempts to shield from scrutiny by claiming that they are wholly private. Based on the recent history of the steel and aluminum industries, China's non-market distortions in these newer sectors will likely result in oversupply, leading to loss of jobs and production in market economies.

Another example of the harm that can be caused by China's non-market economic system involves forced technology transfer. In USTR's Section 301 investigation into China's unfair acts, policies and practices related to technology transfer, intellectual property and innovation, USTR issued two extensive factual reports that detailed how the Chinese government uses foreign ownership restrictions, such as formal and informal joint venture requirements, to require or pressure technology transfer from U.S. companies to Chinese entities. The reports also explained how China imposes substantial restrictions on, and intervenes in, U.S. companies' investments and activities, including through restrictions on technology licensing terms. In addition, the reports analyzed how the Chinese government directs and unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese entities to obtain cutting-edge technologies and intellectual property and to generate large-scale technology transfer in industries deemed important by state industrial plans. Finally, the reports illustrated how the Chinese government has conducted or supported cyber intrusions into U.S. commercial networks, with the targets being intellectual property and sensitive commercial information held by U.S. firms. While these reports focused on the harm caused to U.S. interests, it is not a problem borne solely by the United States. As in the case of excess capacity, China's unfair policies and practices relating to forced technology transfer also affect other WTO Members whose companies have developed or are developing advanced technologies.

In addition to severe and persistent excess capacity and forced technology transfer, China's non-market economic system causes other serious harm to industries and workers in the United States and other WTO Members. This harm occurs because Chinese companies use the artificial competitive advantages provided to them by the extensive interventionist policies and practices of the Chinese state to undersell their foreign competition around the world. To some extent, the harm to foreign manufacturers is reflected in the very large number of antidumping and countervailing duty investigations that have been initiated against China by the investigating authorities of WTO Members. Since China joined the WTO in 2001, it has been the number one target for both antidumping and countervailing duty investigations. At the same time, many types of interventionist policies and practices are not capable of being addressed by antidumping and countervailing duty regimes, so the harm caused by China's interventionist policies and practices is only partially reflected in those antidumping and countervailing duty investigations.

U.S. TRADE POLICY TOWARD CHINA

Below, we first summarize the various challenges that the United States and other WTO Members face as a result of China's continued pursuit of a state-led, non-market approach to the economy and trade. We then outline the multi-faceted strategic approach that forms the foundation of the United States' trade policy toward China.

CURRENT CHALLENGES

The United States expects, and is seeking to ensure, that its trading partners' economic and trade regimes promote fair, market-oriented conditions for competition. Market orientation implies the freedom for enterprises and individuals to pursue their interests and goals on a level playing field. Indeed, in establishing the WTO, members agreed that "open, market-oriented policies" were at the foundation of the multilateral trading system.

In the case of China, more than 20 years after its accession to the WTO, it has still not embraced market-oriented policies. The state remains in control of China's economy, and it heavily intervenes in the market to achieve national industrial policy objectives. It subsidizes industries that would not otherwise form or thrive, funds acquisitions for the purpose of accessing technologies and directs activities that a private business would not choose to undertake. The evidence is clear, moreover, that when a trading partner with China's size – China is the largest goods trader among WTO Members and the second largest economy in the world – pursues non-market policies and practices, the distortions that it creates impose substantial costs on its trading partners. The Chinese state's decisions in the marketplace are not driven by market factors, but their effects on markets push U.S. and international companies out of sectors, such as steel, aluminum, solar panels and fisheries. Once China's dominance is established, barriers to entry can lock-in China's dominance over the long term. As a result, markets all over the world are less fair and well-functioning than they should be, and the playing field is heavily skewed against U.S. and other foreign companies that seek to compete against Chinese companies, whether in China's market or markets outside of China.

This view is also held by many other WTO Members, particularly the democratic market economies that participated in the Summit for Democracy in December 2021. It has become widely accepted that China's approach to the economy and trade has not moved toward a stronger embrace of open, market-oriented principles and instead has seen a doubling-down on state capitalism "with Chinese characteristics." It has become equally evident that China's approach to the economy and trade has severely harmed workers and businesses in the United States and in many other countries.

In the United States, it has also become widely accepted that the existing WTO rules do not, and cannot, effectively discipline many of China's most harmful policies and practices. It is similarly evident to us that China has become quite adept at circumventing the existing rules, as well as the attempted enforcement of those rules, by obscuring state involvement in the economy in ways that the WTO rules did not anticipate at the time of their negotiation.

As a result, while the WTO still has a significant role to play, enforcement of WTO rules has become less significant and solutions independent of the WTO are necessary, including solutions pursued through bilateral engagement and the use of domestic trade tools. It was in large part from that perspective that, in August 2017, the United States launched an investigation under Section 301 of the Trade Act of 1974 into China's unfair acts, policies and practices related to technology transfer, intellectual property and innovation. As reported previously, USTR subsequently issued a detailed report, finding that China had engaged in a range of unfair and harmful conduct. USTR then began the process of imposing tariffs on imports from China and pursued a bilateral negotiation with China that resulted in an economic and trade agreement, commonly referred to as the "Phase One Agreement," which was signed in January 2020.

While substantial Section 301 tariffs remain in place on imports from China, we are not seeking to build a wall between the United States and China. Indeed, even if that were possible, it would not address the problems posed by China. It would also ignore China's importance to, and integration into, the world economy.

Over the last few years, as changes have taken place in how the United States and U.S. stakeholders view the United States' trade relationship with China, it has become apparent that the views of other WTO Members have also been evolving toward this view. More and more trading partners appear to understand that China's state-led, non-market approach to the economy and trade has been severely harming their workers and businesses. While each trading partner is impacted differently by China, there is also a growing consensus that this situation will not change unless new strategies are pursued.

While the WTO remains a strong focus for the United States and many of the United States' trading partners, there is a growing awareness that it may be necessary to pursue some solutions outside the WTO in order to avoid the severe harm that will likely continue to result from China's state-led, non-market economic and trade regime. For example, some of the United States' trading partners are now exploring possible new domestic trade tools to address the challenges posed by China's state-led trade regime. These and other like-minded trading partners have also begun working with the United States — sometimes confidentially — in pursuit of new joint strategies to address China's harmful non-market policies and practices, including China's increasing use of economic coercion.

At the same time, still other trading partners appear to be replicating some of China's unfair trade practices, or at least accepting them as a result of China's tactics to coerce or entice countries to acquiesce to its practices. Consequently, addressing these practices in China could have the additional benefit of dissuading these countries from following China's example.

Meanwhile, many of China's trading partners are increasingly skeptical of China's rhetoric. For example, China often touts its strong commitment to win-win outcomes in international trade matters, but its actions plainly belie its words. Through state-led industrial plans like *Made in China 2025*, which targets 10 strategic emerging sectors, China pursues a zero-sum approach. It first seeks to develop and dominate its domestic markets. Once China develops, acquires or steals new technologies and Chinese enterprises become capable of producing the same quality products in those industries as the foreign competition, the state suppresses the foreign competition domestically and then supports Chinese enterprises as they "go out" and seek dominant positions in global markets. Based on the world's past experiences with industries like steel, aluminum, solar panels and fisheries, a new wave of severe and persistent non-market excess capacity can be expected in industries like those targeted by *Made in China 2025*, to the detriment of China's trading partners.

It has also not gone unnoticed among China's trading partners — particularly the democratic market economies — that China's leadership appears confident in its state-led, non-market approach to the economy and trade and feels no need to conform to global norms. China's leadership demonstrates confidence in its ability to quiet dissenting voices. Indeed, it has become increasingly evident that China's leadership is seeking to establish new global norms that better reflect and support China's approach to the economy and trade and China's governance model, providing a potentially attractive alternative for other authoritarian regimes around the world.

China has also regularly used its economic clout in a coercive way if it perceives that a foreign company or a foreign country has spoken or acted in a way that undermines China's economic and trade interests. This economic coercion can mute international objections to China's non-market policies and practices, even when China flouts the WTO's rules-based international trading system. In recent years, China has increasingly expanded its use of economic coercion to take on foreign governments whose policies or practices are perceived to undermine not only China's economic and trade interests but also China's political interests. China's coercive economic measures in this context have taken a variety of forms, including, for example, import restrictions, export restrictions, restrictions on bilateral investment, regulatory actions, state-led and state-encouraged boycotts, and travel bans. Many countries have been subjected to this economic coercion.

In sum, the reality confronting the United States and other market economies — especially the democratic market economies — is not simply that China has a different economic system from ours. China plainly does not hold the same core values held by democratic market economies like the United States, China's state-led, non-market approach to the economy and trade conflicts in significant and harmful ways with our market-oriented approaches, to the detriment of our workers and businesses.

U.S. STRATEGIC APPROACH

As a starting point, any U.S. trade policy toward China must account for current realities in the U.S.-China trade relationship and the many challenges that China poses for the United States and other trading partners, both now and in the future. Given that China's approach to the economy and trade has evolved and become more sophisticated, our strategies also need to evolve and become more sophisticated. We also need to find ways to address — and to protect ourselves against — China's many harmful, non-market policies and practices. Those policies and practices directly harm American workers, farmers and businesses, threaten our technological edge, weaken the resiliency of our supply chains and undermine our national interest. They also inflict similar harm on many of our trading partners.

Given these circumstances, it is clear that any strategic approach pursued by the United States must focus not only on the near-term, but also on the longer term, if the United States is to compete effectively with China. Any strategic approach should also be pursued in coordination with our many important, like-minded trading partners around the world.

Looking back over the first 20 years of China's WTO membership, and observing China's current leadership and clear policy direction, it would be appropriate to assume that the problems currently posed by China will be with us for some time. We cannot expect that China will willingly make fundamental changes to its state-led, non-market approach to the economy and trade in the near-term or even the medium-term.

It is also clear that effective strategies for dealing with China need to be flexible. The United States must be prepared to adapt and adjust its strategic approach over time as China's non-market policies and practices evolve and as global trade patterns shift and alliances and interests change.

For all of these reasons, the United States is now pursuing a multi-faceted strategic approach as it seeks to address the unique challenges posed by China and its state-led, non-market approach to the economy and trade. This approach involves the pursuit of strategic domestic investment, bilateral engagement of China, enforcement actions, the deployment of domestic trade tools and close coordination with allies and partners.

Domestic Investment

The United States has been working to ensure that we are taking the steps domestically to invest in, and build policies supportive of, the industries of today and tomorrow. We therefore have been working to strengthen our economy, our supply chains, our infrastructure, our workers, our farmers and our businesses and to lay a solid foundation for us to continue to innovate and maintain our technological edge. Important steps taken to date include the passage of the CHIPS and Science Act, the Inflation Reduction Act and the Infrastructure Investment and Jobs Act.

Bilateral Engagement

The United States remains intent on pursuing bilateral engagement with China and is seeking to find areas where some progress can be achieved. China is an important trading partner, and every avenue for obtaining real change in its trade regime must be utilized.

At the same time, it is clear that prior U.S. efforts have not led to fundamental changes in China's trade regime, and many serious challenges remain, including in the wake of the Phase One Agreement. Priority concerns currently include state-led industrial plans that target specific industries for dominance, massive subsidization, the non-market activities of state-owned and state-invested enterprises, severe and persistent excess capacity, discriminatory regulation, forced technology transfer, state-sponsored theft of intellectual property, market access restrictions, repression of internationally recognized labor rights, including the use of forced labor, and economic coercion.

Ultimately, it will be up to China to decide whether and to what extent it is willing to work constructively with the United States to address these significant concerns.

Enforcement

It is important for the bilateral relationship to demonstrate that China must honor its promises. We therefore have been working to ensure that China lives up to its existing trade commitments, including the ones that China made in the Phase One Agreement.

Domestic Trade Tools

The use of domestic trade tools is also a key focus of U.S. trade policy toward China. To the extent that China's unfair, non-market and distortive policies and practices persist, the United States is prepared to use domestic trade tools strategically as needed in order to achieve a more level playing field with China for U.S. workers and businesses.

It is also apparent that existing trade tools need to be strengthened, and new trade tools need to be forged. China pursues unfair policies and practices that were not contemplated when many of the U.S. trade statutes were drafted decades ago, and we are therefore exploring ways in which to work with the Congress to update our trade tools to counter them.

In one significant action to date, as previously discussed, USTR pursued an investigation under the authority of Section 301 of the Trade Act of 1974 into China's unfair acts, policies and practices related to technology transfer, intellectual property and innovation. In March 2018, after a thorough review and analysis of the evidence, USTR issued a detailed report, finding that China had engaged in a range of unfair and harmful conduct. First, USTR found that China uses foreign ownership restrictions, including joint venture requirements, equity limitations and other investment restrictions, to require or pressure technology transfer from U.S. companies to Chinese entities. USTR also found that China uses administrative review and licensing procedures to require or pressure technology transfer, which, *inter alia*, undermines the value of U.S. investments and technology and weakens the global competitiveness of U.S. companies. Second, USTR found that China imposes substantial restrictions on, and intervenes in, U.S. companies' investments and activities, including through restrictions on technology licensing terms. These restrictions deprive U.S. technology owners of the ability to bargain and set market-based terms for technology transfer. As a result, U.S. companies seeking to license technologies must do so on terms that unfairly favor Chinese recipients. Third, USTR found that China directs and facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property and to generate large-scale technology transfer in industries deemed important by Chinese government industrial plans. Fourth, USTR found that China conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies. These actions provide the Chinese government with unauthorized access to intellectual property, trade secrets and confidential business information, such as technical data, negotiating positions and sensitive and proprietary internal business communications. The purpose of these actions is to support China's strategic development goals, including its science and technology advancement, military modernization and economic development.

Based on these findings, the United States took a range of responsive actions. These actions included the successful prosecution of a WTO dispute settlement case challenging Chinese measures that deny foreign patent holders the ability to enforce their patent rights against a Chinese joint venture partner after a technology transfer contract ends and that impose mandatory adverse contract terms that discriminate against and are less favorable for imported foreign technology as compared to Chinese technology, as well as the imposition of substantial additional tariffs on imports of Chinese goods. Over time, as has been previously reported, these tariffs eventually covered $370 billion of Chinese imports, with additional tariffs of 25 percent on $250 billion of Chinese imports and additional tariffs of 15 percent on a further $120 billion of Chinese imports, while China responded through the imposition of retaliatory tariffs on various imports of U.S. goods.

In December 2019, after one year of negotiations, the United States announced that the two sides had finalized the text of an economic and trade agreement, which was later signed in January 2020. This agreement, commonly referred to as the "Phase One Agreement," included commitments from China on intellectual property, technology transfer, agriculture, financial services, currency and foreign exchange, and the purchase of U.S. goods and services. The commitments varied in ambition, and in effectiveness. For example, some commitments related to financial services reflected reforms that China was already contemplating or pursuing, as China had begun easing foreign investment restrictions in some financial services sectors in 2017. In addition, in the area of intellectual property rights, while China committed to make a number of changes to its laws and regulations, China saw many of these changes as now needed by its domestic businesses, given their own increasing efforts at innovation. It also remains unclear how faithfully and fairly China will actually enforce the changes to its laws and regulations. Meanwhile, other commitments that China made, such as in the area of technology transfer, are difficult to verify given the tactics that China takes to obscure its activities.

Notably, the Phase One Agreement did not address many of the U.S. concerns that the United States had been seeking to address in its negotiations with China. The unresolved issues included critical concerns in areas such as industrial plans, subsidies, state-owned enterprises, excess capacity, state-sponsored cyber-enabled theft of intellectual property, standards, cybersecurity, data localization requirements, restrictions on cross-border data transfers, competition law enforcement and regulatory transparency as well as certain issues in the areas of intellectual property, technology transfer and services market access that were not addressed in the Phase One Agreement.

In light of the limited progress represented by the Phase One Agreement, the United States did not make major changes to the existing Section 301 tariffs. After some minor adjustments, the United States kept in place tariffs on $370 billion of Chinese imports, which included 25 percent tariffs on $250 billion of Chinese imports and 7.5 percent tariffs on $120 billion of Chinese imports. The United States also decided not to move forward with plans to raise the tariff rate for some of the existing Section 301 tariffs or to impose new tariffs on additional Chinese imports.

Since the Phase One Agreement entered into force in February 2020, the United States has been closely monitoring China's progress in implementing its commitments. The United States has also been utilizing the consultation arrangements set forth in the agreement, including regular meetings required by the agreement between the two sides. Through these many engagements, the United States has raised various concerns that have arisen regarding China's implementation progress. In addition, official trade data appears to show that China fell far short of implementing its commitments to purchase U.S. goods and services in calendar years 2020 and 2021. Serious concerns with China's implementation efforts have also arisen in other areas, including agriculture, particularly with regard to China's commitments relating to agricultural biotechnology and the risk assessment that China is required to conduct relating to the use of ractopamine in cattle and swine.

Allies and Partners

The United States cannot do it alone. There are limits to bilateral engagement and the impact of enforcement actions and domestic trade tools. That is why the United States is working more intensely and broadly with allies and like-minded trading partners. Just as we are reassessing our domestic trade tools, we are also re-thinking how the United States engages with its trading partners to address the challenges that China poses for the global economy.

As more and more U.S. allies and like-minded trading partners come to understand the need for new approaches to China, the United States is working more intensely and broadly with them, both in existing international trade fora and initiatives and in new ones. The COVID-19 pandemic, and its impacts on supply chains and global economic conditions, have laid bare the vulnerabilities and interdependencies of global economies and have underscored the need for new coalitions to build up economic security and resiliency. There is a strong need for new thinking and new coalitions of allies and like-minded partners, including not only on a bilateral basis — especially with major trading partners — but also regionally and multilaterally, to find global solutions to the many serious problems posed by China's state-led, non-market approach to the economy and trade.

As part of this effort, the United States is continuing to work directly with allies and like-minded trading partners outside of a multilateral organization context in pursuit of new initiatives to explore strategies for addressing the unique problems posed by non-market policies and practices.

For example, the United States and the European Union (EU) have established a Trade and Technology Council, and the United States and Japan have established a Partnership for Trade. In both venues, one important component of the engagement focuses on better understanding and developing strategies for addressing non-market policies and practices.

Notably, as a result of meetings of the Trade and Technology Council held in 2022, the United States and the EU have started to exchange information on China's non-market policies and practices in the medical devices sector and China's extensive use of government guidance funds that provide financial support to domestic companies. The two sides have also expressed serious concerns regarding China's use of economic coercion, including against allies and partners of the United States and the EU, and resolved to cooperate on strategies for addressing this problem.

Separately, the United States and the EU also held the first Ministerial Meeting of the Working Group on Large Civil Aircraft in 2022. The two sides agreed to continue the Working Group's efforts to confront the challenges posed by China's non-market policies and practices.

Over the past year, the United States, the EU and Japan have also begun to deepen their trilateral work, focusing on the identification of problems arising from non-market policies and practices, the identification of gaps in existing trade tools and where further work is needed to develop new tools to address non-market policies and practices, and possible cooperation in utilizing existing tools. The three trading partners have also highlighted the importance of WTO reform in an effort to build a free and fair rules-based multilateral trading system that benefits all its members and helps secure shared prosperity for all.

The United States is also holding discussions with many other like-minded trading partners, including in the Indo-Pacific region, on how to strengthen our existing trade relationships. Given that trade with China poses so many serious risks and potential harms, the United States believes that market economies should enhance their trade with each other.

As part of its discussions with like-minded trading partners, the United States is also working to make critical supply chains less vulnerable and more secure, sustainable and resilient. The United States recognizes the need to cooperate with trading partners to diversify international suppliers and reduce geographic concentration risk, especially in China, and to address vulnerabilities that can result in shortages of key goods. This joint work can also enable more effective responses to non-market policies and practices that have eroded critical supply chains.

At the same time, the United States is continuing to pursue initiatives at the WTO. For example, the U.S. agenda at the WTO includes pushing for and building support for meaningful WTO reforms to update the organization and respond to contemporary challenges, including China's accession to the WTO. One U.S. proposal relates to "special and differential treatment," where certain WTO Members rely on self-declared developing country status to inappropriately seek "special and differential treatment" to avoid making meaningful commitments in WTO negotiations. The United States has also offered, and will continue to pursue, proposals to respond to certain policies and practices of China and other non-market economies. They include a proposal intended to increase consequences for WTO Members who fail to adequately notify industrial subsidies.

Similar work is taking place in fora such as the Group of Seven (G7), the Group of Twenty and the Organization for Economic Cooperation and Development. For example, at the G7 Leaders Meeting, held in June 2022, the United States and the other members of the G7 discussed the challenges that China's non-market policies and practices pose to the multilateral trading system. They agreed to continue to build a shared understanding of this problem and to consult on collective approaches for addressing it. They also specifically committed to work together to develop coordinated actions to ensure a level playing field, to counter economic coercion and to reduce strategic dependencies.

SPECIFIC TRADE CONCERNS

At present, China pursues numerous unfair, non-market and distortive policies and practices that cause particular concern for the United States and U.S. stakeholders. The key concerns are summarized below.

STATE-LED, NON-MARKET TRADE REGIME

Industrial Plans

China continues to pursue a wide array of industrial plans and related policies that seek to limit market access for imported goods, foreign manufacturers and foreign services suppliers, while offering substantial government guidance, resources and regulatory support to Chinese companies. The beneficiaries of these constantly evolving policies are not only state-owned enterprises but also other domestic Chinese companies.

One of the more far-reaching and harmful industrial plans is *Made in China 2025*. China's State Council released this industrial plan in May 2015. It is a 10-year plan targeting 10 strategic sectors, including advanced information technology, automated machine tools and robotics, aviation and spaceflight equipment, maritime engineering equipment and high-tech vessels, advanced rail transit equipment, new energy vehicles (NEVs), power equipment, farm machinery, new materials, biopharmaceuticals and advanced medical device products. While ostensibly intended simply to raise industrial productivity through more advanced and flexible manufacturing techniques, *Made in China 2025* is emblematic of China's evolving and increasingly sophisticated approach to "indigenous innovation," which is evident in numerous supporting and related industrial plans. Under China's harmful and anticompetitive approach to indigenous innovation, the common, overriding aim is to replace foreign technologies, products and services with Chinese technologies, products and services in the China market through any means possible so as to enable Chinese companies to dominate international markets.

Made in China 2025, which represents the first 10 years of a 30-year strategy known as the "Strong Manufacturing Nation Strategy," seeks to build up Chinese companies in the 10 targeted, strategic sectors at the expense of, and to the detriment of, foreign companies and their technologies, products and services through a multi-step process over 10 years. The initial goal of *Made in China 2025* is to ensure, through various means, that Chinese companies develop, extract or acquire their own technology, intellectual property and know-how and their own brands. The next goal of *Made in China 2025* is to substitute domestic technologies, products and services for foreign technologies, products and services in the China market. The final goal of *Made in China 2025* is to capture much larger worldwide market shares in the 10 targeted, strategic sectors.

In pursuit of these goals, subsequently released documents set specific targets for capacity and production levels and market shares for the dozens of industries that comprise the 10 broad sectors targeted in *Made in China 2025*. In October 2015, China's National Manufacturing Strategic Advisory Committee published the *Made in China 2025 Key*

Area Technology Roadmap, and since then it has published two updated editions of this document. The first update took place in February 2018, with the issuance of the *Made in China 2025 Key Area Technology and Innovation Greenbook – Technology Roadmap (2017)*. Like its predecessor, the updated document sets explicit market share and other targets to be attained by Chinese companies in dozens of high-technology industries, often both in the China market and globally. For example, it calls for "indigenous new energy vehicle annual production" to have a "supplying capacity that can satisfy more than 80 percent of the market" in China by 2020, up from a 70 percent target set in the 2015 document. In November 2020, the 2017 document was updated with the issuance of the *Made in China Key Area Technology Innovation Greenbook – Technology Roadmap (2019)*.

Many of the policy tools being used by the Chinese government to achieve the goals of *Made in China 2025* raise serious concerns. Several of these tools are unprecedented and include a wide array of state intervention and support designed to promote the development of Chinese industry in large part by restricting, taking advantage of, discriminating against or otherwise creating disadvantages for foreign enterprises and their technologies, products and services. Indeed, even facially neutral measures can be applied in favor of domestic enterprises, as past experience has shown, especially at sub-central levels of government.

Made in China 2025 also differs from industry support pursued by other WTO Members in its level of ambition and, perhaps more importantly, in the scale of resources the government is investing in the pursuit of its industrial policy goals. Indeed, by some estimates, the Chinese government is making available more than $500 billion of financial support to the *Made in China 2025* sectors, often using large government guidance funds, which China attempts to shield from scrutiny by claiming that they are wholly private. Even if China fails to fully achieve the industrial policy goals set forth in *Made in China 2025*, it is still likely to create or exacerbate market distortions and create severe excess capacity in many of the targeted sectors. It is also likely to do long-lasting damage to U.S. interests, as well as the interests of the United States' allies and partners, as China-backed companies increase their market share at the expense of foreign companies operating in these sectors.

While public references to *Made in China 2025* subsided after June 2018 reportedly in response to an order from the central government, it is clear that China remains committed to achieving the underlying goals of *Made in China 2025* and continues to seek dominance for Chinese firms in the sectors that it views as strategic, both in China's market and globally. For example, in September 2020, the central government issued a guiding opinion encouraging investment in "strategic emerging industries," a term used to describe an earlier initiative from which *Made in China 2025* evolved. Among other things, the guiding opinion called for the support and creation of industrial clusters for strategic emerging industries, along with the use of various types of government support and funding. The guiding opinion specifically encouraged provincial and local governments to support industries such as advanced information technology, NEVs and biopharmaceuticals.

In March 2021, the National People's Congress passed the *14th Five-Year Plan (2021-2025) for National Economic and Social Development* (the *14th Five-Year Plan*), together with a document titled *Long-Range Objectives Through Year 2035*. The *14th Five-Year Plan* and subsequently issued sector-specific five-year plans, along with five-year plans issued by sub-central governments, make clear that China will continue to pursue its industrial policy objectives. While industrial plans like *Made in China 2025* were not named in the *14th Five-Year Plan*, there continues to be overlap between the industries identified in China's five-year plans with both *Made in China 2025* industries and strategic emerging industries. In addition, other longer-ranging industrial plans, such as the *New Energy Vehicle Industry Development Plan (2021-2035)* and

China Standards 2035, continue to demonstrate China's commitment to a state-led, non-market approach to the economy and trade.

Technology Transfer

For years, longstanding and serious U.S. concerns regarding technology transfer remained unresolved, despite repeated, high-level bilateral commitments by China to remove or no longer pursue problematic policies and practices. In August 2017, USTR sought to address these concerns by initiating an investigation under Section 301 focused on policies and practices of the Government of China related to technology transfer, intellectual property and innovation. Specifically, in its initiation notice, USTR identified four categories of reported Chinese government conduct that would be the subject of its inquiry: (1) the use of a variety of tools to require or pressure the transfer of technologies and intellectual property to Chinese companies; (2) depriving U.S. companies of the ability to set market-based terms in technology licensing negotiations with Chinese companies; (3) intervention in markets by directing or unfairly facilitating the acquisition of U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property; and (4) conducting or supporting cyber-enabled theft and unauthorized intrusions into U.S. commercial computer networks for commercial gains. In March 2018, USTR issued a report supporting findings that the four categories of acts, policies and practices covered in the investigation are unreasonable or discriminatory and burden and/or restrict U.S. commerce. In November 2018, USTR issued an updated report that found that China had not taken any steps to change its problematic policies and practices. Based on the findings in USTR's Section 301 investigation, the United States took a range of responsive actions, including the pursuit of a successful WTO case challenging certain discriminatory technology licensing measures maintained by China in addition to the imposition of additional tariffs on Chinese imports.

The Phase One Agreement, signed in January 2020, addresses certain aspects of the unfair trade practices of China that were identified in USTR's Section 301 report. In the agreement, China committed to end its longstanding practice of forcing or pressuring foreign companies to transfer their technology to Chinese companies as a condition for obtaining market access, securing administrative approvals or receiving advantages from the Chinese government. China also committed to provide transparency, fairness and due process in administrative proceedings and to ensure that technology transfer and licensing take place on market terms that are voluntary and reflect mutual agreement. Separately, China committed to refrain from directing or supporting outbound investments aimed at acquiring foreign technology pursuant to its distortive industrial plans.

Since the entry into force of the Phase One Agreement in February 2020, the United States has continually engaged with the U.S. business community, which has expressed concern about China's informal, unwritten actions that force or pressure U.S. companies to transfer their technology to Chinese entities, including as a condition for obtaining market access. The United States has engaged China as issues arise and will continue to monitor developments closely.

Indigenous Innovation

Policies aimed at promoting China's so-called "indigenous innovation" continue to represent an important component of China's industrialization efforts. Through intensive, high-level bilateral engagement with China since 2009, the United States has attempted to address these policies, which provide various preferences when intellectual property is owned or developed in China, both broadly across sectors of China's economy and specifically in the government procurement context.

For example, at the May 2012 meeting of the U.S.-China Strategic and Economic Dialogue (S&ED),

China committed to treat intellectual property owned or developed in other countries the same as intellectual property owned or developed in China. The United States also used the U.S.-China Joint Commission on Commerce and Trade (JCCT) process in 2012 and subsequent discussions to press China to revise or eliminate specific measures that appeared to be inconsistent with this commitment. At the December 2014 JCCT meeting, China clarified and underscored that it will treat intellectual property owned or developed in other countries in the same manner as domestically owned or developed intellectual property. Once again, however, these commitments were not fulfilled. China continues to pursue myriad policies that require or favor the ownership or development of intellectual property in China.

The United States secured a series of similar commitments from China in the government procurement context, where China agreed to de-link indigenous innovation policies at all levels of the Chinese government from government procurement preferences, including through the issuance of a State Council measure mandating that provincial and local governments eliminate any remaining linkages by December 2011. Many years later, however, this promise had not been fulfilled. At the November 2016 JCCT meeting, in response to U.S. concerns regarding the continued issuance of scores of inconsistent measures, China announced that its State Council had issued a document requiring all agencies and all sub-central governments to "further clean up related measures linking indigenous innovation policy to the provision of government procurement preference."

Over the years, the underlying thrust of China's indigenous innovation policies has remained unchanged, as China's leadership has continued to emphasize the necessity of advancing indigenous innovation capabilities. Through plans such as the *14th Five-Year Plan for the Protection and Utilization of National Intellectual Property Rights*, China has continued to implement discriminatory policies encouraging "indigenous intellectual property rights" and "core technologies" that are owned or developed in China. Accordingly, USTR has been using mechanisms like a Section 301 investigation to seek to address, among other things, China's use of indigenous innovation policies to force or pressure foreigners to own or develop their intellectual property in China.

STATE-OWNED ENTERPRISES

While many provisions in China's WTO accession agreement indirectly discipline the activities of state-owned and state-invested enterprises, China also agreed to some specific disciplines. In particular, it agreed that laws, regulations and other measures relating to the purchase of goods or services for commercial sale by state-owned and state-invested enterprises, or relating to the production of goods or supply of services for commercial sale or for non-governmental purposes by state-owned and state-invested enterprises, would be subject to WTO rules. China also affirmatively agreed that state-owned and state-invested enterprises would have to make purchases and sales based solely on commercial considerations, such as price, quality, marketability and availability, and that the government would not directly or indirectly influence the commercial decisions of state-owned and state-invested enterprises.

In subsequent bilateral dialogues with the United States, China made further commitments. In particular, China committed to develop a market environment of fair competition for enterprises of all kinds of ownership and to provide them with non-discriminatory treatment in terms of credit provision, taxation incentives and regulatory policies.

However, instead of adopting measures giving effect to its commitments, China instead took steps intended to strengthen the role of state-owned and state-invested enterprises in the economy and to protect them against foreign competition. China established the State-owned Asset Supervision and Administration Commission (SASAC) and adopted the *Law on State-owned Assets of Enterprises* in addition to numerous other measures that mandate state ownership and control of many important industrial sectors. The CCP also ensured itself a decisive role in state-owned and state-invested enterprises' major business decisions, personnel changes, project arrangements and movement of funds. The fundamental premise of these measures was to enable the government and the Party to intervene in the business strategies, management and investments of these enterprises in order to ensure that they play a dominant role in the national economy in line with the overall objective of developing China's "socialist market economy" and China's industrial plans. Over the past few years, Party leadership in state-owned and state-invested enterprises has been strengthened through practices such as appointing a person as both the chairman of the board and the Party secretary for a state-owned enterprise.

Separately, the Chinese government also has issued a number of measures that restrict the ability of state-owned and state-invested enterprises to accept foreign investment, particularly in key sectors. Some of these measures are discussed below in the Investment section.

In its 2013 *Third Plenum Decision,* China endorsed a number of far-reaching economic reform pronouncements, which called for making the market "decisive" in allocating resources, reducing Chinese government intervention in the economy, accelerating China's opening up to foreign goods and services and improving transparency and the rule of law to allow fair competition in China's market. It also called for "reforming" China's state-owned and state-invested enterprises.

However, rather than actually embrace the role of the market, China sought to strengthen the role of the state in the economy. Statements by China's President also made clear that China continues to view the role of the state very differently from the United States and other democratic market economies. In October 2016, he called for strengthening the role of the CCP in state-owned enterprises and emphasized that state-owned enterprises should be "important forces" to implement national strategies and enhance national power. In February 2019, in an article in a CCP journal, he further called for the strengthening of the Party's "leadership over the rule of law," and he vowed that China "must never copy the models or practices of other countries" and "we must never follow the path of Western 'constitutionalism,' 'separation of powers' or 'judicial independence.'"

With regard to the reform of China's state-owned enterprises, one example of China's efforts included an announcement that China would classify these enterprises into commercial, strategic or public interest categories and require commercial state-owned and state-invested enterprises to garner reasonable returns on capital. However, this plan also allowed for divergence from commercially driven results to meet broadly construed national security interests, including energy and resource interests and cyber and information security interests. Similarly, in recent years, China has pursued reforms through efforts to realize "mixed ownership." These efforts included pressuring private companies to invest in, or merge with, state-owned and state-invested enterprises as a way to inject innovative practices into and create new opportunities for inefficient state-owned and state-invested enterprises.

China has also previously indicated that it would consider adopting the principle of "competitive neutrality" for state-owned enterprises. However, China has continued to pursue policies that further enshrine the dominant role of the state and its industrial plans when it comes to the operation of state-owned and state-invested enterprises. For example, China has adopted rules ensuring that the government continues to have full authority over how state-owned and state-invested enterprises use allocations of state capital and over the projects that state-owned enterprises pursue.

Overall, while China's efforts at times have appeared to signal a high-level determination to accelerate needed economic reforms, those reforms have not materialized. Indeed, the Chinese state's role in the economy has increased rather than decreased. It also seems clear that China's past policy initiatives were not designed to reduce the presence of state-owned and state-invested enterprises in China's economy or to force them to compete on the same terms as private commercial operators. Rather, the reform objectives were to strengthen state-owned and state-invested enterprises and to place them on a more competitive footing, both in China and globally, through consolidation, increased access to state capital, preferential access to goods and services and the use of other policies and practices designed to give these enterprises artificial advantages over their private competitors.

This unfair situation is made worse for foreign companies. Like China's state-owned and state-invested enterprises, China's private companies also benefit from a wide array of state intervention and support designed to promote the development of China's domestic industries in accordance with China's industrial plans. These interventions and support are deployed in concert with other policies and practices that restrict, take advantage of, discriminate against or otherwise create disadvantages for foreign companies and their technologies, products and services.

SUBSIDIES

Industrial Subsidies

China continues to provide massive subsidies to its domestic industries, which have caused injury to U.S. industries. Some of these subsidies also appear to be prohibited under WTO rules. To the extent possible, the United States has sought to address these subsidies through countervailing duty proceedings conducted by the Commerce Department and dispute settlement cases at the WTO.

The United States and other WTO Members also have continued to press China to notify all of its subsidies to the WTO in accordance with its WTO obligations while also submitting counter notifications listing hundreds of subsidy programs that China has failed to notify. China's WTO subsidy notifications have marginally improved over the years in terms of timeliness and completeness. Nevertheless, since joining the WTO more than 20 years ago, China has not yet submitted to the WTO a complete notification of subsidies maintained by the central government, and it did not notify a single sub-central government subsidy until July 2016, when it provided information largely only on sub-central government subsidies that the United States had challenged as prohibited subsidies in a WTO case.

The United States began working with the EU and Japan in 2018 to identify further effective action and potential rules that could address problematic subsidies practices not currently covered by existing obligations. In January 2020, the trade ministers of the United States, the EU and Japan issued a statement agreeing to strengthen the WTO subsidy rules by: (1) prohibiting certain egregious types of subsidies; (2) requiring the subsidizing country to demonstrate for other distortive subsidy types that the subsidy provided did not cause adverse effects; (3) building upon the existing "serious prejudice" rules; (4) putting some teeth into the notification rules; and (5) developing a new definition of what constitutes a "public body." In November 2021, the trade ministers of the United States, the EU and Japan renewed their commitment to work together, including with regard to the identification of areas where further work is needed to develop new tools and other measures to address non-market policies and practices. Since then, the United States, the EU and Japan have also been working together at the staff level to uncover China's subsidies practices in specific sectors, such as the semiconductors sector.

Excess Capacity

Because of its state-led approach to the economy, China is the world's leading offender in creating non-market capacity, as evidenced by the severe and persistent excess capacity situations in several industries. China is also well on its way to creating severe excess capacity in other industries through its pursuit of industrial plans such as *Made in China 2025*, pursuant to which the Chinese government is doling out hundreds of billions of dollars to support Chinese companies and requiring them to achieve preset targets for domestic market share – at the expense of imports – and global market share in each of 10 advanced manufacturing industries.

In manufacturing industries such as steel and aluminum, China's economic planners have contributed to massive excess capacity in China through various government support measures. For steel, the resulting over-production has distorted global markets, harming U.S. workers and manufacturers in both the U.S. market and third country markets, where U.S. exports of steel products compete with exports from China. This over-production has similarly harmed the workers and manufacturers of many of the United States' allies and partners. While China has publicly acknowledged excess capacity in these industries, among others, it has yet to take meaningful steps to address the root causes of this problem in a sustainable way.

From 2000 to 2021, China accounted for 71 percent of global steelmaking capacity growth, an increase well in excess of the increase in global and Chinese demand over the same period. Currently, China's capacity represents about one-half of global capacity and more than twice the combined steelmaking capacity of the EU, Japan, the United States and Brazil.

At the same time, China's steel production is continually reaching new highs, eclipsing demand. In 2020, China's steel production climbed above one billion metric tons for the first time, reaching 1,065 million metric tons, a seven percent increase from 2019, and remained high at 1,033 million metric tons in 2021, despite a significant contraction in domestic steel demand. This sustained ballooning of greenhouse gas (GHG) emissions-intensive steel production, combined with weakening economic growth and a slowdown in the Chinese construction sector, has flooded the global market with excess steel supply at a time when the steel sector outside of China is still recovering from the severe demand shock brought on by the COVID-19 pandemic and the ongoing effects of Russia's war of aggression against Ukraine. In 2021, China exported more steel than the world's second and third largest steel producers, India and Japan, combined. Today, China remains by far the world's largest exporter of steel.

Similarly, primary aluminum production capacity in China increased by more than 1,400 percent between 2000 and 2021, with China accounting for more than 80 percent of global capacity growth during that period. Much of this capacity addition has been built with government support, has taken place during periods of decline in global aluminum prices and relies on GHG emissions-intensive sources of electricity. China's primary aluminum capacity now accounts for more than 57 percent of global capacity and is more than double the capacity of the next ten aluminum-producing countries combined. As in the steel sector, China's aluminum production has also ballooned in recent years, as China's aluminum production has continued to increase despite global demand shocks. China's capacity and production continue to contribute to major imbalances and price distortions in global markets, harming U.S. aluminum producers and workers.

Excess capacity in China hurts various U.S. workers and industries not only through direct exports from China to the United States, but also through its impact on global prices and supply, which makes it difficult for competitive manufacturers throughout the world to remain viable. Indeed, domestic industries in many of China's trading partners continue to petition their governments to impose trade measures to respond to the trade-distortive effects of China's excess capacity. In addition, the United States has acted under Section 232 of the Trade Expansion Act of 1962 to increase import duties on steel and aluminum products after finding that excessive imports are a threat to U.S. national security.

Agricultural Domestic Support

For several years, China has been significantly increasing domestic subsidies and other support measures for its agricultural sector. China maintains direct payment programs, minimum support prices for basic commodities and input subsidies. China has implemented a cotton reserve system, based on minimum purchase prices, and cotton target price programs. In 2016, China established subsidies for starch and ethanol producers to incentivize the purchase of domestic corn, resulting in higher volumes of exports of processed corn products from China in 2017 and 2018. In addition, in 2022, China began encouraging soybean production through various support programs, such as through increased subsidies for crop rotations, awards to counties with high oilseed production, incentives to promote the intercropping of corn and soybeans, and subsidies for "demonstration farming" of soybeans on alkali and salty land.

China submitted a notification concerning domestic support measures to the WTO in May 2015, but it only provided information up to 2010. In December 2018, China notified domestic support measures for the period 2011-2016. This notification showed that China had exceeded its *de minimis* level of domestic support for soybeans (in 2012, 2014 and 2015), cotton (from 2011 to 2016), corn (from 2013 to 2016), rapeseed (from 2011 to 2013) and sugar (2012). The situation was likely even worse, as the methodologies used by China to calculate domestic support levels result in underestimates. Moreover, the support programs notified by China seemingly failed to account for support given at the sub-national level by provincial and local governments and, possibly, support administered through state-owned enterprises.

In September 2016, the United States launched a WTO case challenging China's government support for the production of wheat, corn and rice as being in excess of China's commitments. Like other WTO Members, China committed to limit its support for producers of agricultural commodities. China's market price support programs for wheat, corn and rice appear to provide support far exceeding the agreed levels. This excessive support creates price distortions and skews the playing field against U.S. farmers. In October 2016, consultations took place. In January 2017, a WTO panel was established to hear the case. Hearings before the panel took place in January and April 2018, and the panel issued its decision in February 2019, ruling that China's domestic support for wheat and rice was WTO-inconsistent. China originally agreed to come into compliance with the panel's recommendations by March 31, 2020. The United States subsequently agreed to extend this deadline to June 30, 2020. In July 2020, the United States submitted a request for authorization to suspend concessions and other obligations pursuant to Article 22 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) on the ground that China had failed to bring its measures into compliance with its WTO obligations. After China objected to this request, the matter was referred to arbitration in accordance with Article 22 of the DSU. The arbitration is currently suspended, and the United States continues to closely monitor the operation of China's market price support programs for wheat and rice.

Fisheries Subsidies

It is estimated that China is the world's largest provider of harmful fisheries subsidies, with support exceeding $4 billion annually. These subsidies contribute to overfishing and overcapacity that threatens global fish stocks. Indeed, China is the world's largest producer of marine capture fisheries and, in the years since its WTO accession, has continued to support its fishing fleet through subsidies and other market-distorting means. China's annual fisheries harvest is nearly double that of the next largest producer in the world in terms of marine capture and triple that of other top producers, like the United States, India and Japan. At the same time, reports continue to emerge about Chinese-flagged fishing vessels engaging in illegal, unreported and unregulated (IUU) fishing in distant waters, including in areas under the jurisdiction of other WTO Members. While China has made some progress in reducing subsidies to domestic fisheries, it continues to shift its overcapacity to international fisheries by providing a much higher rate of subsidy support to Chinese distant water fishery enterprises.

For several years, the United States has been raising its long-standing concerns over China's fisheries subsidies programs. In 2015, the United States submitted a written request for information pursuant to Article 25.8 of the WTO Agreement on Subsidies and Countervailing Measures (Subsidies Agreement). This submission addressed fisheries subsidies provided by China at central and sub-central levels of government. The subsidies at issue were set forth in nearly 40 measures and included a wide range of subsidies, including fishing vessel acquisition and renovation grants, grants for new fishing equipment, subsidies for insurance, subsidized loans for processing facilities, fuel subsidies and the preferential provision of water, electricity and land. When China did not respond to this request, the United States submitted an Article 25.10 counter notification covering these same measures. More recent subsidy notifications by China have been more fulsome, but still incomplete.

In addition, the United States has long been an active and constructive participant in the WTO fisheries subsidies negotiations, pressing for a meaningful outcome to prohibit the most harmful types of fisheries subsidies. The United States and various like-minded WTO Members have put forward several proposals designed to achieve an ambitious outcome for those negotiations. Notably, in June 2022, WTO Members adopted the text of the WTO Agreement on Fisheries Subsidies, which includes several important disciplines, including prohibitions on subsidies to vessels or operators engaged in IUU fishing, subsidies to fishing regarding stocks that are overfished and subsidies to fishing on the unregulated high seas. This agreement also contains robust transparency provisions to strengthen WTO Members' subsidy notifications and to enable effective monitoring of WTO Members' implementation of their obligations. The agreement will enter into force when it has been accepted by two-thirds of WTO Members.

Going forward, the United States will continue to investigate the full extent of China's fisheries subsidies and will continue to press China to fully comply with its relevant WTO subsidy obligations. The United States also will urge WTO Members to support additional, ambitious disciplines on harmful fisheries subsidies as part of the further WTO negotiations on fisheries subsidies.

IMPORT POLICIES

Trade Remedies

As of December 2022, China had in place 121 antidumping measures, affecting imports from 17 countries or regions. China also had in place seven countervailing duty measures, affecting imports from five countries or regions. The greatest systemic shortcomings in China's antidumping and countervailing duty practice continue to be in the areas of transparency and procedural fairness. Over the years, China has often utilized antidumping and countervailing duty investigations as more of a retaliatory tool than as a mechanism to nullify the effects of dumping or unfair subsidization within its domestic market. In response, the United States has pressed China bilaterally, in WTO meetings and through written comments submitted in connection with pending antidumping and countervailing duty proceedings to adhere strictly to WTO rules in the conduct of its trade remedy investigations.

The conduct of antidumping investigations by China's Ministry of Commerce (MOFCOM) continues to fall short of full commitment to the fundamental tenets of transparency and procedural fairness embodied in the WTO's Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, commonly known as the Antidumping Agreement. The United States and other WTO Members accordingly have expressed concerns about key lapses in transparency and procedural fairness in China's conduct of antidumping investigations. The principal areas of concern include: MOFCOM's inadequate disclosure of key documents placed on the record by domestic Chinese producers; insufficient disclosures of the essential facts underlying MOFCOM decisions, such as dumping margin calculations and evidence supporting injury and dumping conclusions; MOFCOM's failure to issue supplemental questionnaires in instances where MOFCOM identifies information deficiencies; the improper rejection of U.S. respondents' reported cost and sales data; the unjustified use of facts available; and MOFCOM's failure to adequately address critical arguments or evidence put forward by interested parties. These aspects of China's antidumping practice have been raised with MOFCOM in numerous proceedings over the past several years.

A review of China's conduct of countervailing duty investigations makes clear that, as in the antidumping area, China needs to improve its transparency and procedural fairness when conducting these investigations. In addition, the United States has noted procedural concerns specific to China's conduct of countervailing duty investigations. For example, China initiated investigations of alleged subsidies that raised concerns, given the requirements regarding "sufficient evidence" in Article 11.2 of the Subsidies Agreement. The United States is also concerned about China's application of facts available under Article 12.7 of the Subsidies Agreement.

On several occasions in the past, the United States has expressed serious concerns about China's pursuit of antidumping and countervailing duty remedies that appear to be retaliatory and intended to discourage the United States and other trading partners from the legitimate exercise of their rights under WTO antidumping and countervailing duty rules and the trade remedy provisions of China's accession agreement. More recently, it also appears that China has used arbitrary economic and trade measures, including antidumping and countervailing duty investigations, as a form of economic coercion designed to achieve China's political goals. Obvious examples include MOFCOM's antidumping and countervailing duty investigations of imports of Australian barley and Australian wine.

In certain recent investigations of U.S. imports, China has determined — without legal or factual support — that costs and prices in certain U.S. markets are distorted, and therefore unusable, because of so-called "non-market situations." For example, in four final antidumping determinations on imports of n-propanol, polyphenylene sulfide, ethylene propylene diene monomer and polyvinyl chloride from the United States in 2020 and 2021, China found a "non-market situation" in certain energy sectors in the United States. However, these findings were made without defining the term "non-market situation" or identifying any legal basis in China's law to make these findings. Separately, in the final countervailing duty determination on imports of n-propanol from the United States, China also found that alleged subsidies to the U.S. oil and gas sector automatically passed through to petrochemical products without providing the analysis required by the Subsidies Agreement.

Tariff-Rate Quota Administration for Agricultural Commodities

Market access promised through the tariff-rate quota (TRQ) system set up pursuant to China's WTO accession agreement has yet to be fully realized as of December 2022. Due to China's poorly defined criteria for applicants, unclear procedures for distributing TRQ allocations and failure to announce quota allocation and reallocation results, traders are unsure of available import opportunities and producers worldwide have reduced market access opportunities. As a result, China's TRQs for wheat, corn and rice seldom fill even when they are oversubscribed. For example, from 2020 to 2022, China's corn imports significantly exceeded TRQ levels, but the TRQ issuance, application and allocation processes lacked transparency, and large state-owned enterprises in China appear to have been the only beneficiaries of the increased imports.

In December 2016, the United States launched a WTO case challenging China's administration of TRQs for wheat, corn and rice. Consultations took place in February 2017. A WTO panel was established to hear the case at the United States' request in September 2017, and 17 other WTO Members joined as third parties. The panel issued its decision in April 2019, ruling that China's administration of tariff-rate quotas for wheat, corn and rice was WTO-inconsistent. In July 2021, the United States submitted a request for authorization to suspend concessions and other obligations pursuant to Article 22 of the DSU on the ground that China had failed to bring its measures into compliance with its WTO obligations. After China objected to this request, the matter was referred to arbitration in accordance with Article 22 of the DSU. The arbitration is currently suspended, and the United States continues to closely monitor China's ongoing administration of the tariff-rate quotas for wheat, corn and rice.

As part of the Phase One Agreement, China agreed that, from December 31, 2019, its administration of TRQs for wheat, corn and rice would conform to its WTO obligations. In addition, China agreed to make specific improvements to its administration of the wheat, corn and rice TRQs, including with regard to the allocation methodology, and to the treatment of non-state trading quota applicants. China also committed to greater transparency. To date, however, China has not demonstrated full implementation of these commitments.

VAT Rebates for Agricultural Commodities

The Chinese government attempted to manage imports of primary agricultural commodities by raising or lowering the value-added tax (VAT) rebate to manage domestic supplies. China sometimes reinforces its domestic objectives by imposing or retracting VATs. These practices have caused tremendous distortion and uncertainty in the global markets for wheat, corn and soybeans, as well as intermediate processed products of these commodities.

ENVIRONMENTAL POLICIES

Import Ban on Scrap Materials

Currently, China restricts almost all imports of unprocessed scrap materials. China only allows imports of certain processed scrap materials, including "recycled raw materials" such as copper, steel, aluminum and brass that meet purity standards, pelletized scrap plastic and pulped scrap paper.

Since 2017, China has issued numerous measures that limit or ban imports of most scrap and recovered materials, such as certain types of plastic, paper and metals. China has also employed import licensing and inspection measures to restrict imports of scrap materials contrary to international standards and practices. Notably, China does not universally apply similar restrictions to domestic processers of domestically sourced scrap and recovered materials.

In 2020, China amended the *Law on the Prevention and Control of Environmental Pollution by Solid Waste*. This amended law is designed to "basically realize zero imports of solid waste."

U.S. exports to China of the unprocessed scrap and recovered materials covered by China's restrictive measures totaled $479 million in 2016, the year before China started to pursue its more restrictive policies. U.S. exports of these materials to China have been significantly reduced.

In addition to impacting the global market for scrap and recovered materials, the tightened restrictions have raised the costs of recycling in the United States, leading some communities to end recycling programs. While markets for U.S. scrap and recovered materials have shifted, taking up some of the lost exports to China, significant amounts of U.S. scrap materials have not found new buyers, leading to increased landfilling and incineration and increased demand for virgin materials globally.

Import Ban on Remanufactured Products

China prohibits the importation of remanufactured products, which it typically classifies as used goods. China also maintains restrictions that prevent remanufacturing process inputs (known as cores) from being imported into China's customs territory, except special economic zones. These import prohibitions and restrictions undermine the development of industries in many sectors in China, including mining, agriculture, healthcare, transportation and communications, because companies in these industries are unable to purchase high-quality, lower-cost remanufactured products produced outside of China. Nevertheless, China is apparently prepared to pay this price in order to limit imports of remanufactured goods.

LABOR

The Chinese government represses internationally recognized labor rights and does not adequately enforce existing prohibitions on forced labor. China has been the subject of international attention for its forced labor practices, especially in the Xinjiang Uyghur Autonomous Region (Xinjiang), where China has arbitrarily detained more than one million Uyghurs and other mostly Muslim minorities. Victims, news media and think tanks report that factories, including factories producing cotton and tomato products, frequently engage in coercive recruitment, limit workers' freedom of movement and communication and subject workers to constant surveillance, retribution for religious beliefs, exclusion from community and social life, and isolation. It is currently estimated that hundreds of thousands of Uyghurs, ethnic Kazakhs and members of other Muslim minority groups are being subjected to forced labor in China following detention. Based on the U.S. Government's independent analysis of these sources, the U.S. Government has taken several actions to address forced labor and other human rights abuses in Xinjiang.

U.S. Customs and Border Protection has issued several withhold release orders (WROs) pursuant to section 307 of the Tariff Act of 1930 based on information that reasonably indicates the use of detainee or prison labor and situations of forced labor in Xinjiang, including a region-wide WRO on cotton and tomato products from Xinjiang in January 2021. The scope of this WRO includes cotton and tomatoes and downstream products that incorporate these products as inputs.

In July 2021, the United States issued an updated Xinjiang Supply Chain Business Advisory for U.S. businesses whose supply chains run through Xinjiang, China. The advisory calls urgent attention to U.S. businesses' supply chain risks and identifies serious investing and sourcing considerations for businesses and individuals with exposure to entities engaged in forced labor and other human rights abuses linked to Xinjiang. The advisory also describes U.S. government actions taken to date to counter the use of forced labor in Xinjiang and to prohibit the importation of goods produced in whole or in part with forced labor or convict labor.

In December 2021, President Biden signed into law the Uyghur Forced Labor Prevention Act (UFLPA), which, among other things, establishes a rebuttable presumption that the importation of goods from Xinjiang is prohibited under section 307 of the Tariff Act of 1930. This rebuttable presumption took effect in June 2022.

In advance of the rebuttable presumption taking effect, several U.S. agencies hosted a public hearing on the use of forced labor in China. Witnesses, included private individuals, industry associations, consultancy and risk-management companies, civil society organizations, non-governmental organizations (NGOs), labor unions and others who shared their views on potential measures to prevent the importation of goods mined, produced or manufactured wholly or in part with forced labor in China into the United States. The UFLPA's Strategy, which was published in June 2022, takes this witness testimony into account. The main components of the Enforcement Strategy include (1) an assessment of the risk of importing goods made with forced labor in China, (2) the development of the UFLPA Entity List and descriptions of forced-labor schemes, (3) the consideration of efforts, initiatives and tools to identify and trace the origin of goods, (4) a description of relevant legal authorities and tools to prevent entry of violative goods, (5) a description of resources, (6) the development of importer guidance and (7) the development of a coordination plan with NGOs and the private sector.

In June 2022, President Biden issued the Memorandum on Combating Illegal, Unreported, and Unregulated Fishing and Associated Labor Abuses. The Memorandum notes that, if left unchecked, IUU fishing and associated labor abuses threaten the livelihoods and human rights of fishers around the world and will undermine U.S. economic competitiveness, national security and fishery sustainability. It also notes that this behavior will exacerbate the environmental and socioeconomic effects of climate change. In December 2022, the Treasury Department sanctioned individuals associated with China's distant water fishing vessels for serious human rights abuse, including forced labor, of workers aboard these vessels.

It also remains concerning that China does not adhere to certain other internationally recognized labor standards, including the freedom of association and effective recognition of the right to collective bargaining. Chinese law provides for the right to associate and form a union, but does not allow workers to form or join an independent union of their own choosing. Unions must affiliate with the official All-China Federation of Trade Unions (ACFTU), which is under the direction of the CCP. Workers at enterprises in China are required to accept the ACFTU as their representative. They cannot instead select another union or decide not to have any union representation. Only collective bargaining through the ACFTU is permitted, and there is no legal obligation for an employer to bargain in good faith. Striking is also prohibited.

SANITARY AND PHYTOSANITARY MEASURES

Overview

China remains a difficult and unpredictable market for U.S. agricultural exporters, largely because of inconsistent enforcement of regulations and selective intervention in the market by China's regulatory authorities. China's unwillingness to routinely follow science-based, international standards and guidelines and to apply regulatory enforcement in a transparent and rules-based manner further complicates and impedes agricultural trade.

Agricultural Biotechnology Approvals

The Chinese regulatory approval process for agricultural biotechnology products creates significant uncertainty among developers and traders, slowing commercialization of products and creating adverse trade impacts, particularly for U.S. exports of corn, soy and alfalfa. It continues to be inordinately lengthy, causing uncertainty among traders and limiting trade, particularly for U.S. exports of corn and alfalfa. In addition, the asynchrony between China's biotechnology product approvals and the product approvals made by other countries has widened considerably in recent years.

For many years, biotechnology product approvals by China's regulatory authorities mainly materialized only after high-level political intervention. In the Phase One Agreement, the United States was able to secure China's commitment to implement a transparent, predictable, efficient and science- and risk-based system for the review of products of agricultural biotechnology. The agreement also called for China to improve its regulatory authorization process for agricultural biotechnology products, including by completing reviews of products for use as animal feed or further processing within an average of no more than 24 months and by improving the transparency of its review process. China also agreed to work with importers and the U.S. government to address situations involving low-level presence of genetically engineered (GE) materials in shipments. In addition, China agreed to establish a regulatory approval process for all food ingredients derived from genetically modified microorganisms (GMMs), rather than continue to restrict market access to GMM-derived enzymes only.

In 2021, China held two meetings of the National Biosafety Committee (NBC), the body responsible for biosafety approval of GE products. In total, China issued new biosafety certificates for only two GE crops for import, both of which were cotton products. China also renewed existing biosafety certificates that were due to expire for 32 GE crops for import. In 2022, China held an NBC meeting in March that led only to one new biosafety certificate for a crop for import, a soybean product, while renewing existing certificates for 10 GE crops for import. The NBC also held a meeting in December resulting in the issuance of new biosafety certificates for six products that had been developed by U.S. companies. Three of them were cotton products, two of them were alfalfa products, and one of them was a canola product. All of the companies' applications had been pending for well over 24 months, including three for more than 10 years and two others for more than five years.

Meanwhile, since 2021, China has issued numerous approvals and renewals for Chinese developers. China has issued approximately 165 new biosafety certificates for products intended for domestic cultivation, including 126 new GE cotton products, eight new GE corn products and two new GE soybean product.

China's approach to agricultural biotechnology remains among the most significant commitments under the Phase One Agreement for which China has not demonstrated full implementation. There remains a significant lack of transparency regarding the procedures for convening meetings of the NBC, including regarding dates and agenda items for these meetings and the process for notifying applicants of outcomes and for soliciting additional information to support product applications. While the NBC is required to meet at least two times each year, the meetings are not held pursuant to a regular schedule, and information about the meetings is not widely shared with the public in a transparent and predictable manner. In addition, in conducting its approval process, China continues to ask for information that is not relevant to a product's intended use or information that applicants have previously provided. For this and other reasons, China has not reduced the average time for its approval process for agricultural biotechnology products for feed or further processing to no more than 24 months, as it had committed to do, even when taking into account the approvals issued following the December 2022 NBC meeting.

Food Safety Law

China's ongoing implementation of its 2015 *Food Safety Law* has led to the introduction of myriad new measures. These measures include exporter facility and product registration requirements for almost all food and agricultural products. Overall, China's notification of these measures to the WTO TBT Committee and the WTO Sanitary and Phytosanitary Committee (SPS Committee) has been uneven.

Despite facing strong international opposition and agreeing to a two-year implementation delay of an official certification requirement for all food products, China's regulatory authorities issued draft measures for public comment in November 2019 that would require the registration of all foreign food manufacturers. The United States submitted comprehensive written comments on the draft measures to China's regulatory authorities. The United States also raised concerns about them before the WTO TBT Committee and the WTO SPS

Committee. More than 15 WTO Members supported the concerns raised by the United States.

In April 2021, China's regulatory authorities issued final versions of these measures, now known as Decrees 248 and 249, with an implementation date of January 1, 2022. In correspondence delivered to foreign missions in Beijing in September 2021, China's regulatory authorities laid out a non-transparent, multi-tier system where producers of certain products are required to be registered by foreign regulatory authorities, while producers of other products are eligible to self-register. Decrees 248 and 249 also establish new labeling and conformity assessment requirements.

These Decrees and similar prior measures continue to place excessive strain on food producers, traders and exporting countries' regulatory authorities, with no apparent added benefit to food safety. They instead provide China with a tool to control food imports, as decided by China's state planners, and to retaliate against food producers from countries whose governments challenge Chinese government policies or practices in non-trade areas.

According to China's customs authorities, by July 1, 2023, certain foreign food producers will be required to upload additional detailed information to China's online facility registration portal, and foreign regulatory authorities will be required to review and certify the uploaded information. These tasks are fundamentally beyond the traditional roles of regulatory authorities. If implemented, these new requirements will impose even greater burdens on food manufacturers and food safety regulatory authorities and will therefore pose a new threat to food trade with China.

In the Phase One Agreement, China committed that it would not implement food safety regulations that are not science- or risk-based and that it would only apply food safety regulations to the extent necessary to protect human life or health. China also agreed to certain procedures for registering U.S. facilities that produce various food products. Despite repeated U.S. requests for clarification regarding the relationship between the facility registration procedures set forth in the Phase One Agreement and the requirements of Decrees 248 and 249, China has not provided sufficient information.

Poultry

Starting in February 2022, the United States notified China of detections of high pathogenicity avian influenza (HPAI) in multiple U.S. states. In the ensuing months, several states recovered from these detections, and they were deemed HPAI-free by the United States. The United States submitted reports to China for these states and requested approval to resume exporting poultry from these states to China. China has yet to confirm the restoration of market access.

In the Phase One Agreement, China agreed to maintain measures consistent with the World Organization for Animal Health (WOAH) guidelines for future outbreaks of avian influenza. China also agreed to sign a regionalization protocol within 30 days of entry into force of the agreement, which it did, to help avoid unwarranted nationwide animal disease restrictions in the future. This protocol requires that China resume acceptance of poultry imports from states with HPAI detections within five days of receiving a U.S. report that the states are HPAI-free.

Beef

In May 2017, China committed to allow the resumption of U.S. beef shipments into its market consistent with international food safety and animal health standards. However, China back-tracked one month later and insisted that it would retain certain conditions relating to veterinary drugs, growth promotants and animal health that were inconsistent with international food safety and animal health standards. For example, China insisted on maintaining a zero-tolerance ban on the use of beta-agonists and synthetic hormones commonly used by global cattle producers under strict veterinary controls and following Codex Alimentarius (Codex) guidelines. Beef from only about three percent of U.S. cattle qualified for importation into China under these conditions.

In the Phase One Agreement, China agreed to expand the scope of U.S. beef products allowed to be imported, to eliminate age restrictions on cattle slaughtered for export to China and to recognize the U.S. beef and beef products' traceability system. China also agreed to establish maximum residue levels (MRLs) for three synthetic hormones legally used for decades in the United States consistent with Codex standards and guidelines. Where Codex standards and guidelines do not yet exist, China agreed to use MRLs established by other countries that have performed science-based risk assessments.

While China confirmed to the United States that it had adopted Codex-consistent MRLs for use of the three synthetic hormones in beef, China still has not published the MRLs. The lack of publication contributes to regulatory ambiguity for U.S. beef producers and traders, who remain uncertain regarding which products will be allowed for import into China. China's failure to publish the MRLs is another example of China's inadequate implementation of the Phase One Agreement.

Pork

China maintains an approach to U.S. pork that is inconsistent with international standards, limiting the potential of an important export market given China's growing meat consumption and major shortages of domestic pork due to African swine fever. Specifically, China bans the use of certain veterinary drugs and growth promotants instead of accepting the MRLs set by Codex.

As part of the Phase One Agreement, China agreed to broaden the list of pork products that are eligible for importation, including processed products such as ham and certain types of offal that are inspected by the U.S. Department of Agriculture's Food Safety and Inspection Service for both domestic and international trade. China also agreed to conduct a risk assessment for ractopamine in swine and cattle as soon as possible and to establish a joint working group with the United States to discuss next steps based on the risk assessment. To date, China has not completed the risk assessment and therefore has not yet made any progress on next steps based on the risk assessment, which will need to include the establishment of MRLs or import tolerances.

TECHNICAL BARRIERS TO TRADE

Standards

The Chinese government continues to pursue improvements in its standards system, including by moving from a government-led system to one that incorporates both government guidance and "bottom up" input from the marketplace. At the same time, the Chinese government also continues to limit foreign participation in standards setting and, at times, pursue unique national standards for strategic reasons.

In January 2018, China's revised *Standardization Law* entered into force. Since then, China has issued numerous implementing measures, some of which contain positive references to the ability of foreign-invested enterprises to participate in China's standardization activities and purport to recognize the value of international standards. Unfortunately, many of these implementing measures cause concern for U.S. industry as they appear to focus on the development of Chinese standards without sufficient consideration being given to existing, internationally developed standards. In addition, they do not explicitly provide that all foreign stakeholders may participate on equal terms with domestic competitors in all aspects of the standardization process, and they fall short of explicitly endorsing internationally accepted best practices.

As these implementing measures have been issued, China's existing technical committees have continued to develop standards. U.S. and other foreign companies have reported that they are often not permitted to participate in these domestic standards-setting processes, and even in technical committees where participation has been possible for some foreign stakeholders, it has typically been on terms less favorable than those applicable to their domestic competitors. For example, the technical committee for cybersecurity standards (known as TC-260) allows foreign companies to participate in standards development and setting, with several U.S. and other foreign companies being allowed to participate in some of the TC-260 working groups. However, foreign companies are not universally allowed to participate as voting members, and they report challenges to participating in key aspects of the standardization process, such as drafting. They also remain prohibited from participating in certain TC-260 working groups, such as the working group on encryption standards.

Over the years, U.S. stakeholders have also reported that, in some cases, Chinese government officials have pressured foreign companies seeking to participate in the standards-setting process to license their technology or intellectual property on unfavorable terms. In addition, China has continued to pursue unique national standards in a number of high technology areas where international standards already exist. The United States continues to press China to address these specific concerns, but to date this bilateral engagement has yielded minimal progress.

Notably, U.S. concerns about China's standards regime are not limited to the implications for U.S. companies' access to China's market. China's ongoing efforts to develop unique national standards aims eventually to serve the interests of Chinese companies seeking to compete globally, as the Chinese government's vision is to use the power of its large domestic market to influence the development of international standards. The United States remains very concerned about China's policies with regard to standards and has expressed, and will continue to express, concerns to China bilaterally and multilaterally as China continues to develop and issue implementing measures for its revised *Standardization Law*.

In October 2021, the Central Committee of the Chinese Communist Party and the State Council issued the *Outline for the Development of National Standardization*, which set targets for China's standardization system. It reiterates the desire for China's standardization system to be both guided by the government and driven by the market. It also calls for China's standardization system to refocus from quantity to quality and to shift from a domestic focus to an equal domestic and international focus. In addition, it calls for standards to support not just a particular industry, but also the economy and society as a whole.

The October 2021 *Outline for the Development of National Standardization* is partly based on an initiative that China announced in 2019, known as *China Standards 2035*. A lack of transparency with regard to the initiative's findings is troubling, particularly given longstanding global concerns about inadequate foreign participation in China's standards-setting processes, China's use of standards that differ from international standards without basis and certain licensing practices in China's standards-setting processes.

Cosmetics

Over the past several years, the United States and U.S. industry have engaged with China's Food and Drug Administration (CFDA) and its successor, the National Medical Products Administration (NMPA), to highlight serious concerns with China's regulation of cosmetics. Currently, the regulation of cosmetics in China is governed by the Cosmetics Supervision and Administration Regulation (CSAR), which was issued in June 2020 and entered into effect in January 2021. The United States has repeatedly raised serious concerns with the CSAR and its numerous implementing measures, both bilaterally and in meetings of the WTO TBT Committee and the

Council for Trade in Goods, as have several other WTO Members.

The CSAR implementing measures contain provisions that would require companies to disclose full product formulations, ingredient suppliers, manufacturing methods, claims and safety data to both NMPA and local agents in China when products are registered or notified. In addition, these measures require companies to publish claims abstracts that may contain trade secrets and confidential business information on NMPA's website. The United States has expressed concern to China that its regulators are applying the same approach to general and special cosmetics as is used with drugs and medical devices, despite the generally lower risk in cosmetics. China's filing and registration requirements for cosmetics also significantly diverge from those in other major markets and do not align with international standards, making compliance very burdensome for importers.

The United States is particularly concerned that the CSAR implementing measures do not provide adequate assurances as to how undisclosed information, trade secrets and confidential business information will be protected from unauthorized disclosure. China also has not addressed requests from the United States and cosmetics right holders that NMPA provide a legally enforceable mechanism to monitor and protect the trade secrets and confidential business information typically identified by companies in their cosmetics filings.

In addition, China continues to require duplicative in-country testing to assess many product and ingredient safety and performance claims, without considering the applicability of international data or other means of establishing conformity. In response to U.S. concerns, China indicated that it would allow foreign laboratories with facilities in China to conduct its required testing. However, this change does not address the burden of China's requirement, which does not consider the applicability of testing conducted via internationally recognized laboratories outside of China, as well as other means used by foreign regulators and industries to assess the conformity of product and ingredient safety and performance claims.

The United States also questions China's assertion that its cosmetics good manufacturing practices (GMP) requirements provide equal treatment for imported and domestic general and special cosmetics. If the government of a cosmetics importer does not issue GMP or manufacturing export certificates, the only means that China provides to establish conformity with China's GMP for general cosmetics is animal testing. The United States and other WTO Members have made repeated requests that China consider the many alternative means available to establish GMP conformity, including utilizing second party or third party certificates based upon the ISO 22716 Cosmetics GMP Guidelines. China also provides no means for exemptions regarding GMP for imported special cosmetics.

In sum, after years of the United States engaging with China bilaterally and via the International Cooperation on Cosmetics Regulation, the WTO and other fora to share views and expertise regarding the regulation of cosmetics, China has not yet addressed key U.S. concerns, including the use of international standards and good regulatory practices to facilitate cosmetics conformity assessment and avoid discriminatory treatment, nor has it provided confidence that U.S. intellectual property will be protected. Until China addresses these concerns, many U.S. companies will be impeded in accessing, or simply unable to access, the China market.

INVESTMENT RESTRICTIONS

China seeks to protect many domestic industries through a restrictive investment regime. Many aspects of China's current investment regime continue to cause serious concerns for foreign investors. For example, China's *Foreign Investment Law* and implementing regulations, both of which entered into force in January 2020, perpetuate separate regimes for domestic investors and investments and foreign investors and investments and invite opportunities for discriminatory treatment.

There has also been a lack of substantial liberalization of China's investment regime, evidenced by the continued application of prohibitions, foreign equity caps and joint venture requirements and other restrictions in certain sectors. China's most recent version of its *Foreign Investment Negative List*, which entered into force in January 2022, leaves in place significant investment restrictions in a number of areas important to foreign investors, such as key services sectors, agriculture, certain extractive industries and certain manufacturing industries. With regard to services sectors in particular, China maintains prohibitions or restrictions in key sectors such as cloud computing services and other Internet-related services, telecommunications services, film production and film distribution services, and video and entertainment software services.

China's *Foreign Investment Law*, implementing regulations and other related measures suggest that China is pursuing the objective of replacing its case-by-case administrative approval system for a broad range of investments with a system that would only be applied to "restricted" sectors. However, it currently remains unclear whether China is fully achieving that objective in practice. Moreover, even for sectors that have been liberalized, the potential for discriminatory licensing requirements or the discriminatory application of licensing processes could make it difficult to achieve meaningful market access. In addition, the potential for a new and overly broad national security review mechanism, and the increasingly adverse impact of China's *Cybersecurity Law*, *Data Security Law* and *Personal Information Protection Law* and related implementing measures, including ones that unduly restrict cross-border data flows and impose data localization requirements, have serious negative implications for foreign investors and investments. Foreign companies also continue to report that Chinese government officials may condition investment approval on a requirement that a foreign company transfer technology, conduct research and development (R&D) in China, satisfy performance requirements relating to exportation or the use of local content or make valuable, deal-specific commercial concessions.

Over the years, the United States has repeatedly raised concerns with China about its restrictive investment regime. Given that China's investment restrictions place pressure on U.S. companies to transfer technology to Chinese companies, they were a focus of USTR's Section 301 investigation. The responsive actions taken by the United States in that investigation are intended in part to address this concern.

COMPETITION POLICIES

In March 2018, as part of a major government reorganization, China announced the creation of the State Administration for Market Regulation (SAMR), a new agency that incorporated the former anti-monopoly enforcement authorities from the National Development and Reform Commission (NDRC), MOFCOM and the State Administration of Industry and Commerce (SAIC) into one of its bureaus. It had been hoped that more centralized anti-monopoly enforcement would lead to policy adjustments that address the serious concerns raised by the United States and other WTO Members in this area, but to date it does not appear to have led to significant policy adjustments.

In November 2021, China elevated the status of SAMR's anti-monopoly bureau, by designating a vice minister as its official-in-charge and re-naming it the National Anti-monopoly Bureau. It remains to be seen how this elevated status will impact anti-monopoly policy enforcement in China.

In June 2022, the National People's Congress Standing Committee passed amendments to the *Anti-Monopoly Law*. These amendments gave SAMR expanded authority to evaluate and investigate potential anti-competitive behavior, as well as the authority to impose higher fines, up to 50 percent of an alleged violator's annual sales, in order to punish actions determined to be anti-competitive.

As previously reported, China's implementation of the *Anti-monopoly Law* has generated various concerns. A key concern is the extent to which the *Anti-monopoly Law* is applied to foreign companies as opposed to state-owned enterprises. While Chinese regulatory authorities have clarified that the *Anti-monopoly Law* does apply to state-owned enterprises, to date they have brought enforcement actions primarily against provincial government-level state-owned enterprises, rather than central government-level state-owned enterprises under the supervision of SASAC. In addition, provisions in the *Anti-monopoly Law* protect the lawful operations of state-owned enterprises and government monopolies in industries deemed nationally important. Many U.S. companies have cited selective enforcement of the *Anti-monopoly Law* against foreign companies seeking to do business in China as a major concern, and they have highlighted the comparatively limited enforcement of this law against state-owned enterprises.

Another concern expressed by U.S. industry is that remedies imposed on U.S. and other foreign-owned companies in merger cases do not always appear to be aimed at restoring competition. Instead, these remedies seem to be designed to further China's industrial policy goals, such as when the regulatory authorities seek to require the transfer of technology or a reduction in licensing fees for intellectual property.

U.S. industry has also expressed concern about insufficient predictability, procedural fairness and transparency in *Anti-monopoly Law* investigative processes of foreign companies. For example, U.S. industry reports that, through the threat of steep fines and other penalties, China's regulatory authorities have pressured foreign companies to "cooperate" in the face of unspecified allegations and have discouraged or prevented foreign companies from bringing counsel to meetings. In addition, U.S. companies continue to report that the Chinese regulatory authorities sometimes make "informal" suggestions regarding appropriate company behavior, including how a company is to behave outside China, strongly suggesting that a failure to comply may result in investigations and possible punishment. More recently, high-level policy statements suggest increased *Anti-monopoly Law* enforcement where technology owned or controlled by foreign companies allegedly implicates national security concerns or implicates technology being prioritized for indigenous innovation in China.

In 2021, a local intermediate court in China issued a decision finding that certain intellectual property developed by a foreign company was an "essential facility" and that the foreign company's failure to license this intellectual property to particular Chinese companies, the plaintiffs in a series of related cases, constituted an abuse of dominance exposing the foreign company to civil liability and mandatory licensing requirements – notwithstanding the foreign company's existing licenses to other Chinese companies. This legal decision, currently on appeal to China's Supreme People's Court, raises concerns that China's regulatory authorities may target foreign patent holders for *Anti-monopoly Law* enforcement, especially in areas of technology being prioritized for indigenous innovation in China.

State-directed mergers of state-owned enterprises are also a concern. SAMR does not provide sufficient information about decisions made regarding these "administrative mergers," so it is not clear how SAMR evaluates them. It is possible for these transactions to provide the merged company with excessive market power that can be used anti-competitively in China and in markets around the world.

Given the state-led nature of China's economy, the need for careful scrutiny of anti-competitive government restraints and regulation is high. The *Anti-monopoly Law's* provisions on the abuse of administrative (i.e., government) power are potentially important instruments for reducing the government's interference in markets and for promoting the establishment and maintenance of increasingly competitive markets in China. The State Council's adoption of the *Opinions on Establishing a Fair Competition Review System* in 2016 reflects a useful widening of oversight by China's anti-monopoly enforcement agencies over undue government restraints on competition and anti-competitive regulation of competition. However, implementing measures contain a broad list of exemptions, including for national economic security, cultural security, national defense construction, poverty alleviation, disaster relief and general "public interest" considerations. It appears unlikely that the Fair Competition Review System established by the *Opinions on Establishing a Fair Competition Review System* will be able to achieve its stated goals, given China's continuing efforts to ensure a strong role for the state in China's economy.

EXPORT POLICIES

Export Restraints

Over the years, China has deployed a combination of export restraints, including export quotas, export licensing, minimum export prices, export duties and other restrictions, on a number of raw material inputs where it holds the leverage of being among the world's leading producers. In many instances, through these export restraints, it appears that China has been able to provide substantial economic advantages to a wide range of downstream producers in China at the expense of foreign downstream producers, while creating pressure on foreign downstream producers to move their operations, technologies and jobs to China.

In 2013, China removed its export quotas and duties on several raw material inputs of key interest to the U.S. steel, aluminum and chemicals industries after the United States won a dispute settlement case against China at the WTO. In 2014, the United States won a second WTO case, focusing on China's export restraints on rare earths, tungsten and molybdenum, which are key inputs for a multitude of U.S.-made products, including hybrid automobile batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum and chemicals. China removed those export restraints in 2015. In 2016, the United States launched a third WTO case challenging export restraints maintained by China. The challenged export restraints include export quotas and export duties maintained by China on various forms of 11 raw materials, including antimony, chromium, cobalt, copper, graphite, indium, lead, magnesia, talc, tantalum and tin. These raw materials are key inputs in important U.S. manufacturing industries, including aerospace, automotive, construction and electronics. While China appears to have removed the challenged export restraints, the United States continues to monitor the situation. In the United States' view, it is deeply concerning that the United States was forced to bring multiple cases to address the same obvious WTO compliance issues.

A more recent concern involves China's potential regulation of rare earth exports under its export controls regime. In this regard, the Ministry of Industry and Information Technology issued the draft *Regulations on the Administration of Rare Earths* for public comment in January 2021, and one of the provisions in the draft measure provides that rare earth exporters need to abide by laws and regulations in the area of export controls.

In November 2021, China announced an export ban on certain fertilizers. Despite repeated requests from its trading partners to lift this export ban and help address growing international concern over rising commodity prices and disrupted global supply chains, China continues to impose this export ban.

Meanwhile, U.S. companies report that China has also instituted export restrictions on corn starch. To date, however, the Chinese government still has not published an official notice.

VAT Rebates and Related Policies

As in prior years, in 2021, the Chinese government attempted to manage the export of many primary, intermediate and downstream products by raising or lowering the VAT rebate available upon export. China sometimes reinforces its objectives by imposing or retracting export duties. These practices have caused tremendous disruption, uncertainty and unfairness in the global markets for some products, particularly downstream products for which China is a leading world producer or exporter, such as products made by the steel, aluminum and soda ash industries. These practices, together with other policies, such as excessive government subsidization, have also contributed to severe excess capacity in these same industries.

An apparently positive development took place at the July 2014 S&ED meeting, when China committed to improve its VAT rebate system, including by actively studying international best practices, and to deepen communication with the United States on this matter, including regarding its impact on trade. Once more, however, this promise remains unfulfilled. To date, China has not made any movement toward the adoption of international best practices.

INTELLECTUAL PROPERTY PROTECTION

Overview

After its accession to the WTO, China undertook a wide-ranging revision of its framework of laws and regulations aimed at protecting the intellectual property rights of domestic and foreign right holders, as required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement). Despite various plans and directives issued by the State Council, inadequacies in China's intellectual property protection and enforcement regime continue to present serious barriers to U.S. exports and investment. As a result, China was again placed on the Priority Watch List in USTR's 2022 Special 301 Report. In addition, in February 2022, USTR announced the results of its 2021 Review of Notorious Markets, which identifies online and physical markets that exemplify key challenges in the global struggle against piracy and counterfeiting and explains the harm not only to U.S. businesses, but also to U.S. workers. Several markets in China were among those named as notorious markets.

The Phase One Agreement addresses numerous longstanding U.S. concerns relating to China's inadequate intellectual property protection and enforcement. Specifically, the agreement requires China to revise its legal and regulatory regimes in a number of ways in the areas of trade secrets, pharmaceutical-related intellectual property, patents, trademarks and geographical indications. In addition, the agreement requires China to make numerous changes to its judicial procedures and to establish deterrent-level penalties. China must also take a number of steps to strengthen enforcement against pirated and counterfeit goods, including in the online environment, at physical markets and at the border.

China has published a number of draft measures for comment and issued some final measures relating to implementation of the intellectual property chapter of the Phase One Agreement. Notably, China amended the *Patent Law*, the *Copyright Law* and the *Criminal Law*. China has also reported increased enforcement actions against counterfeit medicines and increased customs actions against pirated and counterfeit goods. At the same time, China has outstanding work to finalize the draft measures that it has published and to publish other draft measures in accordance with the Intellectual Property Action Plan that it released in April 2020, such as certain patent, geographical indications and trade secret measures. In addition, China has yet to demonstrate that it has published data on enforcement actions online on a regular basis, increased enforcement actions against counterfeits with health and safety risks and at physical markets, increased training of customs personnel or ensured the use of only licensed software in government agencies and state-owned enterprises. The United States continues to monitor China's implementation of the intellectual property chapter of the Phase One Agreement, including the impact of the final measures that have been issued.

Trade Secrets

Serious inadequacies in the protection and enforcement of trade secrets in China have been the subject of high-profile engagement between the United States and China in recent years. Several instances of trade secret theft for the benefit of Chinese companies have occurred both within China and outside of China. Offenders in many cases continue to operate with impunity. Particularly troubling are reports that actors affiliated with the Chinese government and the Chinese military have infiltrated the computer systems of U.S. companies, stealing terabytes of data, including the companies' proprietary information and intellectual property, for the purpose of providing commercial advantages to Chinese enterprises.

In high-level bilateral dialogues with the United States over the years, China has committed to issue judicial guidance to strengthen its trade secrets regime. China has also committed not to condone state-sponsored misappropriation of trade secrets for commercial use. In addition, the United States has urged China to make certain key amendments to its trade secrets-related laws and regulations, particularly with regard to a draft revision of the *Anti-unfair Competition Law*. The United States has also urged China to take actions to address inadequacies across the range of state-sponsored actors and to promote public awareness of trade secrets disciplines.

At the November 2016 JCCT meeting, China claimed that it was strengthening its trade secrets regime and bolstering several areas of importance, including the availability of evidence preservation orders and damages based on market value as well as the issuance of a judicial interpretation on preliminary injunctions and other matters. In 2016 and 2017, China circulated proposed revisions to the *Anti-unfair Competition Law* for public comment. China issued the revised law in November 2017, effective January 2018. Despite improvements in the protection of trade secrets relative to prior law, the final measure reflects a number of missed opportunities for the promotion of effective trade secrets protection. China subsequently amended the *Anti-unfair Competition Law*, the *Foreign Investment Law* and the *Administrative Licensing Law*, but the amendments still do not fully address critical shortcomings in the scope of protections and obstacles to enforcement. In 2022, China published additional draft amendments to the *Anti-Unfair Competition Law*, but they contain few changes to the law's trade secrets provisions.

The Phase One Agreement significantly strengthens protections for trade secrets and enforcement against trade secret theft in China. In particular, the chapter on intellectual property requires China to expand the scope of civil liability for misappropriation beyond entities directly involved in the manufacture or sale of goods and services, to cover acts such as electronic intrusions as prohibited acts of trade secret theft and to shift the burden of proof in civil cases to the defendants when there is a reasonable indication of trade secret theft. It also requires China to make it easier to obtain preliminary injunctions to prevent the use of stolen trade secrets, to allow for initiation of criminal investigations without the need to show actual losses, to ensure that criminal enforcement is available for willful trade secret misappropriation and to prohibit government personnel and third party experts and advisors from engaging in the unauthorized disclosure of undisclosed information, trade secrets and confidential business information submitted to the government.

In 2020, China published various measures relating to civil, criminal and administrative enforcement of trade secrets. In September 2020, the Supreme People's Court issued the *Provisions on Several Issues Concerning the Application of Law in Civil Cases of Trade Secret Infringement* and *the*

Interpretation III on Several Issues Concerning the Application of Law in Handling Criminal Cases of Infringement of Intellectual Property Rights. In September 2020, the Supreme People's Procuratorate (SPP) and the Ministry of Public Security (MPS) also issued the *Decision on Amendment of Docketing for Prosecution of Criminal Trade Secrets Infringement Cases Standards*. These measures relate to issues such as the scope of liability for trade secret misappropriation, prohibited acts of trade secret theft, preliminary injunctions and thresholds for initiations of criminal investigations for trade secret theft. In December 2020, the National People's Congress passed amendments to the *Criminal Law* that included changes to the thresholds for criminal investigation and prosecution and the scope of criminal acts of trade secret theft. The *Criminal Law* amendments require revisions to certain previously issued judicial interpretations and prosecution standards. However, two years after the passage of the *Criminal Law* amendments, these other measures remain unchanged, and implementation of the *Criminal Law* amendments therefore remains incomplete. The United States will continue to monitor the effectiveness of all of these measures.

Bad Faith Trademark Registration

The continuing registration of trademarks in bad faith in China remains a significant concern. For example, so-called "trademark squatters" have attempted to take advantage of the fact that a genuine trademark owner has not yet registered its trademark in China by registering that trademark and then trying to sell it to the genuine trademark owner. Bad faith trademark registration also occurs when trademarks intending to deceive or confuse consumers are registered.

At the November 2016 JCCT meeting, China publicly noted the harm that can be caused by bad faith trademarks and asserted that it was taking further steps to combat bad faith trademark filings. Amendments to the *Trademark Law* made in 2019 and subsequent implementing measures require the disallowance of bad faith trademark applications. However, implementation by China to date suggests that right holders remain insufficiently protected, as bad faith trademarks remain widespread and problems persist with the large number of inconsistent decisions and low rate of success for oppositions. As a result of these deficiencies, U.S. companies across industry sectors continue to face Chinese applicants registering their marks and "holding them for ransom" or seeking to establish a business building off of U.S. companies' global reputations. The Phase One Agreement requires China to address longstanding U.S. concerns regarding bad-faith trademark registration, such as by invalidating or refusing bad faith trademark applications. The United States will continue to monitor developments in this area of long-standing concern closely.

Online Infringement

Online piracy continues on a large scale in China, affecting a wide range of industries, including those involved in distributing legitimate music, motion pictures, books and journals, software and video games. While increased enforcement activities have helped stem the flow of online sales of some pirated offerings, much more sustained action and attention is needed to make a meaningful difference for content creators and right holders, particularly small and medium-sized enterprises. In response to the COVID-19 pandemic, reports indicate that many infringers have moved online to distribute their pirated and counterfeit goods, which further increases the need for targeted and sustained enforcement measures in the online environment.

The United States has urged China to consider ways to create a broader policy environment to help foster the growth of healthy markets for licensed and legitimate content. The United States has also urged China to revise existing rules that have proven to be counterproductive.

At the November 2016 JCCT meeting, China agreed to actively promote electronic commerce-related legislation, strengthen supervision over online infringement and counterfeiting, and work with the United States to explore the use of new approaches to enhance online enforcement capacity. In December 2016 and November 2017, China published drafts of a new *E-Commerce Law* for public comment. In written comments, the United States stressed that the final version of this law should not undermine the existing notice-and-takedown system and should promote effective cooperation in deterring online infringement. In August 2018, China adopted its new *E-Commerce Law*, which entered into force in January 2019. This law was an opportunity for China to institute strong provisions on intellectual property protection and enforcement for its electronic commerce market, which is now the largest in the world. However, as finalized, the law instead introduced provisions that weaken the ability of right holders to protect their rights online and that alleviate the liability of China-based electronic commerce platforms for selling counterfeit and other infringing goods.

The Phase One Agreement requires China to provide effective and expeditious action against infringement in the online environment, including by requiring expeditious takedowns and by ensuring the validity of notices and counter-notifications. It also requires China to take effective action against electronic commerce platforms that fail to take necessary measures against infringement.

In May 2020, the National People's Congress issued the *Civil Code*, which included updated notice-and-takedown provisions. In September 2020, the SPC issued *Guiding Opinions on Hearing Intellectual Property Disputes Involving E-Commerce Platform* and the *Official Reply on the Application of Law in Network-Related Intellectual Property Infringement Disputes*. These measures relate to issues such as expeditious takedowns and the validity of notices and counter-notifications, but have only recently taken effect. In November 2020, the National People's Congress adopted long-pending amendments to the *Copyright Law*, including provisions relating to increasing civil remedies for copyright infringement, new rights of public performance and broadcasting for producers of sound recordings, and protections against circumvention of technological protection measures. Right holders have welcomed these developments but have noted the need for effective implementation as well as new measures to address online piracy. The United States will closely monitor the impact of these measures going forward.

More recently, in August 2021, SAMR issued draft amendments to the *E-Commerce Law* for public comment. These draft amendments further attempt to address concerns that have been raised about procedures and penalties under China's notice-and-takedown system.

Counterfeit Goods

Counterfeiting in China remains widespread and affects a wide range of goods. In April 2019, China amended its *Trademark Law*, effective November 2019, to require civil courts to order the destruction of counterfeit goods, but these amendments still do not provide the full scope of civil remedies for right holders. One of many areas of particular U.S. concern involves medications. Despite years of sustained engagement by the United States, China still needs to improve its regulation of the manufacture of active pharmaceutical ingredients to prevent their use in counterfeit and substandard medications. At the July 2014 S&ED meeting, China committed to develop and seriously consider amendments to the *Drug Administration Law* that will require regulatory control of the manufacturers of bulk chemicals that can be used as active pharmaceutical ingredients. At the June 2015 S&ED meeting, China further committed to publish revisions to the *Drug Administration Law* in draft form for public comment and to consider the views of the United States and other relevant stakeholders. In October 2017, China published limited draft revisions to the *Drug Administration Law* and stated that future proposed revisions to the remainder of this law would be forthcoming. Although the final *Drug Administration Law*, issued in August 2019, requires pharmaceuticals products and active pharmaceutical ingredients to meet manufacturing standards, it remains unclear how these requirements will be implemented or enforced.

The Phase One Agreement requires China to take effective enforcement action against counterfeit pharmaceuticals and related products, including active pharmaceutical ingredients, and to significantly increase actions to stop the manufacture and distribution of counterfeits with significant health or safety risks. The agreement also requires China to provide that its judicial authorities shall order the forfeiture and destruction of pirated and counterfeit goods, along with the materials and implements predominantly used in their manufacture. In addition, the agreement requires China to significantly increase the number of enforcement actions at physical markets in China and against goods that are exported or in transit. It further requires China to ensure, through third party audits, that government agencies and state-owned enterprises only use licensed software.

In August 2020, SAMR issued the *Opinions on Strengthening the Destruction of Infringing and Counterfeit Goods*, and the State Council amended the *Provisions on the Transfer of Suspected Criminal Cases by Administrative Organs for Law Enforcement*, which relate to the transfer of intellectual property cases from administrative authorities to criminal authorities. China has reported increased enforcement actions against counterfeit medicines and increased customs actions against pirated and counterfeit goods, but it also needs to show that it has increased enforcement actions against counterfeits with health and safety risks and at physical markets, increased training of customs personnel and ensured the use of only licensed software in government agencies and state-owned enterprises.

PHARMACEUTICALS AND MEDICAL DEVICES

Pharmaceuticals

For several years, the United States has pressed China on a range of pharmaceuticals issues. These issues have related to matters such as overly restrictive patent application examination practices, regulatory approvals that are delayed or linked to extraneous criteria, weak protections against the unfair commercial use and unauthorized disclosure of regulatory data, issues with the implementation of an efficient mechanism to resolve patent infringement disputes, and restrictions on receiving patent term extensions for unreasonable marketing approval delays. In particular, China's narrow definition of "new drug" as a drug that has not been marketed anywhere else before it is launched in China continues to have negative implications for China's provision of patent term extensions for unreasonable marketing approval delays and China's potential implementation of regulatory data protection, and it may indirectly pressure foreign companies to bring their products to China first regardless of patient demand or other important factors. While China has implemented some helpful reforms, the United States still has many of the same concerns with China's pharmaceutical market, especially as it pertains to treatment of foreign companies.

CFDA also issued several draft notices in 2017 setting out a conceptual framework to protect against the unfair commercial use and unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products. In addition, this proposed framework sought to promote the efficient resolution of patent disputes between right holders and the producers of generic pharmaceuticals. However, in 2018, CFDA's successor agency, NMPA, issued draft *Drug Registration Regulations* and draft implementing measures on drug trial data that would preclude or condition the duration of regulatory data protection on whether clinical trials and first marketing approval occur in China. Subsequently, China issued a revised *Drug Administration Law* in 2019, followed by NMPA's revised draft *Drug Registration Regulations* in 2020 and NMPA's revised draft *Drug Administration Law Implementing Regulations* in 2021. Despite the opportunities that these revised draft measures afforded China's regulatory authorities, the concerning limitations on regulatory data protection have not been removed.

Since 2018, volume-based procurement has presented a new market access complication for foreign suppliers of pharmaceuticals, largely because of the opaque and unpredictable nature of the bidding processes. In November 2018, a National Drug Centralized Procurement Pilot Scheme was launched. Then, in January 2019, the State Council issued a Pilot Plan for National Centralized Drug Procurement and Use. In December 2021, the National Healthcare Security Administration published the 2021 edition of its annual National Reimbursement Drug List, which became effective on January 1, 2022. U.S. industry also cites the need for increased transparency and greater harmony between national and provincial bidding processes as well as a greater emphasis on a competitive, market-based approach to evaluating a product's value and relevant bids.

As part of the Phase One Agreement, the two sides agreed that China would establish a nationwide mechanism for the early resolution of potential pharmaceutical patent disputes that covers both small molecule drugs and biologics, including a cause of action to allow a patent holder to seek expeditious remedies before the marketing of an allegedly infringing product. The United States has been working closely with U.S. industry to monitor developments and to ensure that China's new system works as contemplated. Separately, the agreement also provides for patent term extensions to compensate for unreasonable patent and marketing approval delays that cut into the effective patent term as well as for the use of supplemental data to meet relevant patentability criteria for pharmaceutical patent applications. The United States and China agreed to address data protection for pharmaceuticals in future negotiations.

In October 2020, China amended the *Patent Law* to provide for patent term extensions for unreasonable patent and marketing approval delays, and it also added a mechanism for the early resolution of potential patent disputes, known as patent linkage. Implementing measures for the patent linkage mechanism were issued in July 2021, as NMPA and CNIPA jointly issued the *Trial Implementation Measures for the Mechanism for Early Resolution of Drug Patent Disputes* and the Supreme People's Court issued the *Regulations on Several Issues Concerning the Application of Law in the Trial of Civil Patent Disputes Related to Drug Registration Application*. In 2021 and 2022, CNIPA issued draft implementing rules for the amended *Patent Law* and drafts of amendments to the *Patent Examination Guidelines*. Among other things, U.S. right holders have expressed concern about China's implementation of patent term extensions for unreasonable marketing approval delays, including China's use of unfair localization requirements and limits on the type of protection provided. Going forward, the United States will continue to monitor closely China's progress in implementing its commitments, with regard to both patent term extensions for unreasonable patent and marketing approval delays and the patent linkage mechanism.

Medical Devices

For many years, working closely with U.S. industry, the United States has raised concerns about China's pricing and tendering procedures for medical devices and its discriminatory treatment of imported medical devices. At the November 2015 JCCT meeting, China did commit that, in terms of accessing the market, it will give imported medical devices the same treatment as medical devices manufactured or developed domestically. Unfortunately, this promise has not been fulfilled. China continues to pursue a wide range of policies that direct China's purchasing authorities to prioritize the procurement of domestic medical device manufacturers over imported medical device manufacturers.

In recent years, the United States has continued to press China's regulatory authorities to develop sound payment systems that are transparent, predictable and competitive. The United States has also urged China to adequately recognize quality, safety and the costs of R&D in its approach to procurement policy.

In 2019, China's State Council launched a volume-based procurement (VBP) approach for medical devices in a few provinces and municipalities in an attempt to cut healthcare costs. Since then, the VBP approach has become further engrained in China's system, with the formation of multi-province and municipal alliances to conduct joint procurements under VBP. In 2020, China implemented its first national VBP tender, which has been followed by additional national tenders in 2021 and 2022. In practice, implementation of China's VBP prioritizes cost over the product's value or quality. With China perceiving the resulting price cuts as successes, U.S. industry expects that China will continue to expand the categories of medical devices subject to VBP in the future.

According to U.S. industry, if China continues to pursue VBP without significant changes, it could lead to the creation of a low-cost, low-quality medical devices sector and low-quality monopolies in China, which would operate to the disadvantage of innovative medical device companies, many of which are foreign companies, and the patients who rely on advanced medical technologies. Currently, medical device companies that are successful at winning bids often have very thin profit margins or even lose money. Reportedly, some medical device companies are reducing training to healthcare providers in order to offer the expected price cuts. In addition, given the size of China's medical device market, low-quality monopolies from China could expand and then prioritize exports of their medical devices to third countries. With the choice between a higher cost but more effective product or a lower cost, lower quality product, countries with greater budget constraints, and greater vulnerability to Chinese influence, may be more inclined to procure China's offerings. Overall, China's VBP approach poses a risk to the medical device sector and the provision of high-quality medical treatment worldwide.

In July 2022, China's Ministry of Finance issued a revised *Government Procurement Law*. While China has a history of distributing unofficial, non-public guidance to give preference to domestic over foreign medical devices companies, China's revisions to the *Government Procurement Law* also officially expands the coverage of products for which domestic alternatives should be given preference.

Meanwhile, the *Made in China 2025* industrial plan announced by the State Council in 2015 seeks to prop up China's domestic medical device sector through a series of support policies, including targeted funds and procurement policies. The goal of these policies is to significantly increase the market share of domestically owned and domestically manufactured medical devices, and correspondingly decrease market share of foreign medical devices, by 2025. At the same time, some provincial governments directly subsidize the purchase of domestically manufactured medical devices. In addition, some provincial governments have issued guidelines urging medical institutions to prioritize the procurement of local medical equipment over imported equipment. In at least one province, the guidelines suggest that only imported medical devices for which there is not a domestic replacement will be eligible for procurement. Going forward, the United States will continue to urge China to provide foreign medical devices with fair and equal access to China's market.

U.S. industry also reports that while sub-central governments in China have always provided some financial support to domestic medical devices companies, their support appears to have increased between 2020 and 2022. U.S. industry notes that this trend could be attributed to either the COVID-19 pandemic or China's five-year industrial plan for medical equipment covering the years 2021 to 2025, or perhaps both. The United States will monitor this situation closely and will encourage China to be transparent in its approach.

SERVICES

Overview

The prospects for U.S. service suppliers in China should be promising, given the size of China's market. Nevertheless, the U.S. share of China's services market remains well below the U.S. share of the global services market, and the Organization for Economic Cooperation and Development continues to rate China's services regime as one of the most restrictive among the world's major economies.

In 2022, numerous challenges persisted in a number of services sectors. As in past years, Chinese regulators continued to use discriminatory regulatory processes, informal bans on entry and expansion, case-by-case approvals in some services sectors, overly burdensome licensing and operating requirements, and other means to frustrate the efforts of U.S. suppliers of services to achieve their full market potential in China. These policies and practices affect U.S. service suppliers across a wide range of sectors, including cloud computing, telecommunications, film production and distribution, online video and entertainment services, express delivery and legal services. In addition, China's *Cybersecurity Law* and related implementing measures include mandates to purchase domestic information and communications technology (ICT) products and services, while China's *Cybersecurity Law*, *Data Security Law* and *Personal Information Protection Law* and related implementing measures include excessive restrictions on cross-border data flows, and requirements to store and process data locally. These types of data measures undermine U.S. services suppliers' ability to take advantage of market access opportunities in China by prohibiting or severely restricting cross-border transfers of information that are routine in the ordinary course of business and are fundamental to any business activity. China also has failed to fully address U.S. concerns in areas that have been the subject of WTO dispute settlement, including electronic payment services and theatrical film importation and distribution.

The Phase One Agreement, signed in January 2020, addresses a number of longstanding trade and investment barriers to U.S. providers of a wide range of financial services, including banking, insurance, securities, asset management, credit rating and electronic payment services, among others. The barriers addressed in the agreement include joint venture requirements, foreign equity limitations and various discriminatory regulatory requirements. Removal of these barriers should allow U.S. financial service providers to compete on a more level playing field and expand their services export offerings in the China market. Nevertheless, China's excessive restrictions on cross-border data flows could continue to create significant challenges for U.S. financial service providers in China.

Banking Services

Although China has opened its banking sector to foreign competition in the form of wholly foreign-owned banks, China has maintained restrictions on market access in other ways that have kept foreign banks from establishing, expanding and obtaining significant market share in China. Recently, however, China has taken some steps to ease or remove market access restrictions.

For example, China has removed a number of long-standing barriers for foreign banks, including the $10 billion minimum asset requirement for establishing a foreign bank in China and the $20 billion minimum asset requirement for setting up a Chinese branch of a foreign bank. China has also removed the cap on the equity interest that a single foreign investor can hold in a Chinese-owned bank.

In the Phase One Agreement, China committed to remove some of these barriers and to expand opportunities for U.S. financial institutions, including bank branches, to supply securities investment fund custody services by considering their global assets when they seek licenses. China also agreed to review and approve qualified applications by U.S. financial institutions for securities investment fund custody licenses on an expeditious basis. One U.S. bank was approved for this license in 2021. In addition, China committed to consider the international qualifications of U.S. financial institutions when evaluating license applications for Type-A lead underwriting services for all types of non-financial debt instruments in China.

Securities, Asset Management and Futures Services

In the Phase One Agreement, China committed to remove the foreign equity caps in the securities, asset management and futures sectors by no later than April 1, 2020. It also committed to ensure that U.S. suppliers of securities, asset management and futures services are able to access China's market on a non-discriminatory basis, including with regard to the review and approval of license applications.

Consistent with its commitments in the Phase One Agreement, China announced that it would allow wholly foreign-owned companies for the securities and asset (i.e., fund) management sectors as of April 1, 2020, and that it would allow wholly foreign-owned companies for the futures sector as of January 1, 2020. Prior to these announcements, China had maintained a foreign equity cap of 51 percent for these sectors. Over the past three years, some U.S. financial institutions have applied for and received licenses to operate as wholly foreign-owned enterprises in these sectors. The United States is monitoring these and other developments as U.S. companies continue to seek to obtain licenses and undertake operations in these sectors.

Insurance Services

In the Phase One Agreement, China committed to accelerate the removal of the foreign equity caps for life, pension and health insurance so that they are removed no later than April 1, 2020. In addition, it confirmed the removal of the 30-year operating requirement, known as a "seasoning" requirement, which had been applied to foreign insurers seeking to establish operations in China in all insurance sectors. China also committed to remove all other discriminatory regulatory requirements and processes and to expeditiously review and approve license applications.

Consistent with China's commitments in the Phase One Agreement, the China Banking and Insurance Regulatory Commission (CBIRC) announced that China would allow wholly foreign-owned companies for the life, pension and health insurance sectors as of January 1, 2020. Prior to this announcement, China had maintained foreign equity caps and only permitted foreign companies to establish as Chinese-foreign joint ventures in these sectors. In December 2020, CBIRC issued a measure that provided further transparency regarding its intention to allow foreign-invested companies to take advantage of this opening.

In other insurance sectors, the United States continues to encourage China to establish more transparent procedures so as to better enable foreign participation in China's market. Sectors in need of more transparency include export credit insurance and political risk insurance.

Finally, some U.S. insurance companies established in China have encountered difficulties in getting the CBIRC to issue timely approvals of their requests to open up new internal branches to expand their operations. The United States continues to urge CBIRC to issue timely approvals when U.S. insurance companies seek to expand their branch networks in China.

Electronic Payment Services

In a WTO case that it launched in 2010, the United States challenged China's restrictions on foreign companies, including major U.S. credit and debit card processing companies, which had been seeking to supply electronic payment services to banks and other businesses that issue or accept credit and debit cards in China. The United States argued that China had committed in its WTO accession agreement to open up this sector in 2006, and a WTO panel agreed with the United States in a decision issued in 2012. China subsequently agreed to comply with the WTO panel's rulings in 2013, but China did not allow foreign suppliers to apply for licenses until June 2017, when China's regulator – PBOC – finalized the establishment of a two-step licensing process in which a supplier must first complete one year of preparatory work before being able to apply for a license.

As of January 2020, when the United States and China entered into the Phase One Agreement, no foreign supplier of electronic payment services had been able to secure the license needed to operate in China's market due largely to delays caused by PBOC. At times, PBOC had refused even to accept applications to begin preparatory work from U.S. suppliers, the first of two required steps in the licensing process. Meanwhile, throughout the years that China actively delayed opening up its market to foreign suppliers, China's national champion, China Union Pay, has used its exclusive access to domestic currency transactions in the China market, and the revenues that come with it, to support its efforts to build out its electronic payment services network abroad, including in the United States. In other words, China consciously decided to maintain market-distorting practices that benefit its own companies, even in the face of adverse rulings at the WTO.

In the Phase One Agreement, China committed to ensure that PBOC operates an improved and timely licensing process for U.S. suppliers of electronic payment services so as to facilitate their access to China's market.

In June 2020, four months after the entry into force of the Phase One Agreement, American Express became the first foreign supplier of electronic payment services to secure a license to operate in China's market. Meanwhile, the United States continues to closely monitor developments as applications from two other U.S. suppliers, Visa and MasterCard, are progressing slowly through PBOC's licensing process.

Internet-Enabled Payment Services

PBOC first issued regulations for non-bank suppliers of online payment services in 2010, and it subsequently began processing applications for licensees. Regulations were further strengthened in 2015, with additional provisions aimed at increasing security and traceability of transactions. According to a U.S. industry report, of more than 200 licenses issued as of June 2014, only two had been issued to foreign-invested suppliers, and those two were for very limited services. This report provided clear evidence supporting stakeholder concerns about the difficulties they faced entering China's market and the slow process foreign firms face in getting licensed. In 2018, PBOC announced that it would allow foreign suppliers, on a nondiscriminatory basis, to supply Internet-enabled payment services. At the same time, as in many other sectors, PBOC requires suppliers to localize their data and facilities in China. In January 2021, PayPal became the first foreign company to obtain full ownership of a payment platform in China, along with a license to supply payment services. The United States will continue to closely monitor developments in this area.

Telecommunications Services

China's restrictions on basic telecommunications services, such as informal bans on new entry, a 49-percent foreign equity cap, a requirement that foreign suppliers can only enter into joint ventures with state-owned enterprises and exceedingly high capital requirements, have blocked foreign suppliers from accessing China's basic telecommunications services market. Since China acceded to the WTO almost two decades ago, not a single foreign firm has succeeded in establishing a new joint venture to enter this sector.

Restrictions maintained by China on less highly regulated value-added telecommunications services also have created serious barriers to market entry for foreign suppliers seeking to enter this sector. These restrictions include opaque and arbitrary licensing procedures, foreign equity caps and periodic, unjustified moratoria on the issuance of new licenses. As a result, only a few dozen foreign-invested suppliers have secured licenses to provide value-added telecommunications services, while there are thousands of licensed domestic suppliers.

Internet Regulatory Regime

China's Internet regulatory regime is restrictive and non-transparent, affecting a broad range of commercial services activities conducted via the Internet, and is overseen by multiple agencies without clear lines of jurisdiction. China's Internet economy has boomed over the past decade and is second in size only to that of the United States. Growth in China has been marked in service sectors similar to those found in the United States, including retail websites, search engines, vocational and adult online education, travel, advertising, audio-visual and computer gaming services, electronic mail and text, online job searches, Internet consulting, mapping services, applications, web domain registration and electronic trading. However, in the China market, Chinese companies dominate due in large part to restrictions imposed on foreign companies by the Chinese government. At the same time, foreign companies continue to encounter major difficulties in attempting to offer these and other Internet-based services on a cross-border basis.

China continues to engage in extensive blocking of legitimate websites, imposing significant costs on both suppliers and users of web-based services and products. According to the latest data, China currently blocks most of the largest global sites, and U.S. industry research has calculated that more than 10,000 sites are blocked, affecting billions of dollars in business, including communications, networking, app stores, news and other sites. Even when sites are not permanently blocked, the often arbitrary implementation of blocking, and the performance-degrading effect of filtering all traffic into and outside of China, significantly impair the supply of many cross-border services, often to the point of making them unviable.

Voice-Over-Internet Protocol Services

While computer-to-computer voice-over-Internet (VOIP) services are permitted in China, China's regulatory authorities have restricted the ability to offer VOIP services interconnected to the public switched telecommunications network (i.e., to call a traditional phone number) to basic telecommunications service licensees. There is no obvious rationale for such a restriction, which deprives consumers of a useful communication option, and the United States continues to advocate for eliminating it.

Cloud Computing Services

Especially troubling is China's treatment of foreign companies seeking to participate in the development of cloud computing services, including computer data processing and storage services and software application services provided over the Internet. China prohibits foreign companies established in China from directly providing any of these services. Given the difficulty in providing these services on a cross-border basis (largely due to restrictive Chinese policies), the only option that a foreign company has to access the China market is to establish a contractual partnership with a Chinese company, which is the holder of the necessary

Internet data center license, and turn over its valuable technology, intellectual property, know-how and branding as part of this arrangement. While the foreign service supplier earns a licensing fee from the arrangement, it has no direct relationship with customers in China and no ability to independently develop its business. It has essentially handed over its business to a Chinese company that may well become a global competitor. This treatment has generated serious concerns in the United States and among other WTO Members as well as U.S. and other foreign companies.

In major markets, including China, cloud computing services are typically offered through commercial presence in one of two ways. They are offered as an integrated service in which the owner and operator of a telecommunication network also offers computing services, including data storage and processing function, over that network, or they are offered as a stand-alone computer service, with connectivity to the computing service site provided separately by a telecommunications service supplier. Although China's commitments under the WTO's General Agreement on Trade in Services (GATS) include services relevant to both of these approaches, neither one is currently open to foreign-invested companies in China.

Audio-Visual and Related Services

China prohibits foreign companies from providing film production and distribution services in China. In addition, China's restrictions in the area of theater services have wholly discouraged investment by foreign companies in cinemas in China.

China's restrictions on services associated with television and radio greatly limit participation by foreign suppliers. For example, China prohibits retransmission of foreign TV channels, foreign investment in TV production and foreign investment in TV stations and channels. China also imposes quotas on the amount of foreign programming that can be shown on a Chinese TV channel each day. In addition, in September 2018, the National Radio and Television Administration's (NRTA) issued a problematic draft measure that would impose new restrictions in China's already highly restricted market for foreign creative content. It would require that spending on foreign content account for no more than 30 percent of available total programs in each of several categories, including foreign movies, TV shows, cartoons, documentaries and other foreign TV programs, made available for display via broadcasting institutions and online audio-visual content platforms. It also would prohibit foreign TV shows in prime time. Although this measure has not yet been issued in final form, it continues to raise serious concerns, as it appears that, as a matter of practice, it is already being implemented in China, including by online audio-visual content platforms.

Theatrical Films

In February 2012, the United States and China reached an alternative resolution with regard to certain rulings relating to the importation and distribution of theatrical films in a WTO case that the United States had won. The two sides signed a memorandum of understanding (MOU) providing for substantial increases in the number of foreign films imported and distributed in China each year, along with substantial additional revenue for U.S. film producers. However, China has not yet fully implemented its MOU commitments, including with regard to critical commitments to open up film distribution opportunities for imported films. As a result, the United States has been pressing China for full implementation of the MOU.

In 2017, in accordance with the terms of the MOU, the two sides began discussions regarding the provision of further meaningful compensation to the United States in an updated MOU. These discussions continued until March 2018, before stalling when China embarked on a major government reorganization that involved significant changes for China's Film Bureau. Discussions resumed in 2019 as part of the broader U.S.-China trade negotiations that began following a meeting between the two countries' Presidents on the margins of the Group of

20 Heads of State and Government Summit in Buenos Aires in December 2018. To date, no agreement has been reached on the further meaningful compensation that China owes to the United States. The United States will continue pressing China to fulfill its obligations.

Online Video and Entertainment Services

China restricts the online supply of foreign video and entertainment services through measures affecting both content and distribution platforms. China requires foreign companies to license their content to Chinese companies and also imposes burdensome restrictions on content, which are implemented through exhaustive content review requirements that are based on vague and otherwise non-transparent criteria. With respect to distribution platforms, NRTA has required Chinese online platform suppliers to spend no more than 30 percent of their acquisition budget on foreign content. NRTA has also instituted numerous measures that prevent foreign suppliers from qualifying for a license, such as requirements that video platforms all be Chinese-owned. NRTA and other Chinese regulatory authorities have also taken actions to prevent the cross-border supply of online video services, which may implicate China's GATS commitments relating to video distribution.

Legal Services

China restricts the types of legal services that can be provided by foreign law firms, including through a prohibition on foreign law firms hiring lawyers qualified to practice Chinese law. It also restricts the ability of foreign law firms to represent their clients before Chinese government agencies and imposes lengthy delays on foreign law firms seeking to establish new offices. In addition, beginning with the version of China's *Foreign Investment Negative List* that entered into force in July 2020, China has added an explicit prohibition on the ability of a foreign lawyer to become a partner in a domestic law firm. Reportedly, China is also considering draft regulatory measures that would even further restrict the ability of foreign law firms to operate in China.

Express Delivery Services

The United States continues to have concerns regarding China's implementation of the 2009 *Postal Law* and related regulations through which China prevents foreign service suppliers from participating in the document segment of its domestic express delivery market. In the package segment, China applies overly burdensome and inconsistent regulatory approaches, including with regard to security inspections, and reportedly has provided more favorable treatment to Chinese service suppliers when awarding business permits.

DIGITAL TRADE AND ELECTRONIC COMMERCE POLICIES

Data Restrictions

In 2022, China continued to build out its expansive regulation of the collection, storage, processing and sharing of data. China's *Data Security Law* entered into force in September 2021, and China's *Personal Information Protection Law* entered into force in November 2021. These laws operate together with the *Cybersecurity Law*, which took effect in June 2017, the *National Security Law*, which has been in effect since 2015, and various implementing measures, including the *Security Assessment Measures for Outbound Transfers of Data*, which took effect in September 2022, to prohibit or severely restrict cross-border transfers of "important data," a broadly and vaguely defined term, and, in certain cases, personal information collected by companies through their operations in China. These laws and implementing measures also impose local data storage and processing requirements on companies operating in China that collect "important data" and, in certain cases, personal information. Cross-border transfers of data are routine in the ordinary course of business and are fundamental to any business activity. Given the wide range of businesses and business activities that are dependent on cross-border transfers of data and flexible access to global computing facilities, these developments continue to generate serious concerns in the United States and many other countries.

Secure and Controllable ICT Policies

Implementing measures for China's *Cybersecurity Law* remain a continued source of serious concern for U.S. companies since the law's enactment in 2016. Of particular concern are the *Measures for Cybersecurity Review*, first issued in 2016 and later updated in 2020 and 2021. This measure implements one element of the cybersecurity regime created by the *Cybersecurity Law*. Specifically, the measure puts in place a review process to regulate the purchase of ICT products and services by critical information infrastructure operators and online platform operators in China. The review process is to consider, among other things, potential national security risks related to interruption of service, data leakage and reliability of supply chains. In addition, in September 2022, China published a draft revision of the *Cybersecurity Law* with a 15-day public comment period. The draft revision would introduce penalties on operators of critical information infrastructure who use products or services that have not undergone the required security review, and it would also raise fines for certain violations of the *Cybersecurity Law*.

As demonstrated in implementing measures for the *Cybersecurity Law*, China's approach is to impose severe restrictions on a wide range of U.S. and other foreign ICT products and services with an apparent goal of supporting China's technology localization policies by encouraging the replacement of foreign ICT products and services with domestic ones. U.S. and other foreign stakeholders and governments around the world expressed serious concerns about requirements that ICT equipment and other ICT products and services in critical sectors be "secure and controllable," as these requirements are used by the Chinese government to disadvantage non-Chinese firms.

In addition to the *Cybersecurity Law*, China has referenced its "secure and controllable" requirements in a variety of measures dating back to 2013. Through these measures, China has mandated that Chinese information technology users purchase Chinese products and favor Chinese service suppliers, imposed local content requirements, imposed domestic R&D requirements, considered the location of R&D as a cybersecurity risk factor and required the transfer or disclosure of source code or other intellectual property. In the 2019 update of the *Measures for Cybersecurity Review*, China added political, diplomatic and other "non-market" developments as potential risk factors to be considered.

In addition, in 2015, China enacted a *National Security Law* and a *Counterterrorism Law*, which include provisions citing not only national security and counterterrorism objectives but also economic and industrial policies. The State Council also published a plan in 2015 that sets a timetable for adopting "secure and controllable" products and services in critical government ministries by 2020.

Meanwhile, sector-specific policies under this broad framework continue to be proposed and deployed across China's economy. A high-profile example from December 2014 was a proposed measure drafted by the China Banking Regulatory Commission that called for 75 percent of ICT products used in the banking system to be "secure and controllable" by 2019 and that would have imposed a series of criteria that would shut out foreign ICT providers from China's banking sector. Not long afterwards, a similar measure was proposed for the insurance sector.

In 2015, the United States, in concert with other governments and stakeholders around the world, raised serious concerns about China's "secure and controllable" regime at the highest levels of government within China. During a state visit in

September 2015 in Washington, D.C., the U.S. and Chinese Presidents committed to a set of principles for trade in information technologies. The issue also was raised in connection with the June 2015 S&ED meeting and the November 2015 JCCT meeting, with China making a series of additional important commitments with regard to technology policy. China reiterated many of these commitments at the November 2016 JCCT meeting, where it affirmed that its "secure and controllable" policies are not to unnecessarily limit or prevent commercial sales opportunities for foreign ICT suppliers or unnecessarily impose nationality-based conditions and restrictions on commercial ICT purchases, sales or uses. China also agreed that it would notify relevant technical regulations to the WTO Committee on Technical Barriers to Trade (TBT Committee).

Again, however, China has not honored its promises. The numerous draft and final implementation measures issued by China from 2017 through 2022 in the area of cybersecurity raise serious questions about China's approach to cybersecurity regulation. China's measures do not appear to be in line with the non-discriminatory, non-trade restrictive approach to which China has committed, and global stakeholders have grown even more concerned about the implications of China's ICT security measures across the many economic sectors that employ digital technologies. Accordingly, throughout the past year, the United States conveyed its serious concerns about China's approach to cybersecurity regulation through bilateral engagement and multilateral engagement, including at WTO committee and council meetings, in an effort to persuade China to revise its policies in this area in light of its WTO obligations and bilateral commitments. These efforts are currently ongoing.

Encryption

Use of ICT products and services is increasingly dependent on robust encryption, an essential functionality for protecting privacy and safeguarding sensitive commercial information. Onerous requirements on the use of encryption, including intrusive approval processes and, in many cases, mandatory use of indigenous encryption algorithms (e.g., for WiFi and 4G cellular products), continue to be cited by stakeholders as a significant trade barrier.

In October 2019, China adopted a *Cryptography Law* that includes restrictive requirements for commercial encryption products that "involve national security, the national economy and people's lives, and public interest," which must undergo a security assessment. This broad definition of commercial encryption products that must undergo a security assessment raises concerns that the new *Cryptography Law* will lead to unnecessary restrictions on foreign ICT products and services. In August 2020, the State Cryptography Administration issued the draft *Commercial Cryptography Administrative Regulations* to implement the *Cryptography Law*. This draft measure did not address the concerns that the United States and numerous other stakeholders had raised regarding the *Cryptography Law*.

Going forward, the United States will continue to monitor implementation of the *Cryptography Law* and related measures. The United States will remain vigilant toward the introduction of any new requirements hindering technologically neutral use of robust, internationally standardized encryption.

GOVERNMENT PROCUREMENT

In its WTO accession agreement, China made a commitment to accede to the WTO Agreement on Government Procurement (GPA) and to open up its vast government procurement market to the United States and other GPA parties. More than two decades later, this commitment remains unfulfilled, while China's government procurement has continued to grow exponentially. Indeed, government procurement at the central level of government alone now exceeds $500 billion, even without considering procurement by state-owned enterprises.

The United States, the EU and other GPA parties have viewed China's GPA offers over the years as highly disappointing in scope and coverage. China submitted its sixth revised offer in October 2019. This offer showed progress in a number of areas, including thresholds, coverage at the sub-central level of government, entity coverage and services coverage. Nonetheless, it fell short of U.S. expectations and remains far from acceptable to the United States and other GPA parties as significant deficiencies remain in a number of critical areas, including thresholds, entity coverage, services coverage and exclusions. Although China has since stated that it will "speed up the process of joining" the GPA, it has not submitted a new offer since October 2019. China's most recent submission, made in June 2021, was only an update of its checklist of issues, which informs GPA parties of changes to China's existing government procurement regime since its last update.

China's current government procurement regime is governed by two important laws. The *Government Procurement Law*, administered by the Ministry of Finance, governs purchasing activities conducted with fiscal funds by state organs and other organizations at all levels of government in China, but does not apply to procurements by state-owned enterprises. The *Tendering and Bidding Law* falls under the jurisdiction of NDRC and imposes uniform tendering and bidding procedures for certain classes of procurement projects in China, notably construction and works projects, without regard for the type of entity (e.g., a government agency or a state-owned enterprise) that conducts the procurement. Both laws cover important procurements that GPA parties would consider to be government procurement eligible for coverage under the GPA.

China's *Foreign Investment Law*, which entered into force in January 2020, and a related October 2021 Ministry of Finance measure state that China will provide equal treatment to foreign companies invested in China and to domestic Chinese companies with regard to government procurement opportunities. However, it is not yet clear how these measures may be impacting government procurement in China.

Under both its government procurement regime and its tendering and bidding regime, China continues to implement policies favoring products, services and technologies made or developed by Chinese-owned and Chinese-controlled companies through explicit and implicit requirements that hamper foreign companies from fairly competing in China. For example, notwithstanding China's commitment to equal treatment, foreign companies continue to report cases in which "domestic brands" and "indigenous designs" are required in tendering documents. China also has proposed but has not yet adopted clear rules on what constitutes a domestic product. As a result, there are no specific metrics, such as a percentage of value-added within China, for foreign products to qualify for many procurements and tenders, which often works to the disadvantage of foreign companies.

ADMINISTRATIVE PROCESS

Administrative Licensing

U.S. companies continue to encounter significant problems with a variety of administrative licensing processes in China, including processes to secure product approvals, investment approvals, business expansion approvals, business license renewals and even approvals for routine business activities. While there has been an overall reduction in license approval requirements and a focus on decentralizing licensing approval processes, U.S. companies continue to report that one of their key concerns involves China's problematic licensing approval processes.

Transparency

Overview

One of the core principles reflected throughout China's WTO accession agreement is transparency.

Unfortunately, after more than 20 years of WTO membership, China still has a poor record when it comes to adherence to its transparency obligations.

Publication of Trade-Related Measures

In its WTO accession agreement, China committed to adopt a single official journal for the publication of all trade-related laws, regulations and other measures. China adopted a single official journal, to be administered by MOFCOM, in 2006. However, it appears that China only publishes trade-related measures from some, but not all, central-government entities in this journal. It also appears that China does not publish any trade-related measures from sub-central governments in the journal.

At the central government level, moreover, China tends to take a narrow view of the types of trade-related measures that need to be published in the official journal. For those government entities whose trade-related measures are published in the official journal, China more commonly (but still not regularly) publishes trade-related administrative regulations and departmental rules in the journal, but it is rare for China to publish other measures such as opinions, circulars, orders, directives and notices, which are known as "normative documents" in China's legal system. Normative documents are regulatory documents that do not fall into the category of administrative regulations or departmental rules, but still impose binding obligations on enterprises and individuals. Although the State Council introduced a definition for "administrative normative documents" in 2014, this definition is narrow and does not appear to encompass all normative documents, nor has it resulted in their regular publication as required by China's WTO commitments.

Meanwhile, China rarely publishes certain types of trade-related measures from either the central level or the sub-central level of government in the official journal. As discussed above in the Industrial Subsidies section, an important example involves subsidy measures.

Notice-and-Comment Procedures

In its WTO accession agreement, China committed to provide a reasonable period for public comment before implementing new trade-related laws, regulations and other measures. While little progress has been made in implementing this commitment at the sub-central government level, the National People's Congress instituted notice-and-comment procedures for draft laws in 2008, and shortly thereafter China indicated that it would also publish proposed trade- and economic-related administrative regulations and departmental rules for public comment. Subsequently, the National People's Congress began regularly publishing draft laws for public comment. China's State Council often (but not regularly) published draft administrative regulations for public comment, but many of China's ministries were not consistent in publishing draft departmental rules or normative documents for public comment.

At the May 2011 S&ED meeting, China committed to issue a measure implementing the requirement to publish all proposed trade- and economic-related administrative regulations and departmental rules on the website of the State Council's Legislative Affairs Office (SCLAO) for a public comment period of not less than 30 days. In April 2012, the SCLAO issued two measures that appear to address this requirement.

Currently, the process for issuing new regulatory measures in China can be opaque and unpredictable and implemented without adequate notice. China still needs to improve its practices relating to the publication of administrative regulations and departmental rules for public comment. China also needs to formalize its use of notice-and-comment procedures for all normative documents.

In the Phase One Agreement, China committed to provide no less than 45 days for public comment on all proposed laws, regulations and other measures implementing the Phase One Agreement. Since the entry into force of this commitment in February 2020, China has generally been providing the required 45-day public comment period and working constructively with the United States whenever it has raised questions or concerns regarding provisions in proposed implementing measures.

Translations

In its WTO accession agreement, China committed to make available translations of all of its trade-related laws, regulations and other measures at all levels of government in one or more of the WTO languages, i.e., English, French and Spanish. Prior to 2014, China had only compiled translations of trade-related laws and administrative regulations (into English), but not other types of measures, such as departmental rules, normative documents and sub-central government measures. Even for trade-related laws and administrative regulations, China was years behind in publishing these translations. At the July 2014 S&ED meeting, China committed that it would extend its translation efforts to include not only trade-related laws and administrative regulations but also trade-related departmental rules. Subsequently, in March 2015, China issued a measure requiring trade-related departmental rules to be translated into English. This measure also provides that the translation of a departmental rule normally must be published before implementation.

Notably, however, even if China were to fully implement its existing measures requiring translations, they would not be sufficient to bring China into full WTO compliance in this area. China does not consistently publish translations of trade-related laws, administrative regulations and departmental rules in a timely manner (i.e., before implementation), nor does it publish any translations of trade-related normative documents or trade-related measures issued by sub-central governments.

Inquiry Point

In its WTO accession agreement, China committed to establish an inquiry point that would respond to requests for information relating to legal measures required to be published in its official journal. At times, however, China has refused to provide copies of legal measures in response to legitimate requests directed to its inquiry point.

In April 2020, for example, the United States submitted a request concerning five Chinese legal measures covering semiconductors and fisheries subsidy programs that had not been published in China's official journal and were not otherwise available online, nor had they been notified to the WTO. Despite the obligation in its WTO accession agreement to either provide the documents or respond in writing within 45 days, China did not meet this deadline. The United States made repeated follow-up requests, to no avail. Five months after the United States submitted its request to China's inquiry point, MOFCOM orally informed the U.S. Embassy in Beijing that it would not be providing any of the requested legal measures because two of the measures would soon be replaced and the other three measures, in China's view, were not relevant to China's WTO obligations. USTR promptly responded to MOFCOM in writing, countering its assertions and urging it to provide the requested documents. Since then, China has continued to refuse to provide a written response to the United States' request or to provide any of the requested legal measures, even though the United States and other WTO Members have repeatedly raised this matter before the WTO's Subsidies Committee and Council for Trade in Goods.

Corporate Social Credit System

Since 2014, China has been working to implement a national "social credit" system for both individuals and companies. The implementation of this system is at a more advanced stage for companies versus individuals, as "unified social credit codes" are assigned to every domestic and foreign company in

China. These 18-digit codes will provide a way for the Chinese government to track a company's record of administrative and regulatory compliance and generate public credit information. Over the past year, China has been increasingly focused on making the social credit system fully functional. Indeed, in his report to the 20th National Party Congress in October 2022, Xi Jinping in his capacity as the General Secretary of the Chinese Communist Party emphasized the need to refine the social credit system.

Under the corporate social credit system, government records and market-generated corporate compliance data are collected on every legal entity in China. The collected information contains regulatory and administrative records contributed by at least 44 state agencies and their branch offices across every province in China. Previously disparate information relating to a company's financial records, regulatory compliance, inspection results and other administrative enforcement activities is being consolidated under a company's unified social credit code. All of this data will be aggregated and shared between regulatory agencies via the National Credit Information Sharing Platform. Reportedly, approximately 75 percent of the records collected on companies is intended to be designated as "open to the public," while the remaining 25 percent that is intended to be withheld will include potentially sensitive information, such as approval records related to national development projects and details of any criminal cases.

Nationwide data collection under the corporate social credit system provides mechanisms to penalize companies with poor corporate and legal compliance records by, among other things, subjecting them to public censure via what China calls "blacklists," while rewarding compliant companies with positive incentives via so-called "redlists." Negative ratings or placement on a government agency's censure list can lead to various restrictions on a company's business activities. A company could face increased inspections, reduced access to loans and tax incentives, restrictions on government procurement, reduced land-use rights, monetary fines or permit denials, among other possible penalties.

However, currently, there is no fully integrated national system for assigning comprehensive social credit scores for companies, and the social credit system remains highly fragmented. Certain central government agencies and sub-central government agencies maintain their own rating systems, with each agency making its own decisions about the types of transgressions that warrant negative ratings or placing a company on a censure list.

In November 2022, NDRC and PBOC jointly published a draft law that would give the social credit system a legal basis, further embedding it into China's regulatory network. The draft law seeks to establish NDRC and PBOC as the main government agencies for construction of the social credit system. Their responsibilities would include overall coordination, supervision and guidance of the construction of the social credit system and taking the lead in organizing the formulation and implementation of relevant policies and standards. The draft law also seeks to provide formal legal definitions for certain terms used in implementing the social credit system, such as "untrustworthy," "credit supervision" and "credit information." In addition, the draft law seeks to codify the protection of certain rights, as it calls for the establishment of a social credit system that maintains the security of social credit information and strictly protects state secrets, business secrets and personal privacy, while also protecting the lawful rights and interests of natural persons, legal persons and unincorporated organizations.

Earlier in 2022, prior to the publication of the draft law, NDRC issued a draft update of the 2021 *National Basic Catalogue of Public Credit Information* and a draft update of the 2021 *National Basic List of Disciplinary Measures against Dishonest Acts*. The draft Catalogue compiles the scope and types of credit information that can be collected by government agencies. It also stipulates that certain categories of information are exempt from collection, including state secrets and trade secrets. The draft List includes a range of punitive actions that may be applied to violators of trust, such as duties, fees, restrictions on market activity, prohibitions or limitations on occupations and bans from government procurement bidding.

The corporate social credit system has been tied to larger policy objectives as well. For example, the General Office of the State Council and the General Office of the Chinese Communist Party issued a joint opinion on promoting a high-quality credit system in order to further China's "dual circulation" objectives. In addition, in November 2022, the Ministry of Science and Technology (MOST) announced a new pilot project for evaluating STEM talent. Under MOST's new pilot project, evaluation of scientists' performance is to incorporate metrics related to their moral character, which includes their social credit record, in order to ensure that scientific researchers have no history of plagiarism or academic fraud. This pilot project appears to reflect China's struggle to improve the quality of its scientific research talent.

Foreign companies are concerned that the corporate social credit system will be used by the Chinese government to pressure them to act in furtherance of China's industrial policies or other state priorities or otherwise to make investments or conduct their business operations in ways that run counter to market principles or their own business strategies. Foreign companies are also concerned that the Chinese government will use the corporate social credit system as another tool to ensure that they do not cross political redlines on sensitive matters like human rights. In addition, foreign companies are concerned about the opaque nature of the corporate social credit system. Currently, for example, a company sometimes only learns about its negative ratings when, for example, it requests a permit and receives a denial, even though the *Measures for Administration of the List of Serious Violators of Trust and Law* includes a requirement that companies be informed of their being censured in advance. Other times, a company learns for the first time that it has been censured when a Chinese government agency posts its name on the agency's website, even though the censuring of a company can cause severe harm to the company's reputation and adversely impact its efforts to attract customers, secure needed financing or make new investments. When Chinese government agencies begin to pursue joint punishment in the way that NDRC envisions, it will mean that an infraction in one regulatory context could have wider consequences across the company's entire business operations.

Another key concern regarding the corporate social credit system involves its links to individual social credit. In addition, the Chinese government could also potentially use corporate social credit in the future to exert extraterritorial influence by threatening the social credit standing of foreign multinationals or citizens for behavior or speech outside of China.

To date, the corporate social credit system does not appear to explicitly disadvantage U.S. or other foreign companies or provide favorable treatment to domestic companies. Nevertheless, concerns remain regarding how this system will be applied in practice, and the need to comply with an increasingly complex and expansive social credit system may impose barriers to entry into China's market for foreign companies that are unfamiliar with the legal and regulatory requirements associated with corporate social credit compliance and reporting.

OTHER NON-TARIFF MEASURES

A number of other non-tariff measures can adversely affect the ability of U.S. industry to access or invest in China's market. Key areas of concern include laws governing land use in China, commercial dispute resolution and the treatment of non-governmental organizations. Corruption among Chinese government officials, enabled in part by China's incomplete adoption of the rule of law, is also a key area of concern.

EXHIBIT 62

Opinions of the State Council on resolving excess production capacity and achieving development out of difficulties in the steel industry

Guofa [2016] No. 6

The people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government, all ministries and commissions of the State Council, and all agencies directly under the State Council:

The steel industry is an important basic raw material industry for the national economy. It has a strong investment-stimulating effect, strong employment capacity, and high industrial correlation. It has made important contributions to China's economic and social development. contribute. In recent years, as the downward pressure on the economy has increased and the demand for steel products has fallen, the contradictions and problems accumulated during the rapid development of the steel industry have gradually been exposed. Among them, the problem of overcapacity is particularly prominent. The production and operation difficulties of steel companies have intensified, and the losses and losses have continued. expand. In order to implement the decisions and arrangements of the Party Central Committee and the State Council on promoting structural reforms and effectively reducing overcapacity, further resolving excess production capacity in the steel industry, and promoting steel enterprises to achieve development out of difficulties, the following opinions are hereby put forward:

1. General requirements

(1) Guiding ideology . Comprehensively implement the spirit of the 18th National Congress of the Communist Party of China, the Third, Fourth and Fifth Plenary Sessions of the 18th Central Committee of the Communist Party of China and the Central Economic Work Conference, and firmly establish and implement innovation in accordance with the ″five-in-one″ overall layout and the ″four comprehensives″ strategic layout. , coordinated, green, open and shared development concepts, focusing on promoting the supply-side structural reform of the steel industry, adhering to market pressure, enterprise main body, local organizations and central support, highlighting key points, complying with laws and regulations, and comprehensively using market mechanisms, economic Means and legal measures should be adopted according to local conditions, classified policies should be

implemented, and both symptoms and root causes should be addressed to actively and steadily resolve excess production capacity, establish a long-term mechanism for market-based adjustment of production capacity, and promote structural optimization of the steel industry, alleviation of difficulties and upgrading, and improvement of quality and efficiency.

(2) Basic principles.

Adhere to market pressure and corporate entities. Improve fair, open and transparent market rules, strengthen market competition mechanisms and counter-force mechanisms, improve effective supply capabilities, and guide the upgrading of the consumption structure. Give full play to the main role of enterprises and protect their independent decision-making rights.

Adhere to local organization and central support. Strengthen policy guidance, improve systems and mechanisms, standardize government behavior, and eliminate improper government intervention in the market and local protection of enterprises. Give full play to the initiative of both the central and local governments to actively and orderly resolve excess production capacity and ensure social stability.

Adhere to highlighting key points and complying with laws and

regulations. Overall deployment and key breakthroughs were made, and all regions were coordinated to promote the work of resolving excess production capacity. Key steel-producing provinces and regions with a good work foundation were the first to achieve breakthroughs. Strengthen the awareness of the rule of law, resolve excess production capacity in accordance with laws and regulations, effectively protect the legitimate rights and interests of enterprises and employees, implement various employment and social security policies, and properly dispose of corporate assets and liabilities.

(3) **Work objectives.** On the basis of eliminating backward steel production capacity in recent years, starting from 2016, it will take five years to reduce crude steel production capacity by 100 million to 150 million tons. Substantial progress has been made in industry mergers and reorganizations, the industrial structure has been optimized, and resource utilization efficiency has been obvious. Improvement, production capacity utilization rate tends to be reasonable, product quality and high-end product supply capacity have been significantly improved, corporate economic benefits have improved, and market expectations have improved significantly.

2. Main tasks

(4) It is strictly prohibited to add new production capacity. Strictly implement the "Guiding Opinions of the State Council on Resolving the Conflict of Serious Overcapacity" (Guofa [2013] No. 41). All regions and departments are not allowed to register steel projects with new production capacity in any name or by any means. All relevant departments and institutions are not allowed to Handle related businesses such as land supply, energy assessment, environmental assessment approval and new credit support. Those who build in violation of laws and regulations must be held strictly accountable. Exited production capacity that has received support from incentives and subsidies and relevant policies shall not be used for replacement.

(5) Eliminate excess production capacity.

1. Exit in accordance with laws and regulations. Strictly implement laws, regulations and industrial policies on environmental protection, energy consumption, quality, safety, technology, etc., and steel production capacity that cannot meet standard requirements must be withdrawn in accordance with laws and regulations.

——Environmental protection: Strictly implement the Environmental Protection Law, and pollutant emissions do not meet the "Water Pollutant Emission Standards for the Iron and

Steel Industry", "Air Pollutant Emission Standards for the Steel Sintering and Pelletizing Industry", and "Air Pollutant Emission Standards for the Ironmaking Industry" Standards", "Steelmaking Industry Air Pollutant Emission Standards", "Steel Rolling Industry Air Pollutant Emission Standards" and other steel production capacity requirements, continuous daily penalties will be implemented; if the circumstances are serious, they will be reported to the people's government with approval authority for approval and ordered to Suspension of business, closure.

——In terms of energy consumption: Strictly implement the Energy Conservation Law. Steel production capacity that fails to meet the mandatory standards such as the "Energy Consumption Limit per Unit Product of the Main Processes of Crude Steel Production" should be rectified within 6 months. If it is really necessary to extend the rectification If the deadline is exceeded, an application for an extension of no more than 3 months may be submitted. If the company fails to make corrections within the time limit or fails to meet the correction requirements, it will be shut down and exited in accordance with the law.

——Quality: Strictly implement the product quality law. If the quality of steel products fails to meet the mandatory standards, it will be investigated and punished in accordance with the law and ordered to stop production for rectification. If it fails to rectify within 6 months or fails to meet the rectification requirements, it will be shut down and withdrawn in accordance with the law.

——Safety aspect: Strictly implement the production safety law, and strictly enforce the safety production laws of enterprises that have not reached the third level of enterprise safety production standardization, or whose safety conditions do not meet the requirements of the "Ironmaking Safety Regulations", "Steelmaking Safety Regulations", "Industrial Enterprise Gas Safety Regulations" and other standard requirements The steel production capacity must be immediately suspended for rectification. If it is not rectified within 6 months or is still unqualified after rectification, it shall be shut down and withdrawn in accordance with the law.

——Technical aspects: In accordance with the relevant provisions of the "Industrial Structure Adjustment Guidance Catalog (2011 Version) (Amended)", iron-making blast furnaces of 400 cubic meters and below, steel-making converters of 30 tons and below, 30 tons and below will be immediately shut down and dismantled. The following backward production equipment such as steel-making electric furnaces. Enterprises that produce strip steel must be shut down immediately, their equipment dismantled, and punished in accordance with the law.

2. **Guide active exit.** Improve incentive policies and encourage enterprises to exit part of their steel production capacity through active reductions, mergers and reorganizations, transformation and production conversion, relocation and transformation, and international production capacity cooperation.

——Enterprises proactively reduce production capacity. Qualified enterprises are encouraged to adjust their development strategies based on market conditions and their own development needs, and exit discontinued production capacity as soon as possible. Encourage key areas with large steel production capacity to support local enterprises to take the initiative to undertake more reduction tasks.

——Mergers and reorganizations reduce production capacity. Encourage qualified steel companies to implement cross-industry, cross-region, and cross-ownership reduction mergers and reorganizations, focus on promoting the implementation of mergers and reorganizations of companies in major steel-producing provinces, and exit some excess production capacity.

——Conversion of production and relocation to reduce production capacity. For urban steel plants that do not comply with the development plan of the city where they are located and do not have the value and conditions for relocation, they will be encouraged to implement transformation and conversion; if they have the value and conditions for relocation, they will be supported to implement weight reduction and environmentally friendly relocation.

——International production capacity cooperation to transfer production capacity. Encourage qualified enterprises to integrate the "Belt and Road" construction and transfer part of their production capacity through international production capacity cooperation to achieve mutual benefit and win-win results.

3. Dismantle the corresponding equipment. The withdrawal of steel production capacity requires the dismantling of corresponding smelting equipment. Equipment that is qualified for dismantling should be dismantled immediately; equipment that is not qualified for dismantling should be cut off immediately, water and power should be cut off, the power plant should be dismantled, and the smelting equipment should be sealed up. The enterprise should publicly promise to the public not to resume production, and at the same time, the provincial people's government or the provincial It will be announced on the website of the competent department, subject to social supervision, and will be demolished within a time limit.

(6) Strict law enforcement and supervision. Strengthen the restrictive role of environmental law enforcement, comprehensively investigate the environmental protection situation in the steel industry, strictly deal with steel companies that fail to meet environmental protection standards in accordance with the law, and further improve the online monitoring system for major pollutants in the steel industry, covering all steel companies. Strengthen energy consumption law enforcement inspections, comprehensively investigate energy consumption in the steel industry, and strictly deal with steel companies whose energy consumption per unit product in the production process does not meet standards in accordance with the law. Strengthen product quality management law enforcement, comprehensively investigate the production status and production conditions of enterprises with steel production licenses, and severely crack down on illegal activities such as unlicensed production. For enterprises that have been shut down in accordance with the law due to backward technology and equipment, environmental protection and energy consumption failure, the production license will be cancelled; for enterprises that reorganize "zombie enterprises" and implement reduction and reorganization, optimize the procedures and simplify the application for production licenses. Strict safety production supervision and law enforcement, comprehensively investigate the safety production situation in the steel industry, promptly publish "blacklist" information on steel companies' bad safety production records, and investigate and deal with steel companies that do not meet the conditions for safe production in accordance with the law. Increase information disclosure, disclose monitoring information in accordance with the law, and accept public supervision.

(7) Promote industry upgrading.

1. **Promote intelligent manufacturing.** Guide the integrated development of the steel manufacturing industry with "Internet +", closely integrate it with mass entrepreneurship and innovation, implement intelligent manufacturing demonstration projects for steel enterprises, and formulate solutions for the "integration of informatization and

informatization″ throughout the entire steel production process. Improve the intelligence level of enterprise R&D, production and services, and build a number of intelligent manufacturing demonstration factories. Promote a new model of personalized and flexible product customization based on Internet orders to meet customers' needs of multiple varieties and small batches.

2. **Enhance quality brand.** Establish quality benchmarks, upgrade product standards, strengthen brand building, comprehensively improve the quality stability and performance consistency of major steel products, and form a number of corporate brands and product brands with great international influence.

3. **Develop high-end varieties.** Strengthen the connection between the production and processing of the steel industry and the needs of the downstream steel industry, and guide steel companies to follow the model of ″early R&D intervention, follow-up follow-up and improvement″ to focus on promoting the high-end necessary for major technical equipment in the fields of high-speed railways, nuclear power, automobiles, ships, and ocean engineering. Research, development, promotion and application of steel varieties.

4. **Promote green development.** Implement energy-saving and

environmental protection transformation and upgrading, carry out environmental protection and energy-saving benchmarking activities, and accelerate the construction of corporate energy management information systems. All steel companies have achieved stable compliance with environmental protection and energy conservation standards, and the total amount of pollutant emissions in the industry has steadily declined.

5. Expand market consumption. Promote the application of steel structure buildings, carry out pilot projects for the promotion and application of steel structure buildings in conjunction with the renovation of shantytowns, renovation of dilapidated buildings and the implementation of earthquake-resistant housing projects, and significantly increase the proportion of steel structure applications. Stabilize consumption in key steel-using industries, promote cooperation between steel companies and downstream users, and promote the expansion and upgrading of steel products in automobiles, machinery and equipment, electric power, ships and other fields.

3. Policies and Measures

(8) Strengthen reward and subsidy support. Establish special funds for incentives and subsidies for industrial enterprise restructuring, coordinate and provide incentives and subsidies for local personnel to resolve excess production capacity in accordance with regulations, guide local governments to comprehensively use mergers and reorganizations, debt restructuring, bankruptcy liquidation and other methods to speed up the disposal of "zombie enterprises" and achieve The market clears. The use of special reward and subsidy funds should be based on factors such as the completion progress of local tasks (mainly linked to the exit of production capacity), degree of difficulty, and employee resettlement conditions, and implement tiered reward and subsidy funds for local governments, which will be used by local governments to coordinate the placement of employees of enterprises that meet the requirements. Specific measures will be formulated separately by relevant departments.

(9) Improve tax policies. Accelerate the reform of ad valorem collection of iron ore resource taxes and promote the expansion of the scope of value-added tax deductions. Expand the scope of replacing business tax with value-added tax to include the construction industry and other fields. Iron and steel enterprises use residual pressure and waste heat to generate electricity and enjoy preferential value-added tax policies for comprehensive utilization of resources in

accordance with regulations. Coordinate and study the issue of corporate income tax preferential policies for comprehensive utilization of suitable resources for iron and steel enterprises to use residual pressure and waste heat to generate electricity. Implement fair tax policies and cancel the bonded policy for imported steel under processing trade.

(10) Increase financial support.

1. Implement the financial policy of preservation and control, increase credit support for iron and steel enterprises that resolve excess production capacity, implement mergers and reorganizations, and have prospects and profits, in accordance with the principles of risk control and commercial sustainability, and support all types of social capital to participate in the iron and steel industry Corporate mergers and acquisitions and reorganization; suspension of loans to companies that illegally add steel production capacity.

2. Use market-oriented means to properly dispose of corporate debts and bank non-performing assets, implement fiscal and taxation policies for the write-off of bad debts of financial institutions, and improve fiscal and taxation support policies for financial institutions to increase the disposal of debt-retired assets. Study and improve the policy

on batch transfer of non-performing assets, support banks in accelerating the disposal of non-performing assets, support banks in packaging and transferring non-performing assets to financial asset management companies, and improve the efficiency of non-performing asset disposal.

3. Support social capital to participate in corporate mergers, acquisitions and reorganizations. Encourage insurance funds and other long-term funds to innovate products and investment methods, participate in corporate mergers and acquisitions and reorganizations, and expand the sources of merger and acquisition funds. Improve the exit channels for M&A funds, accelerate the development of the secondary trading market for related property rights, and improve the efficiency of capital use.

4. Strictly crack down on enterprises' evasion of bank debts and protect the legitimate rights and interests of creditors in accordance with the law. Local governments establish a coordination mechanism for corporate financial debt restructuring and non-performing asset disposal, and organize and coordinate relevant departments to support financial institutions in doing a good job in corporate financial debt restructuring and non-performing asset disposal.

(11) Make arrangements for employees. The resettlement of employees should be the top priority in resolving excess production capacity, and multiple measures should be taken to ensure employee resettlement by combining the main role of enterprises with social security. The employee resettlement plan shall not be implemented if the resettlement plan is incomplete, the funding guarantee is not in place, and the employee resettlement plan has not been discussed and approved by the employee congress or all employees.

1. Tap the internal potential of the enterprise. Give full play to the main role of enterprises and adopt methods such as negotiated salary, flexible working hours, training and job transfer to stabilize existing jobs and relieve the pressure of employee diversion. Support the construction of entrepreneurial platforms and employees' independent entrepreneurship, actively cultivate entrepreneurial innovation carriers that adapt to the characteristics of steel enterprise employees, expand the scope of pilot projects for returning to hometowns to start businesses, improve entrepreneurial service incubation capabilities, cultivate successive industrial clusters, and guide employees to start businesses and find jobs nearby.

2. Implement internal retirement for qualified

employees. For employees who are within 5 years of the statutory retirement age, after voluntary choice, enterprise consent and signing of an agreement, the labor contract shall be changed in accordance with the law, and the enterprise shall pay living allowances and pay basic pension insurance premiums and basic medical insurance premiums. Employees shall not receive basic pensions before reaching the statutory retirement age.

3. Cancel and terminate the labor contract in accordance with laws and regulations. If the enterprise really needs to terminate the labor relationship with its employees, it should pay economic compensation in accordance with the law, repay the employees' wages in arrears and make up for the social insurance premiums, and complete the transfer and continuation procedures of the social insurance relationship. When the enterprise body dies, the labor contract with the employees is terminated in accordance with the law. For employees who are within 5 years of the legal retirement age, the employees can voluntarily choose to receive economic compensation, or the unit can reserve a lump sum for social insurance until the legal retirement age. Funds and basic living expenses are paid by agencies designated by the government, and basic pension insurance

premiums and basic medical insurance premiums are paid on their behalf.

4. Provide re-employment assistance. Promote the unemployed to re-employ or start their own businesses through skills training, job introduction and other means. For those who have difficulty finding employment, we must increase employment assistance and provide assistance through various methods such as developing public welfare jobs. Unemployment insurance benefits will be paid to eligible unemployed persons in accordance with regulations, and those who meet the conditions for assistance should be included in the scope of social assistance in a timely manner to ensure their basic livelihood.

(12) Revitalizing land resources. The allocated land after the withdrawal of steel production capacity can be transferred or recovered by local governments in accordance with the law. The local government can use the land transfer income after recovering the original allocated land use rights to pay the resettlement expenses of employees of enterprises with withdrawing production capacity through budget arrangements in accordance with regulations. The industrial land after the withdrawal of steel production capacity can be used for conversion to develop the tertiary industry on the premise of

complying with urban and rural planning. The land transfer revenue collected by the local government can be used for employee resettlement and debt disposal through budgetary arrangements in accordance with regulations; among which, the land is converted to production The sexual services industry and other industries encouraged by the state can continue to use the land according to the original purpose and land rights type within 5 years.

4. Organization and implementation

(13) Strengthen organizational leadership. Relevant departments should establish a coordination mechanism for resolving excess steel production capacity and upgrading difficulties, strengthen comprehensive coordination, formulate implementation details, supervise the implementation of tasks, and coordinate and advance various tasks. Relevant provincial people's governments must establish leading groups, and cities, counties and key enterprises with heavy tasks must establish corresponding leadership agencies and work promotion mechanisms. Relevant provincial people's governments and the State-owned Assets Supervision and Administration Commission of the State Council are respectively responsible for the overall responsibility for resolving excess steel production capacity in their

respective regions and relevant central enterprises. They must study and propose the total scale of production capacity withdrawal, the scale and timetable of branch withdrawals based on these opinions, and formulate implementation plans accordingly. and supporting policies, and submit them to the National Development and Reform Commission and the Ministry of Industry and Information Technology. The National Development and Reform Commission and the Ministry of Industry and Information Technology have comprehensively balanced and coordinated with relevant regions and the State-owned Assets Supervision and Administration Commission of the State Council to implement the task of resolving excess production capacity in accordance with the national goals, tasks and time requirements for resolving excess steel production capacity. Relevant provincial people's governments and the State-owned Assets Supervision and Administration Commission of the State Council shall formulate implementation plans accordingly and organize their implementation, and report them to the State Council for filing.

(14) **Strengthen supervision and inspection.** Establish and improve the target responsibility system, list the implementation of the goals of eliminating excess production

capacity in each region as an important part of the supervision and inspection of the implementation of the central government's major decisions and deployments, and strengthen supervision and inspection of the entire process of eliminating excess production capacity. All regions should disclose to the public the annual completion of the task of resolving excess production capacity and establish a reporting system. Strengthen the assessment mechanism, introduce third-party institutions to evaluate the completion of tasks in various regions, and hold accountable places and enterprises that have not completed tasks. Relevant departments of the State Council should organize and carry out special inspections in a timely manner.

(15) Implement industry self-discipline. Give full play to the advantages of industry associations that are familiar with the industry and close to enterprises, promptly reflect the demands of enterprises, provide feedback on policy implementation, and guide and standardize enterprises to do self-discipline work. Introduce relevant intermediaries, rating and credit reporting agencies to participate in standard confirmation, publicity and supervision, etc. The standards and results for resolving excess steel production capacity shall be disclosed to the public, social supervision

shall be strengthened, and incentives for trustworthiness and punishment for breach of trust shall be implemented.

(16) Strengthen publicity and guidance. It is necessary to widely and deeply publicize the importance and experience of resolving excess steel production capacity through newspapers, radio, television, the Internet, etc., strengthen policy interpretation, respond to social concerns, and form a good public opinion environment.

State Council

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国务院关于钢铁行业化解过剩产能实现脱困发展的意见

国发〔2016〕6号

各省、自治区、直辖市人民政府，国务院各部委、各直属机构：

钢铁产业是国民经济的重要基础原材料产业，投资拉动作用大、吸纳就业能力强、产业关联度高，为我国经济社会发展作出了重要贡献。近年来，随着经济下行压力加大，钢材市场需求回落，钢铁行业快速发展过程中积累的矛盾和问题逐渐暴露，其中产能过剩问题尤为突出，钢铁企业生产经营困难加剧、亏损面和亏损额不断扩大。为贯彻落实党中央、国务院关于推进结构性改革、抓好去产能任务的决策部署，进一步化解钢铁行业过剩产能、推动钢铁企业实现脱困发展，现提出以下意见：

一、总体要求

（一）指导思想。全面贯彻党的十八大和十八届三中、四中、五中全会以及中央经济工作会议精神，按照“五位一体”总体布局和“四个全面”战略布局，牢固树立和贯彻落实创新、协调、绿色、开放、共享的发展理念，着眼于推动钢铁行业供给侧结构性改革，坚持市场倒逼、企业主体，地方组织、中央支持，突出重点、依法依规，综合运用市场机制、经济手段和法治办法，因地制宜、分类施策、标本兼治，积极稳妥化解过剩产能，建立市场化调节产能的长效

机制，促进钢铁行业结构优化、脱困升级、提质增效。

（二）基本原则。

坚持市场倒逼、企业主体。健全公平开放透明的市场规则，强化市场竞争机制和倒逼机制，提高有效供给能力，引导消费结构升级。发挥企业主体作用，保障企业自主决策权。

坚持地方组织、中央支持。加强政策引导，完善体制机制，规范政府行为，取消政府对市场的不当干预和对企业的地方保护。发挥中央和地方两个积极性，积极有序化解过剩产能，确保社会稳定。

坚持突出重点、依法依规。整体部署、重点突破，统筹推进各地区开展化解过剩产能工作，产钢重点省份和工作基础较好的地区率先取得突破。强化法治意识，依法依规化解过剩产能，切实保障企业和职工的合法权益，落实好各项就业和社会保障政策，处置好企业资产债务。

（三）工作目标。在近年来淘汰落后钢铁产能的基础上，从2016年开始，用5年时间再压减粗钢产能1亿—1.5亿吨，行业兼并重组取得实质性进展，产业结构得到优化，资源利用效率明显提高，产能利用率趋于合理，产品质量和高端产品供给能力显著提升，企业经济效益好转，市场预期明显向好。

二、主要任务

（四）严禁新增产能。严格执行《国务院关于化解产能严重过剩矛盾的指导意见》（国发〔2013〕41号），各地区、各部门不得以任何名义、任何方式备案新增产能的钢铁项目，各相关部门和机构不得办理土地供应、能评、环评审批和新增授信支持等相关业务。对违

法违规建设的，要严肃问责。已享受奖补资金和有关政策支持的退出产能不得用于置换。

（五）化解过剩产能。

1.**依法依规退出。**严格执行环保、能耗、质量、安全、技术等法律法规和产业政策，达不到标准要求的钢铁产能要依法依规退出。

——环保方面：严格执行环境保护法，对污染物排放达不到《钢铁工业水污染物排放标准》、《钢铁烧结、球团工业大气污染物排放标准》、《炼铁工业大气污染物排放标准》、《炼钢工业大气污染物排放标准》、《轧钢工业大气污染物排放标准》等要求的钢铁产能，实施按日连续处罚；情节严重的，报经有批准权的人民政府批准，责令停业、关闭。

——能耗方面：严格执行节约能源法，对达不到《粗钢生产主要工序单位产品能源消耗限额》等强制性标准要求的钢铁产能，应在6个月内进行整改，确需延长整改期限的可提出不超过3个月的延期申请，逾期未整改或未达到整改要求的，依法关停退出。

——质量方面：严格执行产品质量法，对钢材产品质量达不到强制性标准要求的，依法查处并责令停产整改，在6个月内未整改或未达到整改要求的，依法关停退出。

——安全方面：严格执行安全生产法，对未达到企业安全生产标准化三级、安全条件达不到《炼铁安全规程》、《炼钢安全规程》、《工业企业煤气安全规程》等标准要求的钢铁产能，要立即停产整改，在6个月内未整改或整改后仍不合格的，依法关停退出。

——技术方面：按照《产业结构调整指导目录（2011年本）

（修正）》的有关规定，立即关停并拆除400立方米及以下炼铁高炉、30吨及以下炼钢转炉、30吨及以下炼钢电炉等落后生产设备。对生产地条钢的企业，要立即关停，拆除设备，并依法处罚。

2.**引导主动退出。**完善激励政策，鼓励企业通过主动压减、兼并重组、转型转产、搬迁改造、国际产能合作等途径，退出部分钢铁产能。

——企业主动压减产能。鼓励有条件的企业根据市场情况和自身发展需要，调整企业发展战略，尽快退出已停产的产能。鼓励钢铁产能规模较大的重点地区支持属地企业主动承担更多的压减任务。

——兼并重组压减产能。鼓励有条件的钢铁企业实施跨行业、跨地区、跨所有制减量化兼并重组，重点推进产钢大省的企业实施兼并重组，退出部分过剩产能。

——转产搬迁压减产能。对不符合所在城市发展规划的城市钢厂，不具备搬迁价值和条件的，鼓励其实施转型转产；具备搬迁价值和条件的，支持其实施减量、环保搬迁。

——国际产能合作转移产能。鼓励有条件的企业结合“一带一路”建设，通过开展国际产能合作转移部分产能，实现互利共赢。

3.**拆除相应设备。**钢铁产能退出须拆除相应冶炼设备。具备拆除条件的应立即拆除；暂不具备拆除条件的设备，应立即断水、断电，拆除动力装置，封存冶炼设备，企业向社会公开承诺不再恢复生产，同时在省级人民政府或省级主管部门网站公示，接受社会监督，并限时拆除。

（六）严格执法监管。强化环保执法约束作用，全面调查钢铁

行业环保情况，严格依法处置环保不达标的钢铁企业，进一步完善钢铁行业主要污染物在线监控体系，覆盖所有钢铁企业。加大能源消耗执法检查力度，全面调查钢铁行业能源消耗情况，严格依法处置生产工序单位产品能源消耗不达标的钢铁企业。加强产品质量管理执法，全面调查钢铁生产许可获证企业生产状况和生产条件，严厉打击无证生产等违法行为。对因工艺装备落后、环保和能耗不达标被依法关停的企业，注销生产许可证；对重组“僵尸企业”、实施减量化重组的企业办理生产许可证的，优化程序，简化办理。严格安全生产监督执法，全面调查钢铁行业安全生产情况，及时公布钢铁企业安全生产不良记录“黑名单”信息，依法查处不具备安全生产条件的钢铁企业。加大信息公开力度，依法公开监测信息，接受社会公众监督。

（七）推动行业升级。

1.**推进智能制造。**引导钢铁制造业与“互联网+”融合发展，与大众创业、万众创新紧密结合，实施钢铁企业智能制造示范工程，制定钢铁生产全流程“两化融合”解决方案。提升企业研发、生产和服务的智能化水平，建设一批智能制造示范工厂。推广以互联网订单为基础，满足客户多品种小批量的个性化、柔性化产品定制新模式。

2.**提升品质品牌。**树立质量标杆，升级产品标准，加强品牌建设，全面提升主要钢铁产品的质量稳定性和性能一致性，形成一批具有较大国际影响力的企业品牌和产品品牌。

3.**研发高端品种。**加强钢铁行业生产加工与下游用钢行业需求对接，引导钢铁企业按照“先期研发介入、后续跟踪改进”的模式，重点推进高速铁路、核电、汽车、船舶与海洋工程等领域重大技术装

备所需高端钢材品种的研发和推广应用。

4.**促进绿色发展。**实施节能环保改造升级，开展环保、节能对标活动，加快企业能源管理信息系统建设。所有钢铁企业实现环保节能稳定达标，全行业污染物排放总量稳步下降。

5.**扩大市场消费。**推广应用钢结构建筑，结合棚户区改造、危房改造和抗震安居工程实施，开展钢结构建筑推广应用试点，大幅提高钢结构应用比例。稳定重点用钢行业消费，促进钢铁企业与下游用户合作，推进钢材在汽车、机械装备、电力、船舶等领域扩大应用和升级。

三、政策措施

（八）加强奖补支持。设立工业企业结构调整专项奖补资金，按规定统筹对地方化解过剩产能中的人员分流安置给予奖补，引导地方综合运用兼并重组、债务重组和破产清算等方式，加快处置“僵尸企业”，实现市场出清。使用专项奖补资金要结合地方任务完成进度（主要与退出产能挂钩）、困难程度、安置职工情况等因素，对地方实行梯级奖补，由地方政府统筹用于符合要求企业的职工安置。具体办法由相关部门另行制定。

（九）完善税收政策。加快铁矿石资源税从价计征改革，推动扩大增值税抵扣范围。将营改增范围扩大到建筑业等领域。钢铁企业利用余压余热发电，按规定享受资源综合利用增值税优惠政策。统筹研究钢铁企业利用余压余热发电适用资源综合利用企业所得税优惠政策问题。落实公平税赋政策，取消加工贸易项下进口钢材保税政策。

（十）加大金融支持。

1.落实有保有控的金融政策，对化解过剩产能、实施兼并重组以及有前景、有效益的钢铁企业，按照风险可控、商业可持续原则加大信贷支持力度，支持各类社会资本参与钢铁企业并购重组；对违规新增钢铁产能的企业停止贷款。

2.运用市场化手段妥善处置企业债务和银行不良资产，落实金融机构呆账核销的财税政策，完善金融机构加大抵债资产处置力度的财税支持政策。研究完善不良资产批量转让政策，支持银行加快不良资产处置进度，支持银行向金融资产管理公司打包转让不良资产，提高不良资产处置效率。

3.支持社会资本参与企业并购重组。鼓励保险资金等长期资金创新产品和投资方式，参与企业并购重组，拓展并购资金来源。完善并购资金退出渠道，加快发展相关产权的二级交易市场，提高资金使用效率。

4.严厉打击企业逃废银行债务行为，依法保护债权人合法权益。地方政府建立企业金融债务重组和不良资产处置协调机制，组织协调相关部门支持金融机构做好企业金融债务重组和不良资产处置工作。

（十一）做好职工安置。要把职工安置作为化解过剩产能工作的重中之重，通过企业主体作用与社会保障相结合，多措并举做好职工安置。安置计划不完善、资金保障不到位以及未经职工代表大会或全体职工讨论通过的职工安置方案，不得实施。

1.挖掘企业内部潜力。充分发挥企业主体作用，采取协商薪酬、灵活工时、培训转岗等方式，稳定现有工作岗位，缓解职工分流

压力。支持创业平台建设和职工自主创业，积极培育适应钢铁企业职工特点的创业创新载体，扩大返乡创业试点范围，提升创业服务孵化能力，培育接续产业集群，引导职工就地就近创业就业。

2.对符合条件的职工实行内部退养。对距离法定退休年龄5年以内的职工经自愿选择、企业同意并签订协议后，依法变更劳动合同，企业为其发放生活费并缴纳基本养老保险费和基本医疗保险费。职工在达到法定退休年龄前，不得领取基本养老金。

3.依法依规解除、终止劳动合同。企业确需与职工解除劳动关系的，应依法支付经济补偿，偿还拖欠的职工在岗期间工资和补缴社会保险费用，并做好社会保险关系转移接续手续等工作。企业主体消亡时，依法与职工终止劳动合同，对于距离法定退休年龄5年以内的职工，可以由职工自愿选择领取经济补偿金，或由单位一次性预留为其缴纳至法定退休年龄的社会保险费和基本生活费，由政府指定的机构代发基本生活费、代缴基本养老保险费和基本医疗保险费。

4.做好再就业帮扶。通过技能培训、职业介绍等方式，促进失业人员再就业或自主创业。对就业困难人员，要加大就业援助力度，通过开发公益性岗位等多种方式予以帮扶。对符合条件的失业人员按规定发放失业保险金，符合救助条件的应及时纳入社会救助范围，保障其基本生活。

（十二）盘活土地资源。钢铁产能退出后的划拨用地，可以依法转让或由地方政府收回，地方政府收回原划拨土地使用权后的土地出让收入，可按规定通过预算安排支付产能退出企业职工安置费用。钢铁产能退出后的工业用地，在符合城乡规划的前提下，可用于转产

发展第三产业，地方政府收取的土地出让收入，可按规定通过预算安排用于职工安置和债务处置；其中转产为生产性服务业等国家鼓励发展行业的，可在5年内继续按原用途和土地权利类型使用土地。

四、组织实施

（十三）加强组织领导。相关部门要建立化解钢铁过剩产能和脱困升级工作协调机制，加强综合协调，制定实施细则，督促任务落实，统筹推进各项工作。各有关省级人民政府要成立领导小组，任务重的市、县和重点企业要建立相应领导机构和工作推进机制。各有关省级人民政府、国务院国资委分别对本地区、有关中央企业化解钢铁过剩产能工作负总责，要根据本意见研究提出产能退出总规模、分企业退出规模及时间表，据此制订实施方案及配套政策，报送国家发展改革委、工业和信息化部。国家发展改革委、工业和信息化部根据全国化解钢铁过剩产能的目标任务和时间要求，综合平衡，并与各有关地区、国务院国资委进行协调，将化解过剩产能任务落实到位。各有关省级人民政府、国务院国资委据此制定实施方案并组织实施，同时报国务院备案。

（十四）强化监督检查。建立健全目标责任制，把各地区化解过剩产能目标落实情况列为落实中央重大决策部署监督检查的重要内容，加强对化解过剩产能工作全过程的监督检查。各地区要将化解过剩产能任务年度完成情况向社会公示，建立举报制度。强化考核机制，引入第三方机构对各地区任务完成情况进行评估，对未完成任务的地方和企业要予以问责。国务院相关部门要适时组织开展专项督查。

（十五）做好行业自律。充分发挥行业协会熟悉行业、贴近企业的优势，及时反映企业诉求，反馈政策落实情况，引导和规范企业做好自律工作。引入相关中介、评级、征信机构参与标准确认、公示监督等工作。化解钢铁过剩产能标准和结果向社会公示，加强社会监督，实施守信激励、失信惩戒。

（十六）加强宣传引导。要通过报刊、广播、电视、互联网等方式，广泛深入宣传化解钢铁过剩产能的重要意义和经验做法，加强政策解读，回应社会关切，形成良好的舆论环境。

国务院

2016年2月1日

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EXHIBIT 63

Notice of the Ministry of Industry and Information Technology on Issuing the Iron and Steel Industry Adjustment and Upgrading Plan (2016-2020)

Ministry of Industry and Information Technology Regulations [2016] No. 358

The industrial and information technology departments of all provinces, autonomous regions, municipalities directly under the Central Government, cities under separate state planning, and Xinjiang Production and Construction Corps, relevant industry associations, and relevant central enterprises:

In order to implement the "Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China", "Made in China 2025" and the "Opinions of the State Council on the Steel Industry to Resolve Excess Production Capacity and Achieve Development out of Difficulties" and promote the structural adjustment, transformation and upgrading of the steel industry, Our ministry has formulated the "Steel Industry Adjustment and Upgrading Plan (2016-2020)". It is now issued to you, please take into account the actual situation and conscientiously implement it.

Ministry of Industry and Information Technology

October 28, 2016

Iron and Steel Industry Adjustment and Upgrading Plan (2016-2020)

The steel industry is an important basic industry of the national economy and the cornerstone of the country. For a long time, the steel industry has provided important raw material guarantees for national construction, strongly supported the development of related industries, promoted my country's industrialization and modernization process, and promoted the improvement of people's livelihood and social development. The "13th Five-Year Plan" period is the decisive stage for my country to build a moderately prosperous society in all respects. It is the starting stage of the "three-step" construction of a manufacturing power. It is also a key stage for the structural reform of the steel industry. Formulate and implement the plan for the adjustment and upgrading of the steel industry (2016 -2020), is of great significance to realizing the transformation and upgrading of the steel industry, building a world steel power, and building a manufacturing power.

The Iron and Steel Industry Adjustment and Upgrading Plan (2016-2020) is based on the "Outline of the Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China", "Made in China 2025" and the "Opinions of the State Council on the Iron and Steel Industry to Resolve Excess Production Capacity and Achieve Development out of Difficulties" " was compiled as a guiding document for the development of my country's steel industry in the next five years.

1. Current status of the industry

During the "Twelfth Five-Year Plan" period, my country has built the most complete steel industry system in the global industrial chain, providing most of the steel materials needed for the development of the national economy. The physical quality of products has become increasingly stable, effectively supporting the downstream steel industry and the national economy. stable and rapid development. At the same time, my country's steel industry is also facing problems such as increasingly overcapacity, insufficient innovation and development capabilities, increasing environmental and energy constraints, and continued difficulties in business operations.

(1) Development achievements of the " Twelfth Five-Year Plan "

1. Support rapid economic development . During the " Twelfth Five-Year Plan" period, driven by demand, China's crude steel output increased from 630 million tons in 2010 to 800 million tons in 2015, with an average annual growth rate of 5%, and reached a historical peak of 820 million tons in 2014. . The domestic market share of steel products

exceeds 99%, which basically meets the demand for steel products for my country's national economic and social development. In 2015, the steel industry achieved main business revenue of 7.3 trillion yuan and profits and taxes of 241.6 billion yuan, providing an important guarantee for the rapid and stable growth of the national economy.

2. Variety enrichment and quality improvement . During the " Twelfth Five-Year Plan" period, breakthroughs were made in the production of key steel products, including steel for million-kilowatt nuclear power plants, steel for ultra-supercritical thermal power units, high magnetic induction oriented silicon steel, third-generation high-strength automotive sheets, and steel for high-performance offshore platforms. The industrialization of high-end equipment steel represented by China and other countries has been achieved. Large-volume and wide-ranging construction steel has been upgraded. The proportion of key large and medium-sized steel enterprises producing high-strength steel bars of 400 MPa (level III) and above is as high as 99.6%, reaching the goal of "more than 80%" in the "Twelfth Five-Year Plan". The quality of steel products has

been greatly improved. There are 497 steel products that have reached the advanced foreign physical quality level, and the output accounts for 40% of all varieties.

3. The level of technical equipment has been greatly improved. The main equipment of my country's steel enterprises has generally reached the international advanced level. It already has a batch of blast furnaces with more than 3,000 cubic meters, 5-meter wide and thick plate rolling mills, 2-meter hot tandem rolling mills and cold tandem rolling mills and other world's most advanced modern metallurgical equipment; key large and medium-sized Blast furnaces of 1,000 cubic meters and above account for 72% of the total ironmaking capacity of steel companies, and converters (electric furnaces) of 100 tons and above account for 65% of the total steelmaking capacity. A number of key common technologies, such as high-efficiency and low-cost smelting technology, new generation controlled rolling and controlled cooling technology, and consistent production management technology, are widely used, and a new generation of recyclable steel processes have been applied in newly built enterprises.

4. Remarkable results have been achieved in energy conservation and emission reduction . During the ″ Twelfth Five-Year Plan″ period, a total of 90.89 million tons of iron-making capacity and 94.86 million tons of steel-making capacity were eliminated. Energy-saving and emission-reduction technologies represented by dry coke quenching, dry dust removal, sintering desulfurization, and energy management and control centers are widely used in the industry. The comprehensive energy consumption per ton of steel (equivalent to standard coal) of key large and medium-sized enterprises dropped from 605 kilograms to 572 kilograms, the sulfur dioxide emissions per ton of steel dropped from 1.63 kilograms to 0.85 kilograms, and the smoke and dust emissions per ton of steel fell from 1.19 kilograms to 0.81 kilograms, ton The amount of new water consumed by steel dropped from 4.10 tons to 3.25 tons, reaching the goal of the ″Twelfth Five-Year Plan″. The total energy consumption of steel is on a downward trend.

5. The industrial layout is becoming increasingly perfect. Under the guidance of the ″ One Belt and One Road″, the coordinated development of Beijing-Tianjin-Hebei, the

Yangtze River Economic Belt and the national main functional zone planning, the layout of China's steel industry has been increasingly improved. Major coastal base projects such as Baosteel Zhanjiang Phase I and Wuhan Iron and Steel Fangcheng Port have been completed and put into operation. The implementation has fundamentally changed the overall layout of China' s steel industry with "heavy emphasis in the north and light emphasis on the south". Qinggang, Wuhu Xinxing Cast Pipe, and Guangzhou Iron and Steel have completed their relocation and production conversion, and the relocation and transformation or transformation development of urban steel plants such as Shigang, Guizhou Iron and Steel, and Hangzhou Iron and Steel are under implementation.

6. The level of integration of informatization and informatization has been significantly improved . During the ″ Twelfth Five-Year Plan″ period, the application of information technology in production and manufacturing, enterprise management, logistics and distribution, product sales, etc. has continued to deepen. The numerical control rate of key process processes has exceeded 65%, and the enterprise resource planning (ERP) equipment rate has exceeded 70%. . Pilot projects for smart manufacturing plants have been carried out, with Baosteel's hot rolling intelligent workshop and Anshan Iron and Steel's metallurgical digital mine as examples, and a new model of personalized and flexible product customization represented by Nanjing Steel's segmented ship plate customization just-in-time (JIT) has emerged. New steel trading formats continue to emerge, forming a number of steel e-commerce trading platforms.

7. New progress has been made in resource protection.

The linkage and international influence of the domestic iron ore price index, spot trading platform, and futures trading continue to increase, and iron ore transaction prices have become more open and transparent. The ability to utilize overseas iron ore resources continues to improve, and the equity mineral production capacity that has been put into production has accumulated to 120 million tons, an increase of 114% compared with the end of the " Eleventh Five-Year Plan". Domestic iron ore exploration continues to increase, with 13.3 billion tons of newly identified iron ore resources. The utilization of scrap steel resources continues to advance. During the "Twelfth Five-Year Plan" period, a total of 440 million tons of scrap steel were used, an increase of 14% compared with the "Eleventh Five-Year Plan".

(2) Main issues

1. The contradiction of overcapacity has intensified . During the " Twelfth Five-Year Plan" period, China's steel production capacity reached about 1.13 billion tons, the debt ratio of key large and medium-sized enterprises exceeded 70%, the crude steel production capacity utilization rate dropped from 79% in 2010 to about 70% in 2015, and the steel production capacity has dropped from Regional and structural excesses gradually evolved into absolute excesses. The industrial concentration ratio has declined instead of rising. The industrial concentration ratio of the top ten steel companies dropped from 49% in 2010 to 34% in 2015, failing to reach the "60%" goal of the "Twelfth Five-Year Plan". The entire industry has been operating in a low-profit state for a long time, and suffered serious losses in 2015.

2. The level of independent innovation is not high.

Investment in independent innovation in China's steel industry has been insufficient for a long time. Enterprise R&D investment accounts for only about 1% of main business revenue, which has not reached the goal of "more than 1.5%" in the "Twelfth Five-Year Plan" and is far lower than the level of more than 2.5% in developed countries. , The ability of innovation to lead development is not strong, and it has not yet transcended the old model of digestion, absorption, imitation and innovation. Innovation carriers are scattered, innovation resources such as funds, equipment, and talents are redundantly allocated. Collaborative innovation between industry, academia, and research is insufficient, and some key high-end steel products still need to be imported.

3. Resource and environmental constraints are enhanced.

The equipment level of my country's steel industry is uneven, and the investment in energy conservation and environmental protection has a lot of historical debt. Many companies have not achieved comprehensive and stable emission of pollutants up to standards, and energy conservation and environmental protection facilities need to be further upgraded. Although energy consumption and pollutant emissions per ton of steel have declined year by year, they cannot offset the increase in energy consumption and total pollutant emissions caused by the growth in steel production. In particular, in steel production capacity clusters such as Beijing-Tianjin-Hebei and the Yangtze River Delta, the environmental carrying capacity has reached its limit, and green and sustainable development is urgent.

4. Enterprise operations need to be standardized urgently.

my country's steel companies are mixed, and illegal production capacity that violates environmental protection, quality, safety, and land regulations still exists, seriously disrupting market order. The mechanisms for regulatory penalties and the withdrawal of backward production capacity are not perfect, and it is difficult for inefficient production capacity and zombie companies to exit in the market. Industry self-discipline is poor, and market competition is disordered, which intensifies vicious competition in the market.

2. Situation faced

During the "Thirteenth Five-Year Plan" period, my country's economic development has entered a new normal of speed change, structural optimization, and power transformation, and has entered a critical stage of comprehensively promoting supply-side structural reform. The steel industry faces not only major opportunities in deepening reform, expanding opening up, structural adjustment and demand upgrading, but also facing severe challenges in declining demand, overcapacity and insufficient effective supply.

(1) Overall situation

A new round of scientific and technological revolution and industrial transformation is gaining momentum. Developing countries are accelerating planning and layout, actively undertaking industry and capital transfers, and the implementation of the "One Belt, One Road" strategy has provided market opportunities for my country's steel industry to participate extensively in international cooperation. Our country has a strong material foundation, rich human capital, vast market space, and huge development potential. The economic development model is accelerating the transformation, and new growth drivers are being formed. The fundamentals of long-term economic development have not changed, and the economy has good resilience, sufficient potential, and flexibility. The basic characteristics of large leeway have not changed, and the good supporting foundation and conditions for sustained economic growth have not changed. Consumption upgrades, simultaneous development of the four modernizations, and infrastructure construction have expanded the demand for steel. The construction of a strong manufacturing country and an innovative country is at a critical stage, and the demand for steel varieties, quality and services is constantly escalating. The transformation of government functions and the gradual reduction of government intervention in the micro-economy will give full play to the decisive role of the market in resource allocation, stimulate market vitality, and provide new development space for my country's steel industry.

At the same time, the world economy is recovering from deep adjustments, and the deep-seated effects of the international financial crisis will still exist for a long time. The contradiction between weak growth in global crude steel demand and excess steel production capacity has intensified the rise of various forms of trade protectionism and international competition. More intense and complex. The sharp fluctuations in the supply and price of raw materials and fuels such as global iron ore have increased the uncertainty in the operation of the steel industry. Our country's economy is transforming from a development model driven by investment and scale expansion to a development model based on quality, efficiency improvement, structural optimization, and industrial upgrading. In the next few years, it is difficult to fundamentally change the coexistence of sluggish aggregate demand and overcapacity. Economic growth will not continue to rise and achieve high growth for several consecutive years once it picks up, as it did in the past. Overcapacity will no longer be able to survive through the continuous and continuous growth in history. to be digested by rapid economic growth. The prominent contradictions and problems faced by economic development are structural, not cyclical. They are caused by long-term accumulation of deep-seated contradictions and changes in development conditions such as environmental resources. It is impossible to achieve a V-shaped or U-shaped rebound through short-term stimulus. Will go through an L-shaped development stage. The industry moving towards the mid-to-high-end level will put forward urgent demands for improving the effective supply level of the steel industry. Social development and ecological civilization construction will put forward new requirements for energy conservation, emission reduction and quality improvement of the steel industry. Enterprises will need to improve the market environment and mechanism of fair competition and survival of the fittest. More expectations were raised. It is a top priority to fully promote the supply-side structural reform of the steel industry, work hard to resolve excess production capacity, and realize the development of the steel industry out of difficulties.

(2) Demand forecast

According to the "Outline of the Thirteenth Five-Year Plan for National Economic and Social Development of the People's Republic of China", the expected target of GDP annual growth rate is greater than 6.5%, and takes into account the economic development speed range, changes in downstream industry demand, regional Based on factors such as development balance and steel import and export, combined with the overall situation facing the development of the steel industry, the plan comprehensively uses the steel consumption coefficient method, regional consumption balance method, industry consumption survey method and other methods to predict crude steel demand and output.

From an international perspective, it is predicted that crude steel consumption and output in 2020 will basically remain at around 1.6 billion tons. In the medium to long term, as the global economy gradually shakes off the impact of the crisis, and driven by industrialization and urbanization in developing countries, crude steel consumption will show stable and slight growth.

steel consumption intensity and total consumption will show a downward trend during the "13th Five-Year Plan" , and production and consumption will enter a downward period at the top of the peak arc, showing a fluctuating and slow-down trend. Domestic crude steel consumption reached a peak of 760 million tons in 2013 , and is expected to drop to 650 million to 700 million tons in 2020, with crude steel output reaching 750 million to 800 million tons.

3. Guiding ideology, basic principles and goals

(1) Guiding ideology

Comprehensively implement the spirit of the 18th National Congress of the Communist Party of China and the Third, Fourth and Fifth Plenary Sessions of the 18th Central Committee, adhere to the concepts of innovative, coordinated, green, open and shared development, actively adapt to, grasp and lead the new normal of economic development, and give full play to the market The decisive role of allocating resources and giving better play to the role of the government should be focused on promoting the supply-side structural reform of the steel industry. With the goal of comprehensively improving the comprehensive competitiveness of the steel industry, the main direction is to resolve excess production capacity, promote innovative development, adhere to green development, promote intelligent manufacturing, and improve the development quality and efficiency of my country's steel industry.

(2) Basic principles

1. Adhere to structural adjustment. With the core of resolving excess production capacity, we will actively and steadily implement overcapacity reduction, focus on intelligent manufacturing, promote industrial transformation and upgrading, and use mergers and reorganizations as a means to deepen the coordinated development of regional layout.

2. Adhere to innovation-driven. Strengthen the status of enterprises as the main body of innovation, improve the collaborative innovation system of industry, academia, and

research, stimulate innovation vitality and creativity, use the breakthrough point of solving steel material research and development problems, and comprehensively lead the transformation and upgrading of the industry.

3. Adhere to green development. With the goal of reducing energy consumption and reducing pollutant emissions, we will comprehensively implement energy-saving and emission-reduction upgrades, continuously optimize the raw and fuel structure, vigorously develop a circular economy, actively develop and promote full-life cycle green steel, and build a new pattern of harmonious development of steel manufacturing and society. .

4. **Adhere to quality first.** Strengthen the main responsibility of corporate quality, focus on improving the physical quality stability, reliability and durability of products, strengthen the application of quality improvement management technology, increase brand cultivation, and achieve a quality-benefit transformation.

5. Adhere to open development. Promote reform, development and innovation through opening up, make full use of both domestic and foreign markets and resources, adhere to the principle of ″ optimal import and export″, actively introduce overseas investment and advanced technology, and comprehensively promote international steel production capacity cooperation.

(3) Goals

By 2020, the supply-side structural reform of the steel industry will have made significant progress and the entire industry will be fundamentally out of trouble. The problem of overcapacity has been effectively alleviated, with a net reduction in crude steel production capacity of 100 million to 150 million tons; innovation- driven capabilities have been significantly enhanced , and a national industry innovation platform and a number of internationally leading innovation leaders have been established; energy consumption and pollutant emissions have fully and stably reached standards. , the total volume has both declined; a number of intelligent steel manufacturing plants and intelligent mines have been cultivated; product quality stability and reliability levels have been greatly improved, and a number of key steel varieties have been effectively supplied. Strive to achieve remarkable results in the supply-side structural reform of the steel industry by 2025, significantly improve the level of independent innovation, significantly improve the effective supply level, and form an organizational structure with optimized organizational structure, reasonable regional distribution, advanced technology, outstanding quality and brand, good economic benefits, and competitiveness. With a strong development trend, China's steel industry has achieved a historic leap from large to strong.

Column 1 Main indicators of adjustment and upgrading of the steel industry during the "Thirteenth Five-Year Plan" period				
serial number	index	2015	2020	The cumulative increase during the "Thirteenth Five-Year Plan"

1	Growth rate of industrial added value (%)	5.4	Around 6.0 (average annual growth rate)	/
2	Crude steel production capacity (billion tons)	11.3	Below 10	Decrease 1-1.5
3	Capacity utilization(%)	70	80	10 percentage point
4	Industry concentration ratio (top 10 companies) (%)	34.2	60	More than 25 percentage points
5	Iron and Steel Intelligent Manufacturing Demonstration Pilot (Home)	2	10	8
6	Main industry labor productivity (tons of steel/person • year)	514	1000 above	486 and above
7	total energy consumption	/	/	dropped by more than 10%
8	Comprehensive energy consumption per ton of steel (kg of standard coal)	572	≤560	Reduce by more than 12
9	New water consumption per ton of steel (cubic meters)	3.25	≤3.2	Reduce by more than 0.05

10	Total pollutant emissions	/	/	dropped by more than 15%
11	Sulfur dioxide emissions per ton of steel (kg)	0.85	≤0.68	Reduce by more than 0.17
12	Comprehensive utilization rate of steel smelting slag (%)	79	More than 90	More than 11 percentage points
13	R&D investment as a proportion of main business income (%)	1.0	≥1.5	More than 0.5 percentage points
14	Proportion of steel structure steel to construction steel (%)	10	≥25	More than 15 percentage points
15	Key indicators for the integration of informatization and informatization: Proportion of comprehensively integrated large enterprises (%)	33	≥44	More than 11 percentage points
	Key indicators for the integration of informatization and informatization: Proportion of large enterprises with integrated management and control (%)	29	≥42	More than 13 percentage points
	Key indicators for the integration of informatization and informatization: Proportion of large enterprises integrating production, supply and marketing (%)	43	≥50	More than 7 percentage points

4. Key tasks

(1) Actively and steadily reduce overcapacity and deleverage

Adhere to the principles of market pressure, enterprise entities, local organizations, and central support, focus on key points, comply with laws and regulations, and comprehensively use market mechanisms, economic means, and legal methods to actively and steadily resolve excess production capacity, dispose of zombie enterprises, and reduce the asset-liability ratio of enterprises.

New steel production capacity is strictly prohibited. Stop the construction of all investment projects to expand steel production capacity and focus investment on innovation capabilities, green development, intelligent manufacturing, quality brands, variety development, extended services and production capacity cooperation . No local area is allowed to have a net increase in steel smelting capacity. Structural adjustment and transformation projects must strictly implement capacity reduction and replacement. Planned and under-construction steel projects that have been approved by the state and registered locally must also implement reduction and replacement. Environmentally sensitive areas such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Pearl River Delta will implement reduction replacement at a ratio of no less than 1:1.25 . Prior to 2015 (inclusive), eliminated production capacity, backward production capacity, production capacity included in reduction tasks, and exiting production capacity enjoying incentive and subsidy funds and policy support shall not be used for production capacity replacement. Enterprises and equipment included in the production capacity replacement plan must be registered with local governments. The website shall be publicized and accept social supervision.

overcapacity in accordance with laws and regulations . Strictly implement laws, regulations and industrial policies on environmental protection, energy consumption, quality, safety, technology, etc. Those that fail to meet standard requirements must be shut down and withdrawn in accordance with laws and regulations. In 2016, all iron-making blast furnaces of 400 cubic meters and below were shut down and dismantled (except foundry blast furnaces that meet the " Specification Conditions for the Certification of

Enterprises Used in Casting Pig Iron″), steel-making converters of 30 tons and below, and electric furnaces of 30 tons and below (high alloy steel (except electric furnace) and other backward production equipment. Comprehensively ban the production capacity of intermediate frequency furnaces and power frequency furnaces that produce ″strip steel″. Give full play to the role of social supervision and reporting, actively use technical means such as satellite monitoring, and comprehensively carry out special actions such as joint law enforcement inspections and clean-up of illegal construction projects, focusing on investigating steel production enterprises and projects that are not included in the standardized management of the steel industry.

Zombie companies should be pushed to retreat. The overall exit of enterprises that have been losing money for many years, are insolvent, have no hope of turning around their losses, and rely on bank loan renewals to survive will be a ″big tip″ to resolve excess production capacity. All localities should identify zombie enterprises and inefficient production capacity based on their own actual conditions, stop financial subsidies, stop bank loans, properly arrange employees, and promote their exit from the market. Support local governments and enterprises to exit inefficient production capacity through proactive reduction, mergers and reorganizations, transformation and production conversion, etc. Give full play to the role of incentive policies such as special incentives and subsidies to encourage regions with large production capacity to proactively reduce steel production capacity.

Reduce corporate asset-liability ratios. Industries and enterprises should put quality and efficiency first and significantly reduce the asset-liability ratio through various means. Enterprises with high asset-liability ratios should regard reducing liabilities as an important task. The proposed and ongoing structural adjustment and urban steel plant relocation projects that have been approved and registered must be re-evaluated on the basis of reduced development in light of the current situation. Those with poor economic benefits and capital ratios below 40% must resolutely Stop and prevent the creation of new highly indebted companies. Enterprises that are insolvent or in debt default must be expedited through bankruptcy reorganization, debt restructuring, bankruptcy liquidation and other methods. Enterprises must be severely punished for evading bank debts and the legitimate rights and interests of creditors shall be protected in accordance with the law. It is necessary to adhere to marketization and legalization of debt-for-equity swaps, allowing market entities to make independent choices, and strictly prohibit zombie companies from being the targets of debt-for-equity swaps.

Column 2 Special actions to resolve excess production capacity
1 Joint law enforcement inspection special action **(1) Special actions for environmental protection law enforcement** Organize and carry out a comprehensive investigation of the environmental protection situation in the steel industry, carry out special environmental protection law enforcement inspections, sort out and investigate one by one, and investigate and deal with environmental violations in accordance with the law. Steel companies that discharge pollutants in excess of the standard and total amount must be punished in accordance with the law, on a daily basis, and ordered to take measures such as restricting production and suspending production for rectification. For those who refuse to suspend production or resume production without authorization after being ordered to suspend production for rectification, or who commit the same illegal act again after the decision to suspend production

for rectification is lifted, etc., they should be reported to the people's government with the authority to approve in accordance with the law and ordered to suspend business or close down.

(2) Special actions for quality law enforcement

Strictly implement the Product Quality Law. For manufacturing enterprises that are judged to have substandard products in accordance with the law during supervisory spot inspections and supervisory inspections organized by the quality and technical supervision department, the local quality and technical supervision department shall order the enterprise to make rectifications within a time limit in accordance with the law. If the enterprise fails to make rectifications within 6 months If the company fails the rectification review or fails to pass the rectification review, its production license will be revoked or revoked according to prescribed procedures. Seriously investigate and deal with "strip steel" production enterprises in accordance with the law, including enterprises that use intermediate frequency furnaces and power frequency furnaces for steelmaking, promptly report to the local government and notify relevant departments, and take measures such as cutting off power, water, and loans in accordance with the law, and resolutely ban them .

(3) Special actions on energy consumption law enforcement

Carry out special actions on energy consumption law enforcement and strictly implement the Energy Conservation Law. Production capacity that fails to meet mandatory standards such as the "Energy Consumption Limits of Unit Products for Main Processes of Crude Steel Production" must be rectified within a time limit. If rectification is not made within the time limit or the rectification does not meet the standards, the company will be punished in accordance with the law. Shut down and exit.

(4) Special actions for safety law enforcement

Organize a comprehensive inspection of steel companies to find out the safety production status of the companies. Strictly implement the production safety law, and punish enterprises that have not reached the third level of safety production standardization and above, and whose safety production conditions do not meet the requirements of the "Ironmaking Safety Regulations", "Steelmaking Safety Regulations", "Industrial Enterprise Gas Safety Regulations" and other standards , an order for production suspension and rectification must be issued immediately. If the company fails to make corrections within 6 months or is still unqualified after rectification , the local safety supervision department at or above the county level shall request the people's government at the same level to shut down and exit in accordance with laws, regulations and procedures.

2 Special action to clean up illegal construction projects

Through special centralized inspections, key spot inspections, unannounced visits, etc., we will check whether the smelting project has fulfilled the approval and filing procedures, whether the production capacity replacement has been carried out and announced in accordance with the regulations, and it is prohibited to register steel projects with new production capacity in any name or by any means. Based on the inspection results, projects built in violation of laws and regulations will be suspended for rectification; projects under construction will be immediately stopped and notified nationwide, and relevant enterprises and personnel will be held accountable depending on the severity of the case, and implementation will be implemented in terms of financing and credit, bond issuance, railway transportation volume, etc. Joint punishment.

3. Special action to eliminate outdated production equipment

In accordance with relevant regulations such as the "Guidance Catalog for Industrial Structural Adjustment (2011 Edition) (Amended)", through a series of key tasks such as thorough investigation, organization and implementation, inspection and acceptance, and inspection and assessment, ironmaking plants with an area of 400 cubic meters or less will be fully shut down and dismantled. Blast furnace, steelmaking converter of 30 tons and below, electric furnace (except high alloy steel electric furnace) and other backward production equipment.

(2) Improve the steel layout and adjust the pattern

We will comprehensively consider market demand, transportation, environmental capacity and resource and energy supporting conditions, combine with the resolution of excess production capacity, and deepen the reduction and adjustment of regional layout. Coastal areas should change the idea of blindly moving steel plants in the region to coastal construction, no longer deploy new coastal bases, and implement group development and improve quality and efficiency based on existing coastal bases; inland areas should use regional market capacity and resources and energy The support is a double bottom line, resolutely exiting enterprises that lack competitiveness, and implementing integration and development out of difficulties based on existing leading enterprises.

Beijing-Tianjin-Hebei and surrounding areas, and the Yangtze River Delta region: Based on the existing coastal and river layout, we will focus on reducing regional environmental pressure, rely on advantageous enterprises, optimize and adjust inland enterprises through reduction and reorganization, and significantly resolve excess steel production capacity. The key steel-producing areas located in the capital economic circle of Hebei should be based on the existing coastal steel bases, study the overall withdrawal and replacement of urban steel plants, and achieve regional reduction development. **Central and western regions and old industrial bases in Northeast China:** Relying on relatively advantageous enterprises in the region, implement regional integration, reduce the number of entrepreneurs, and reduce excess steel production capacity. **Southeast coastal areas:** focusing on adjusting the national steel layout of "heavy in the north and light in the south", we will build first-class coastal steel bases such as Zhanjiang and Fangchenggang.

Urban steel plants: Existing steel plants in central cities must obey and serve the needs of urban development, comprehensively balance factors such as the overall positioning of the city, environmental capacity, land resource value, tax proportion, etc., and determine closure, conversion, relocation and transfer. , coordinated development with the city and other options. For urban steel plants that do not meet the development requirements of the city where they are located, are difficult to transform, and have weak competitiveness, they will implement transformation and conversion and withdraw from the steel industry; urban steel plants that comply with the development plan of the city where they are located will implement the strategy of "green development and industry-city integration"; Urban steel plant relocation projects that are being implemented must implement reduction relocation, resolutely implement reduction and replacement of production capacity, and announce it to the public on the government website.

(3) Improve independent innovation capabilities

Focusing on the upgrade needs of low-energy smelting technology, energy-saving and efficient rolling technology, full-process quality inspection, forecasting and diagnosis technology, steel process intelligent control technology, and high-end equipment steel, we will support the full integration of existing scientific and technological resources and give full play to the role of enterprises as the main innovation body. , the bridge and promotion role of design units, the basic leading role of universities and scientific research institutes, implement an innovative model that combines industry, academia, and research, and build a national-level industry innovation platform in the steel field through market-oriented operation mechanisms and diversified cooperation models. Improve original innovation and independent integrated innovation capabilities, carry out industrialization innovation work on industry foundations and key common technologies, and achieve landmark innovation results every year. Promote the construction of national technological innovation demonstration steel enterprises and support the construction of national new industrialization industry demonstration bases with steel as the leading industry. Encourage collaborative innovation between dominant steel companies, scientific research institutions, design units and downstream users, increase investment in innovation, and achieve a new situation of innovation-led development.

Column 3 Key Technology Development Focus
1 The key technologies of the production process include comprehensive selection technology of complex and refractory minerals, low-energy blast furnace smelting technology, efficient green electric furnace smelting technology, high-efficiency and low-cost clean steel smelting technology, billet direct rolling technology, ultra-rapid cooling technology, energy-saving and efficient rolling and follow-up Processing technology.
2 Key technologies for product quality: fully continuous and automatic tracking of product surface quality defect detection technology, large-size cross-section cleanliness detection technology of continuous casting billets, online detection and accurate prediction technology of product tissue performance, full-process process quality data integration and online comprehensive quality evaluation technology, Product process quality parameter collection and storage, traceability analysis technology, product quality interactive analysis and abnormal diagnosis technology.
3 Key technologies for intelligent manufacturing : intelligent control expert system for key process equipment, intelligent robot application technology, multi-objective real-time optimization of production and manufacturing process online

operation technology, intelligent fault diagnosis and maintenance big data system for key process equipment, intelligent optimization technology for steel industry supply chain, collaboration Manufacturing enterprise information integration technology.

(4) Improving the effective supply level of steel

Promote service-oriented manufacturing. Comprehensively establish a user-centered product concept and service awareness, and promote the transformation of steel enterprises from manufacturers to service providers. Encourage steel companies to actively connect with downstream steel-using companies, focus on user needs, combine early R&D intervention, and later continuous follow-up improvement (EVI) model, innovate technical support and after-sales services, improve the logistics and distribution system , and provide material recommendations and subsequent processing and use plans. and a series of extended services to create and lead high-end demand. Support enterprises to focus on promoting the research and development and industrialization of high-end steel varieties required for major technical equipment in the fields of high-tech ships, marine engineering equipment, advanced rail transit, electric power, aerospace, machinery and other fields, and strive to break through 3-4 key varieties every year and continue to increase Effective supply.

Column 4 Major projects of key varieties
1 Marine engineering equipment and high-tech ship fields Large linear energy welding steel, thick plates with high crack arrest performance, steel for ships in extremely cold and ultra-low temperature environments, high manganese corrosion-resistant steel, invar steel for LNG ships, steel for offshore platform leg structures and supporting welding materials. **2 Advanced rail transit equipment field** Steel is used for high-speed railway wheel sets, high-speed and heavy-load high-strength rails, and weather-resistant and corrosion-resistant steel for vehicle bodies. **3 Energy saving and new energy vehicle fields** New generation of ultra-high-strength automotive steel, coated sheets for hot stamping, ultra-high-strength cord steel, etc. **4 Electric power equipment field** Heat-resistant steel for ultra-supercritical thermal power units, large forgings and large blades for steam turbines and generators, steel for internal components of pressurized water reactors for nuclear power units, large shaft forgings and volute steel for hydropower units. **5 Key basic components areas** High-performance bearing steel, gear steel, spring steel for

advanced manufacturing, ultra-high-strength steel for transmission shafts, high-strength non-quenched and tempered steel, steel for high-strength fasteners above grade 12.9, etc.

6 Other high quality special steels

High-quality cold pier steel, special steel for machine tool ball screws, free-cutting tool steel for complex tools, ultra-high-strength stainless steel for special equipment, corrosion-resistant steel for energy-saving, environmentally friendly equipment and chemical equipment, high efficiency, low loss and special-purpose silicon steel, Large cross-section, high uniformity, high performance mold steel, high performance cold roll steel, high temperature alloy, rolled composite plate, etc.

Improve quality levels. Establish a quality awareness with stability as the core. Support enterprises to adopt quality improvement technologies such as clean steel production, precision rolling, and consistent product quality management, use information and intelligent means and equipment to reduce the impact of human factors on quality control, and improve the physical quality stability and reliability of steel products and durability.

Strengthen brand building. Establish a quality-centered brand system. Support steel companies to formulate brand management systems and focus on the entire process of R&D

and innovation, production and manufacturing, quality management and marketing services to improve intrinsic quality and lay a solid foundation for brand development. Carry out quality benchmarking activities, use the physical quality certification activities of metallurgical products as a platform, announce to the public every year high-quality products and premium quality brand-name products that have reached the international physical quality level of similar products, and increase brand cultivation efforts.

(5) Develop intelligent manufacturing

Lay a solid foundation for intelligent manufacturing. Accelerate the integration and development of informatization, digitization and manufacturing technology in steel manufacturing, and regard intelligent manufacturing as the main direction for the deep integration of the two. Support steel companies to improve the construction of four-level information systems including basic automation, production process control, manufacturing execution, and enterprise management. Support qualified steel companies to establish big data platforms and promote the digitalization and networking of knowledge accumulation in the entire manufacturing process. Support steel companies to implement robot replacement projects in positions with harsh environments, high safety risks, and high operational consistency. Comprehensively carry out the implementation and assessment of the integrated management system of industrialization and industrialization in steel enterprises, and promote the standardization of intelligent steel manufacturing.

Comprehensively promote intelligent manufacturing. Promote new models of intelligent manufacturing across the industry and summarize experiences that can be promoted and replicated. Focus on cultivating pilot demonstrations of four new intelligent manufacturing models , process-based intelligent manufacturing, network collaborative manufacturing, large-scale personalized customization, and remote operation and maintenance, to enhance the company's capabilities in efficient research and development of varieties, stable product quality, flexible production organization, and comprehensive cost control. . Make full use of "Internet + ", encourage advantageous enterprises to explore and build an Internet platform for the steel industry, and bring together various resources such as steel production enterprises, downstream users, logistics distributors, traders, scientific research institutions, and financial institutions to operate together and improve efficiency. Support qualified steel companies in key industries such as automobiles, ships, and home appliances to meet customers' personalized needs for multiple varieties and small batches based on Internet orders. Encourage advantageous steel companies to build intelligent detection systems for key equipment and develop new remote operation and maintenance services such as fault prediction and automatic diagnosis systems. Summarize pilot demonstration experience and models, and propose a roadmap for intelligent steel manufacturing.

(6) Promote green manufacturing

Implement green transformation and upgrading. Accelerate the promotion, application and comprehensive popularization of advanced, applicable, mature and reliable energy-saving and environmentally friendly technology and equipment. Comprehensively complete the transformation of sintering desulfurization, dry coke quenching, and blast furnace residual pressure recovery, and eliminate high water-consuming process equipment such as blast furnace gas wet dust removal and converter primary flue gas traditional wet dust removal. An environmental protection online monitoring system for major pollutant emissions in corporate factories has been fully established. Research, develop and promote advanced energy-saving and environmentally friendly technologies, and carry out special demonstration activities for difficult energy-saving and environmentally friendly technologies such as coke oven and sintering flue gas desulfurization and denitrification, comprehensive sewage reuse and deep desalination. In environmentally sensitive areas and steel production capacity concentrated areas with weak environmental carrying capacity, the implementation of clean production technology transformation such as closed environmentally friendly raw material yards and deep purification of sintering flue gases will be accelerated. In the steel industry agglomeration area, actively explore and implement centralized railway transportation solutions for logistics, systematically optimize the logistics system, and reduce unorganized emissions in the logistics process.

Column 5 Key points of green transformation and upgrading development

1 Comprehensive promotion of energy-saving and emission-reduction technologies

Efficient dust removal in the sintering system, comprehensive treatment of unorganized flue gas in the casthouse, converter gas dry (semi-dry) dust removal or new wet dust removal, converter (electric furnace) secondary and tertiary dust removal, sinter waste heat recovery, energy management and control center, Efficient treatment and in-depth comprehensive utilization of steel slag, comprehensive sewage regeneration and reuse, etc.

2. Key promotion of energy-saving and emission-reduction technologies

Raw material yard sheds and warehouses, sintering flue gas circulation, collaborative treatment of multiple pollutants in sintering flue gas, high temperature and high pressure dry quenching, ultra-high pressure gas boiler power generation, medium and low temperature flue gas waste heat recovery and utilization, energy optimization and control technology, urban Recycling of reclaimed water, comprehensive utilization of iron- and zinc-containing dust and sludge, etc.

3 Demonstration and promotion of energy-saving and emission-reduction technologies

Coke oven flue gas desulfurization and denitrification, sintering and electric furnace dioxin prevention and control technology, coking (cold rolling) wastewater treatment reuse and "zero emissions", shaft furnace sinter sensible heat recovery and utilization technology, concentrated brine reduction treatment and Consumption, efficient utilization of waste heat from coke oven gas primary cooling system, utilization of renewable energy and clean energy, etc.

4 cutting-edge energy-saving and emission-reduction technologies

Slag waste heat recovery and resource utilization, new composite iron coke technology, steel plant material flow, energy flow and information flow (big data) collaborative optimization technology, carbon dioxide capture, utilization and storage technology, etc.

Accelerate the development of circular economy. Promote the standardized and large-scale development of comprehensive resource utilization industries and vigorously develop circular economy. As the accumulation of scrap steel resources in our country increases, in accordance with the concept of green recycling, we focus on the development opportunities of short-process electric furnace steelmaking using scrap steel as raw materials. Encourage industrial coupling, build green industrial parks, promote the coupled development of steel and building materials, electric power, chemical industry and other industries and cities, and realize the three major functions of steel manufacturing, energy conversion and waste consumption. Accelerate the development of the resource and energy recycling industry in the steel industry, strengthen the comprehensive utilization of solid waste such as metallurgical slag, dust and sludge, accelerate the construction of a scrap steel processing and distribution system, and promote the integrated regeneration and reuse technology of urban gray water and steel industry wastewater.

Guide green consumption. Accelerate the promotion and application of steel structure buildings, support steel companies to actively participate in the construction of steel structure demonstration industry bases, develop and produce customized and personalized steel products that meet the needs of steel structure building components, and promote steel for high-strength steel structures of 390 MPa and above. Research and develop high-performance steel for fireproof and anti-corrosion steel structures, explore the production of highly standardized steel structure components, establish a unified distribution center for steel structure components, and strive to increase the amount of steel used in steel structures from the current 50 million tons to more than 100 million tons . Continue to further promote the application of high-strength steel bars, comprehensively popularize the application of 400 MPa (level III) high-strength steel bars, promote high-strength steel bars of 500 MPa and above, and explore the establishment of steel bar processing and distribution centers. In conjunction with the development of lightweight automobiles, high-tech shipbuilding, and the promotion of ultra-efficient motors, steel companies are encouraged to proactively strengthen collaboration with downstream industries to develop and produce high-quality steel products with high strength, corrosion resistance, and long life.

Column 6 Major Green Renovation and Upgrading Projects
1. Transformation of raw material yards into sheds and warehouses Implement shed-based and warehouse-based transformation of the raw material yard to solve the problem of dust in the raw material yard. The concentration of particulate matter emissions in the company's ambient air is less than 1 mg/cubic meter. **2 Flue gas desulfurization and denitrification transformation** Implementing the coke oven flue gas desulfurization and denitrification transformation project, the emission concentrations of sulfur dioxide, nitrogen oxides, and particulate matter will reach ≤30 mg/cubic meter, ≤150 mg/cubic meter, and ≤15 mg/cubic meter respectively. **3 Collaborative treatment of multiple pollutants in flue gas** Implementing a collaborative treatment project for multiple pollutants in sintering (pellet) flue gas, the flue gas desulfurization efficiency reaches more than 98%, the denitrification

efficiency reaches more than 60%, and the emission concentrations of sulfur dioxide, nitrogen oxides, and dioxins are ≤ 180 mg/cubic respectively. m, ≤300 mg/cubic meter, ≤0.5 nanogram-toxicity equivalent/cubic meter; establish a comprehensive utilization production line for desulfurization by-products to achieve comprehensive utilization of all by-products.

4. Efficient treatment and in-depth comprehensive utilization of steel slag

Establish a steel slag processing line with the entire process of steel slag treatment, magnetic separation and screening, and tailings application to effectively extract the iron-containing substances in the steel slag, reduce the metallic iron content in the tailings, and basically achieve full utilization.

5 Energy Management and Control Center (upgraded version)

Implement the upgrade and transformation of the energy management and control center to have short-term prediction, forecasting and early warning functions for energy media such as electricity, gas, steam, oxygen, etc., to achieve intelligent regulation of energy media and comprehensive assessment of corporate energy efficiency.

(7) Promote mergers and reorganizations

In accordance with the principles of market-oriented operation, enterprise entities, and government guidance, combined with the elimination of excess production capacity and deepening regional layout adjustment, we will further deepen mixed ownership reform, deepen the reform of state-owned enterprises, and promote industry leading enterprises to implement cross-industry, cross-region, and cross-ownership mergers and reorganizations. , forming a number of world-class super-large steel enterprise groups; forming a number of world-class specialized backbone enterprises in the fields of stainless steel, special steel, seamless steel pipes, etc., to avoid vicious competition in the homogenization of high-end products. Support the advantageous enterprises in major steel-producing provinces to use assets as a link to promote the merger and reorganization of steel enterprises in the region, forming a number of extremely large steel enterprise groups, changing the "small and scattered" situation, and increasing regional industrial concentration and market influence. Mergers and reorganizations should be carried out to reduce the number of enterprises and avoid "matching up with others".

(8) Deepening opening up to the outside world

Promote international production capacity cooperation. Give full play to the comparative advantages of my country's steel industry, comply with the trend of international industrial division of labor adjustment, and promote steel companies to deepen international production capacity cooperation. Focusing on countries along the “Belt and Road ” with good resource conditions, strong supporting capabilities, and large market potential, we will continue to improve the investment cooperation mechanism with relevant countries, strengthen coordination, give full play to the enthusiasm and creativity of enterprises, and effectively and orderly promote the development of advantageous production capacity. Go out and prevent rush and disorderly competition. Driven by the overseas expansion of large-scale complete sets of equipment such as high-speed rail and electric power, we will encourage advantaged steel companies to build steel production bases and processing and distribution centers overseas, and promote the export of advanced equipment, technology, and management.

Improve the level of international operations. We will increase efforts to open up to the outside world, improve the level and grade of attracting foreign investment, and promote trade optimization and upgrading. Encourage advantageous overseas companies to participate in joint ventures and cooperation such as mergers and reorganizations and layout adjustments of my country's steel companies through equity participation, holdings, etc., to promote technological innovation, management innovation, and improve corporate operational efficiency. Support domestic enterprises to establish a global marketing R&D service system through overseas mergers and acquisitions, equity investments, etc. Domestic enterprises are encouraged to cooperate with overseas enterprises to leverage their complementary advantages and jointly explore and develop third-party markets. In accordance with the principle of satisfying domestic demand and actively participating in international competition, we will create and maintain a fair and orderly steel export order.

(九) Enhance iron ore resource security capabilities

In accordance with the market principles of fairness, openness and win-win, we will use both domestic and foreign resources to build a new pattern of iron ore supply security. Give full play to the role of my country's iron ore price index, spot trading and iron ore futures, and promote an iron ore market price formation mechanism that objectively reflects the relationship between supply and demand and is in line with the interests of all parties. Support qualified enterprise groups or consortiums to adopt various methods such as sole proprietorship and joint venture to steadily promote the construction of high-quality, low-cost overseas production bases for mineral resources and equity investment in overseas high-quality mining resources. Continue to promote the exploration of key domestic metallogenic zones and further understand China’s iron ore resources. Support a group of existing domestic iron ore enterprises with strong competitiveness to improve mine management levels and ecological environment through large-scale and intensive development, and strengthen the basic guarantee role of domestic mineral resources. Encourage uncompetitive domestic iron ore enterprises to suspend production and exit.

(10) Create a level playing field

Strengthen supervision during and after the event. Strict environmental protection law enforcement, unified law enforcement standards, and focused on cracking down on illegal activities such as falsification of data, illegal emissions and serious environmental pollution. Strictly enforce quality laws and continue to crack down on illegal activities such as shoddy goods and counterfeit goods. Strict energy efficiency management, strengthen energy conservation supervision, and implement mandatory energy consumption limit standards and product energy efficiency standards. Strict safety enforcement, and resolutely crack down on cranes that lift molten steel, molten iron, and liquid slag that do not meet relevant requirements; places where people gather are set up in areas affected by the lifting of high-temperature molten metal; and fire separation distances between gas cabinets and surrounding buildings that do not meet regulatory standards, etc. Behavior, implement suspension of production and rectification. Strictly crack down on tax evasion such as sales without issuing VAT invoices. Closely integrate the steel industry standard management with environmental protection, quality, energy consumption and safety law enforcement, revoke the standard announcement qualifications of companies with problems, and list steel companies that have not been included in the standards as the focus of local rectification and overcapacity reduction, forming a new model in the industry A level playing field with integrity and law-abiding.

Promote effective self-discipline in the industry. Give full play to the role of industry organizations, focus on common interests, and maintain fair competition among industries. Encourage industry organizations and members to play the role of supervision and reporting, and urge steel companies to consciously comply with laws and regulations. Promote industry associations to strengthen early warning and forecast information services on key products such as electrical steel, tinplate, and automotive sheets, and guide enterprises to rationally arrange production and operation activities. Enterprises must strictly abide by the Anti-Unfair Competition Law, strengthen negotiation and self-discipline, and avoid disorderly and low-price vicious competition. Encourage steel companies to establish self-declaration disclosure and supervision systems for product and service standards, promote the construction of corporate integrity systems, and provide high-quality and standardized services.

5. Safeguard measures

(1) Implement major policies to reduce overcapacity

Comprehensively implement the "Opinions of the State Council on the Iron and Steel Industry to Resolve Excess

Production Capacity and Achieve Difficulty Development″, give full play to the guiding role of special awards and subsidies for industrial enterprise structural adjustment, and combine local overcapacity reduction completion status, financial difficulties, number of employee resettlement and other factors to provide local Provide tiered rewards. Implement supporting policies such as employee placement, debt and non-performing asset disposal to reduce overcapacity, and do a good job in employee placement through internal diversion, job transfer, employment and entrepreneurship, internal retirement, and public welfare post support, and use market-oriented means to properly dispose of them Corporate debt and non-performing assets of financial institutions. For enterprises that do not meet the requirements of industry regulations or fail to meet the standards in reform, financial institutions will be guided to strictly review credit and strictly control new credit extensions. Those who add new production capacity in violation of laws and regulations and fail to implement production capacity replacement in accordance with regulations must be seriously held accountable.

(2) Improve fiscal, taxation and financial policies

Make full use of existing funding channels, encourage local governments to explore various supporting measures, and guide financial institutions, social capital, etc. to support key tasks of the plan. Banks must continue to maintain reasonable credit demand for enterprises with market share and profitability. Promote the reform of iron ore mine taxes and fees, clear fees and establish taxes, and study and promote the reduction of mining tax and fee burdens . Implement fair tax policies and promote the cancellation of the bonded policy for imported steel under processing trade. Timely adjust the import tax reduction and exemption policy for steel materials required for major technical equipment.

(3) Strengthening industry management

Implement dynamic management of standardized operations in the steel industry, continue to urge enterprises to standardize production and operations, gradually explore and standardize the hierarchical and classified management of enterprises, and better exert the targeted role of industrial policies. Give full play to the guiding and normative role of standards, focus on the connection between steel standards and user standards and specifications, promptly formulate and revise a number of existing standards and new product standards that are urgently needed by the industry, and promote the internationalization of advantageous standards. Strengthen intellectual property protection, build a fair, just, open and transparent intellectual property environment and atmosphere, and effectively promote the use of intellectual property.

(4) Improve the planning implementation mechanism

The industrial authorities shall carry out management of the steel industry in accordance with this plan, strengthen overall coordination with relevant departments, and strengthen in-process and post-event supervision. The industry authorities in each region should combine the adjustment and upgrading of the steel industry in the region with this plan, combine it with the development reality and characteristics of the region, and implement the tasks and policies and measures proposed in the plan. Relevant enterprises should formulate planning plans that are consistent with this plan based on their own circumstances, and do a good job in connecting with the main goals and key tasks of this plan. Industry organizations such as the China Iron and Steel Industry Association should play the role of bridges and links, promptly reflect new situations and new issues in the steel industry's implementation of plans, and put forward policy suggestions.

工业和信息化部关于印发钢铁工业调整升级规划（2016－2020年）的通知

工信部规〔2016]358号

各省、自治区、直辖市及计划单列市、新疆生产建设兵团工业和信息化主管部门，有关行业协会，有关中央企业：

为贯彻落实《中华人民共和国国民经济和社会发展第十三个五年规划纲要》《中国制造2025》和《国务院关于钢铁行业化解过剩产能实现脱困发展的意见》，促进钢铁工业结构调整转型升级，我部制定了《钢铁工业调整升级规划（2016—2020年）》。现印发你们，请结合实际，认真贯彻实施。

工业和信息化部

2016年10月28日

钢铁工业调整升级规划（2016-2020年）

钢铁工业是国民经济的重要基础产业，是国之基石。长期以来，钢铁工业为国家建设提供了重要的原材料保障，有力支撑了相关产业发展，推动了我国工业化、现代化进程，促进了民生改善和社会发展。“十三五”时期是我国全面建成小康社会的决胜阶段，是“三步走”建设制造强国的开局阶段，也是钢铁工业结构性改革的关键阶段，制定并落实好钢铁工业调整升级规划（2016-2020年），对实现钢铁工业转型升级，建成世界钢铁强国，建设制造强国具有重要意义。

钢铁工业调整升级规划（2016-2020年）依据《中华人民共和国国民经济和社会发展第十三个五年规划纲要》、《中国制造2025》和《国务院关于钢铁行业化解过剩产能实现脱困发展的意见》编制，作为未来五年我国钢铁工业发展的指导性文件。

一、行业现状

“十二五”时期，我国已建成全球产业链最完整的钢铁工业体系，提供了国民经济发展所需的绝大部分钢铁材料，产品实物质量日趋稳定，有效支撑了下游用钢行业和国民经济的平稳较快发展。与此同时，我国钢铁工业也面临着产能过剩矛盾愈发突出，创新发展能力不足，环境能源约束不断增强，企业经营持续困难等问题。

（一）“十二五”发展成就

1.支撑经济快速发展。“十二五”期间，在需求的带动下，我国粗钢产量由2010年的6.3亿吨增加到2015年的8亿吨,年均增长5%，并在2014年达到8.2亿吨的历史峰值。钢材国内市场占有率超过99%，基本满足了我国国民经济和社会发展对钢材的需求。2015年，钢铁工业实现主营业务收入7.3万亿元，利税2416亿元，为国民经济快速稳定增长提供了重要保障。

2.品种丰富质量提升。“十二五”期间，关键钢材品种生产取得突破，以百万千瓦级核电用钢、超超临界火电机组用钢、高磁感取向硅钢、第三代高强汽车板、高性能海洋平台用钢等为代表的高端装备用钢实现产业化。量大面广的建筑用钢实现升级换代，重点大中型钢铁企业400兆帕(III级)及以上高强钢筋生产比例高达99.6%，达到“十二五”规划“80%以上”的目标。钢材质量大幅提升，达到国外先进实物质量水平的钢材产品497项,产量占全部品种的40%。

3.技术装备水平大幅提升。我国钢铁企业主体装备总体达到国际先进水平，已拥有一批3000立方米以上高炉、5米级宽厚板轧机、2米级热连轧机和冷连轧机等世界最先进的现代化冶金装备；重点大中型钢铁企业1000立方米及以上高炉占炼铁总产能72%，100吨及以上转炉（电炉）占炼钢总产能65%。高效低成本冶炼技术、新一代控轧控冷技术、一贯制生产管理技术等一批关键共性技术广泛应用，新一代可循环钢铁流程在新建成企业中得到应用。

4.节能减排成效显著。“十二五”期间，共淘汰炼铁产能9089万吨、炼钢产能9486万吨。以干熄焦、干法除尘、烧结脱硫、能源管控中心为代表的节能减排技术在行业广泛应用。重点大中型企业吨钢综合能耗（折合标准煤）由605千克下降到572千克，吨钢二氧化硫排放量由1.63千克下降到0.85千克，吨钢烟粉尘排放量由1.19千克下降到0.81千克，吨钢耗新水量由4.10吨下降到3.25吨，达到“十二五”规划目标。钢铁能源消耗总量呈下降态势。

5.产业布局日趋完善。在“一带一路”、京津冀协同发展、长江经济带三大战略和全国主体功能区规划引导下，我国钢铁工业布局日趋完善，宝钢湛江一期、武钢防城港等重大沿海基地项目建成投产和启动实施，从根本上改变了我国钢铁“北重南轻”的总体布局。青钢、芜湖新兴铸管、广钢已完成搬迁和转产，石钢、贵钢、杭钢等城市钢厂搬迁改造或转型发展正在实施。

6.两化融合水平明显提升。“十二五”期间，信息化技术在生

产制造、企业管理、物流配送、产品销售等方面应用不断深化，关键工艺流程数控化率超过65%，企业资源计划（ERP）装备率超过70%。开展了以宝钢热连轧智能车间、鞍钢冶金数字矿山为示范的智能制造工厂试点,涌现了南钢船板分段定制准时配送（JIT）为代表的个性化、柔性化产品定制新模式。钢铁交易新业态不断涌现，形成了一批钢铁电商交易平台。

7.资源保障取得新进展。国内铁矿石价格指数、现货交易平台、期货交易的联动作用和国际影响力不断增强，铁矿石成交价格更加公开透明。利用境外铁矿资源的能力不断提升，已投产的权益矿产能累计1.2亿吨，较“十一五”末增长114%。国内铁矿勘探力度不断加大，新增查明铁矿石资源量133亿吨。废钢资源利用不断推进，“十二五”期间累计利用废钢4.4亿吨，较“十一五”增长14%。

（二）主要问题

1.产能过剩矛盾加剧。“十二五”期间，我国钢铁产能达到11.3亿吨左右，重点大中型企业负债率超过70%，粗钢产能利用率由2010年的79%下降到2015年的70%左右,钢铁产能已由区域性、结构性过剩逐步演变为绝对过剩。产业集中度不升反降，前十家钢铁企业产业集中度由2010年的49%降至2015年的34%，没有达到“十二五”规划“60%”的目标。全行业长期在低盈利状态运行，2015年亏损严重。

2.自主创新水平不高。我国钢铁行业自主创新投入长期不足，企业研发投入占主营业务收入比重仅有1%左右，没有达到“十二五”规划“1.5%以上”的目标，远低于发达国家2.5%以上的水平，创新引领发展能力不强，尚未跨越消化吸收、模仿创新老模式。创新载体分散，资金、设备、人才等创新资源重复配置，产学研用协同创新不足，部分关键高端钢材品种还需依赖进口。

3.资源环境约束增强。我国钢铁行业装备水平参差不齐，节能环保投入历史欠账较多，不少企业还没有做到污染物全面稳定达标排放，节能环保设施有待进一步升级改造。吨钢能源消耗、污染物排放量虽逐年下降，但抵消不了因钢铁产量增长导致的能源消耗和污染物总量增加。特别是京津冀、长三角等钢铁产能集聚区，环境承载能力已达到极限，绿色可持续发展刻不容缓。

4.企业经营亟需规范。我国钢铁企业良莠不齐，违反环保、质量、安全、土地法规的违法违规产能仍然存在，严重扰乱市场秩序。监管处罚及落后产能退出机制不健全，低效产能和僵尸企业难以市场化退出，行业自律性差，市场竞争无序，加剧了市场恶性竞争。

二、面临的形势

“十三五”期间，我国经济发展步入速度变化、结构优化、动力转换的新常态，进入全面推进供给侧结构性改革的攻坚阶段。钢铁工业既面临深化改革、扩大开放、结构调整和需求升级等方面的

重大机遇，也面临需求下降、产能过剩及有效供给不足等方面的严峻挑战。

（一）总体形势

新一轮科技革命和产业变革蓄势待发，发展中国家加快谋划和布局，积极承接产业及资本转移，“一带一路”战略实施，为我国钢铁行业广泛参与国际合作提供了市场机遇。我国物质基础雄厚、人力资本丰富、市场空间广阔、发展潜力巨大，经济发展方式加快转变，新的增长动力正在孕育形成，经济发展长期向好的基本面没有变，经济韧性好、潜力足、回旋余地大的基本特征没有变，经济持续增长的良好支撑基础和条件没有变。消费升级、四化同步发展、基础设施建设拓展了钢材需求空间。制造业强国、创新型国家建设正处于关键阶段，对钢铁品种、质量和服务需求不断升级。政府职能转变，逐步减少政府对微观经济的干预，将充分发挥市场对资源配置的决定性作用，激发市场活力，为我国钢铁工业提供新的发展空间。

与此同时，世界经济在深度调整中曲折复苏，国际金融危机深层次影响在相当长时期依然存在，全球粗钢需求增长乏力与钢铁产能过剩矛盾加剧了各种形式的贸易保护主义抬头，国际竞争更加激烈复杂。全球铁矿石等原燃料供应及价格大幅波动对钢铁工业运行不确定性增大。我国经济正从靠投资驱动和规模扩张的发展模式向以质量、效益提高和结构优化、产业升级方向转化。今后几年，总需求低迷和产能过剩并存的格局难以出现根本改变，经济增长不可

能像以前那样，一旦回升就会持续上行并接连实现几年高增长，产能过剩已不可能通过历史上持续、高速的经济增长来消化。经济发展面临的突出矛盾和问题是结构性的，不是周期性的，是长期积累的深层次矛盾、是环境资源等发展条件的变化决定的，不可能通过短期刺激实现V型或U型反弹，将经历一个L型发展阶段。产业迈向中高端水平对钢铁工业有效供给水平提高将提出迫切需求，社会发展与生态文明建设对钢铁工业节能减排、提升质量将提出更新要求，企业对完善公平竞争、优胜劣汰的市场环境和机制提出了更多期盼。全力推进钢铁工业供给侧结构性改革，着力化解过剩产能、实现钢铁行业脱困发展已是当务之急。

（二）需求预测

根据《中华人民共和国国民经济和社会发展第十三个五年规划纲要》确定的国内生产总值年均增速大于6.5%的预期目标，并考虑了经济发展速度区间、下游产业需求变化、区域发展平衡和钢材进出口等因素，结合钢铁工业发展面临的总体形势，规划综合采用钢材消费系数法、地区消费平衡法、行业消费调研法等方法，对粗钢需求和产量进行了预测。

从国际看，预测2020年粗钢消费量和产量基本维持在16亿吨左右水平。从中长期看，随着全球经济逐步摆脱危机影响，发展中国家在工业化、城镇化发展带动下，粗钢消费将呈稳定和小幅增长态势。

从国内看，“十三五”我国钢材消费强度和消费总量将呈双下

降走势，生产消费将步入峰值弧顶下行期，呈波动缓降趋势。国内粗钢消费量在2013年达到7.6亿吨峰值基础上，预计2020年将下降至6.5亿-7亿吨，粗钢产量7.5亿-8亿吨。

三、指导思想、基本原则和目标

（一）指导思想

全面贯彻落实党的十八大和十八届三中、四中、五中全会精神，坚持创新、协调、绿色、开放、共享发展理念，积极适应、把握、引领经济发展新常态，充分发挥市场配置资源的决定性作用和更好发挥政府作用，着力推动钢铁工业供给侧结构性改革。以全面提高钢铁工业综合竞争力为目标，以化解过剩产能为主攻方向，促进创新发展，坚持绿色发展，推动智能制造，提高我国钢铁工业的发展质量和效益。

（二）基本原则

1.坚持结构调整。以化解过剩产能为核心，积极稳妥实施去产能，以智能制造为重点，推进产业转型升级，以兼并重组为手段，深化区域布局协调发展。

2.坚持创新驱动。强化企业创新主体地位，完善产学研用协同创新体系，激发创新活力和创造力，以破解钢铁材料研发难题为突破点，全面引领行业转型升级。

3.坚持绿色发展。以降低能源消耗、减少污染物排放为目标，全面实施节能减排升级改造，不断优化原燃料结构，大力发展循环

经济，积极研发、推广全生命周期绿色钢材，构建钢铁制造与社会和谐发展新格局。

4.**坚持质量为先。**强化企业质量主体责任，以提高产品实物质量稳定性、可靠性和耐久性为核心，加强质量提升管理技术应用，加大品牌培育力度，实现质量效益型转变。

5.**坚持开放发展。**以开放促改革、促发展、促创新，充分利用国内外两个市场和两种资源，坚持“优进优出”，积极引进境外投资和先进技术，全面推动国际钢铁产能合作。

（三）目标

到2020年，钢铁工业供给侧结构性改革取得重大进展，实现全行业根本性脱困。产能过剩矛盾得到有效缓解，粗钢产能净减少1亿—1.5亿吨；创新驱动能力明显增强，建成国家级行业创新平台和一批国际领先的创新领军企业；能源消耗和污染物排放全面稳定达标，总量双下降；培育形成一批钢铁智能制造工厂和智能矿山；产品质量稳定性和可靠性水平大幅提高，实现一批关键钢材品种有效供给。力争到2025年，钢铁工业供给侧结构性改革取得显著成效，自主创新水平明显提高，有效供给水平显著提升，形成组织结构优化、区域分布合理、技术先进、质量品牌突出、经济效益好、竞争力强的发展态势，实现我国钢铁工业由大到强的历史性跨越。

专栏1 “十三五”时期钢铁工业调整升级主要指标

序号	指标	2015年	2020年	“十三五”累计增加
1	工业增加值增速（%）	5.4	6.0左右（年均增速）	/
2	粗钢产能（亿吨）	11.3	10以下	减少1-1.5
3	产能利用率（%）	70	80	10个百分点
4	产业集中度（前10家）（%）	34.2	60	25个百分点以上
5	钢铁智能制造示范试点（家）	2	10	8
6	主业劳动生产率（吨钢/人·年）	514	1000以上	486以上
7	能源消耗总量	/	/	下降10%以上
8	吨钢综合能耗（千克标煤）	572	≤560	降低12以上
9	吨钢耗新水量（立方米）	3.25	≤3.2	降低0.05以上
10	污染物排放总量	/	/	下降15%以上
11	吨钢二氧化硫排放量（千克）	0.85	≤0.68	降低0.17以上
12	钢铁冶炼渣综合利用率（%）	79	90以上	11个百分点以上
13	研发投入占主营业务收入比重（%）	1.0	≥1.5	0.5个百分点以上
14	钢结构用钢占建筑用钢比例（%）	10	≥25	15个百分点以上
15	两化融合关键指标：综合集成大型企业比例（%）	33	≥44	11个百分点以上

		管控集成大型企业比例（%）	29	≥42	13个百分点以上
		产供销集成大型企业比例（%）	43	≥50	7个百分点以上

四、重点任务

（一）积极稳妥去产能去杠杆

坚持市场倒逼、企业主体、地方组织、中央支持的原则，突出重点、依法依规，综合运用市场机制、经济手段和法治办法，积极稳妥化解过剩产能，处置僵尸企业，降低企业资产负债率。

严禁新增钢铁产能。停止建设扩大钢铁产能规模的所有投资项目，将投资重点放在创新能力、绿色发展、智能制造、质量品牌、品种开发、延伸服务和产能合作等方面。各地一律不得净增钢铁冶炼能力，结构调整及改造项目必须严格执行产能减量置换，已经国家核准和地方备案的拟建、在建钢铁项目也要实行减量置换。京津冀、长三角、珠三角等环境敏感地区按不低于1:1.25的比例实施减量置换。2015年（含）以前已淘汰产能、落后产能、列入压减任务的产能、享受奖补资金和政策支持的退出产能不得用于产能置换，列入产能置换方案的企业和装备必须在各地政府网站进行公示，接受社会监督。

依法依规去产能。严格执行环保、能耗、质量、安全、技术等法律法规和产业政策，对达不到标准要求的，要依法依规关停退

出。2016年全面关停并拆除400立方米及以下炼铁高炉（符合《铸造生铁用企业认定规范条件》的铸造高炉除外），30吨及以下炼钢转炉、30吨及以下电炉（高合金钢电炉除外）等落后生产设备。全面取缔生产“地条钢”的中频炉、工频炉产能。充分发挥社会监督举报作用，积极利用卫星监测等技术手段，全面开展联合执法检查、违法违规建设项目清理等专项行动，重点排查未列入钢铁行业规范管理的钢铁生产企业和项目。

推动僵尸企业应退尽退。将连年亏损、资不抵债、扭亏无望，靠银行续贷等方式生存的企业实施整体退出作为化解过剩产能的“牛鼻子”。各地要结合自身实际确定僵尸企业和低效产能，停止财政补贴，停止银行贷款，妥善安置职工，促其退出市场。支持地方和企业通过主动压减、兼并重组、转型转产等途径，退出低效产能。发挥专项奖补资金等激励政策作用，鼓励产能规模较大的地区主动压减钢铁产能。

降低企业资产负债率。行业和企业应立足于质量效益为先，通过各种手段大幅降低资产负债率。资产负债率较高的企业，要把降低负债作为重要任务。已经核准和备案的拟建、在建结构调整、城市钢厂搬迁项目，要结合当前形势，在减量发展基础上重新评估建设可行性，经济效益差、资本金比例低于40%的要坚决停下来，防止产生新的高负债企业。资不抵债、债务违约的企业要通过破产重整、债务重组、破产清算等多种方式加快处置，要严厉打击企业逃

废银行债务行为，依法保护债权人合法权益。要坚持市场化、法治化债转股，由市场主体自主选择，严禁僵尸企业作为债转股对象。

专栏2　化解过剩产能专项行动

1　联合执法检查专项行动

（1）环保执法专项行动

组织开展钢铁行业环保情况全面调查，开展环保专项执法检查,逐一进行梳理排查,依法查处环境违法行为。对于超标超总量排污的钢铁企业，要依法处罚、按日连续处罚，并责令其采取限制生产、停产整治等措施。对于被责令停产整治后拒不停产或者擅自恢复生产的，以及停产整治决定解除后，又实施同一违法行为等情节严重的，应依法报请有批准权的人民政府责令停业、关闭。

（2）质量执法专项行动

严格执行产品质量法，对在质量技术监督部门组织的监督抽查、监督检查中被依法判为不合格产品的生产企业，由当地质量技术监督部门依法责令企业限期整改，在6个月内未整治或整改复查不合格的，按规定程序吊销或撤销其生产许可证。依法严肃查处“地条钢”生产企业，包括采用中频炉、工频炉进行炼钢的企业，及时报告当地政府并通报相关部门，依法采取断电、停水、停止贷款等措施，坚决予以取缔。

（3）能耗执法专项行动

开展能耗执法专项行动，严格执行节约能源法，对达不到《粗钢生产主要工序单位产品能源消耗限额》等强制性标准的产能，需限期整改，逾期未整改或整改不达标的，依法关停退出。

（4）安全执法专项行动

组织对钢铁企业进行全面梳理排查，摸清企业安全生产状况。严格执行安全生产法，对未达到安全生产标准化三级及以上等级、安全生产条件达不

到《炼铁安全规程》、《炼钢安全规程》、《工业企业煤气安全规程》等标准要求的企业，要立即下达停产整改指令，在6个月内未整改或整改后仍不合格的，由各地县级及以上安全监管部门提请本级人民政府依法依规按程序予以关停退出。

2 违法违规建设项目清理专项行动

通过专项集中检查、重点抽查、暗访等形式，检查冶炼项目是否履行核准、备案手续，是否按规定进行了产能置换并公告，禁止以任何名义、任何方式备案新增产能的钢铁项目。根据检查情况，对违法违规建成项目停产整改；在建项目立即停止，并在全国范围内进行通报，视情节轻重追究有关企业和人员的责任，在融资授信、债券发行、铁路运量等方面实施联合惩戒。

3 淘汰落后生产设备专项行动

按照《产业结构调整指导目录（2011年本）（修正）》等有关规定，通过摸底排查、组织实施、检查验收、检查考核等一系列重点工作，全面关停并拆除400立方米及以下炼铁高炉，30吨及以下炼钢转炉、电炉（高合金钢电炉除外）等落后生产设备。

（二）完善钢铁布局调整格局

统筹考虑市场需求、交通运输、环境容量和资源能源支撑条件，结合化解过剩产能，深化区域布局减量调整。沿海地区要转变将区域内钢厂一味转移到沿海建设的思路，不再布局新的沿海基地，立足现有沿海基地实施组团发展、提质增效；内陆地区要以区域市场容量和资源能源支撑为双底限，坚决退出缺乏竞争力的企业，立足现有龙头企业实施整合脱困发展。

京津冀及周边地区、长三角地区：在已有沿海沿江布局基础上，着眼减轻区域环境压力，依托优势企业，通过减量重组，优化

调整内陆企业，大幅化解过剩钢铁产能。位于河北境内首都经济圈内的重点产钢地区，要立足现有沿海钢铁基地，研究城市钢厂整体退出置换，实现区域内减量发展。**中西部地区、东北老工业基地：**依托区域内相对优势企业，实施区域整合，减少企业家数，压减过剩钢铁产能。**东南沿海地区：**以调整全国“北重南轻”钢铁布局为着力点，建好一流水平的湛江、防城港等沿海钢铁精品基地。

城市钢厂：对于中心城市中的现有钢厂要服从和服务于城市发展的需要，综合平衡所在城市整体定位、环境容量、土地资源价值、税收占比等因素，确定关停转产、搬迁转移、与城市协调发展等多种选择。对不符合所在城市发展要求，改造难度大、竞争力较弱的城市钢厂，实施转型转产，退出钢铁行业；符合所在城市发展规划的城市钢厂实施“绿色发展、产城共融”战略；正在实施的城市钢厂搬迁项目必须实施减量搬迁，要坚决落实减量置换产能，并在政府网站上向社会公示。

（三）提高自主创新能力

围绕低能耗冶炼技术，节能高效轧制技术，全流程质量检测、预报和诊断技术、钢铁流程智能控制技术、高端装备用钢等升级需求，支持现有科技资源充分整合，发挥企业的创新主体作用、设计单位的桥梁和推广作用、大学和科研院所的基础先导作用，实施产学研用相结合的创新模式，通过市场化运作机制和多元化合作模式，在钢铁领域建设国家级行业创新平台，提高原始创新、自主集成创新能力，开展行业基础和关键共性技术产业化创新工作，每年

取得标志性创新成果。推动建设国家技术创新示范钢铁企业，支持以钢铁为主导产业的国家新型工业化产业示范基地建设。鼓励优势钢铁企业与科研院校、设计单位和下游用户的协同创新，加大创新投入，实现创新引领发展新局面。

专栏3　关键技术发展重点
1　生产工艺关键技术 复杂难选矿综合选用技术，低能耗高炉冶炼技术，高效绿色电炉冶炼技术，高效低成本洁净钢冶炼技术，铸坯直接轧制技术，超快速冷却技术，节能高效轧制及后续处理技术。 **2　产品质量关键技术** 全连续自动跟踪产品表面质量缺陷检测技术，连铸坯大尺寸截面洁净度检测技术，产品组织性能在线检测与精确预报技术，全流程工艺质量数据集成和质量在线综合评价技术，产品工艺质量参数采集与存储、追溯分析技术，产品质量交互分析与异常诊断技术。 **3　智能制造关键技术** 关键工艺装备智能控制专家系统，智能机器人应用技术，生产制造流程多目标实时优化在线运行技术，关键工艺装备智能故障诊断与维护大数据系统，钢铁产业供应链智能优化技术，协作制造企业信息集成技术。

（四）提升钢铁有效供给水平

推动服务型制造。全面确立以用户为中心的产品理念和服务意识，推进钢铁企业由制造商向服务商转变。鼓励钢铁企业与下游用

钢企业主动对接，围绕用户需求，结合先期研发介入、后期持续跟踪改进（EVI）模式，创新技术支持和售后服务，完善物流配送体系，提供材料推荐、后续加工使用方案等一系列延伸服务，创造和引领高端需求。支持企业重点推进高技术船舶、海洋工程装备、先进轨道交通、电力、航空航天、机械等领域重大技术装备所需高端钢材品种的研发和产业化，力争每年突破3-4个关键品种，持续增加有效供给。

专栏4　关键品种重大工程
1　海洋工程装备及高技术船舶领域 大线能量焊接钢，高止裂性能厚板，极寒与超低温环境船舶用钢，高锰耐蚀钢，LNG船用殷瓦钢，海洋平台桩腿结构用钢及配套焊材。 **2　先进轨道交通装备领域** 高铁轮对用钢，高速重载高强度钢轨，车辆车体用耐候耐蚀钢。 **3　节能与新能源汽车领域** 新一代超高强汽车钢，热冲压用镀层板，超高强帘线钢等。 **4　电力装备领域** 超超临界火电机组用耐热钢，汽轮机和发电机用大锻件与大叶片用钢，核电机组压水堆内构件用钢，水电机组用大轴锻件钢与蜗壳用钢。 **5　关键基础零部件领域** 先进制造业用高性能轴承钢、齿轮钢、弹簧钢，传动轴用超高强度钢，高强韧非调质钢，12.9级以上高强度紧固件用钢等。 **6　其他高品质特殊钢** 高品质冷墩钢，机床滚珠丝杠专用钢，复杂刀具用易切削工具钢，特种

装备用超高强度不锈钢，节能环保装备与化工装备用耐蚀钢，高效率、低损耗及特殊用途硅钢，大截面、高均匀、高性能模具钢，高性能冷轧辊用钢，高温合金，轧制复合板等。

提升质量水平。树立以稳定为核心的质量意识。支持企业采用洁净钢生产、精准轧制、产品质量管理一贯制等质量提升技术，利用信息化、智能化手段和装备，减少人为因素对质量控制的影响，提高钢铁产品实物质量稳定性、可靠性和耐久性。

加强品牌建设。建立以质量为中心的品牌体系。支持钢铁企业制定品牌管理体系，围绕研发创新、生产制造、质量管理和营销服务全过程，提升内在素质，夯实品牌发展基础。开展质量标杆活动，以冶金产品实物质量认定活动为平台，每年向社会公告达到国际同类产品实物质量水平的优质产品和特优质量名牌产品，加大品牌培育力度。

（五）发展智能制造

夯实智能制造基础。加快推进钢铁制造信息化、数字化与制造技术融合发展，把智能制造作为两化深度融合的主攻方向。支持钢铁企业完善基础自动化、生产过程控制、制造执行、企业管理四级信息化系统建设。支持有条件的钢铁企业建立大数据平台，在全制造工序推广知识积累的数字化、网络化。支持钢铁企业在环境恶劣、安全风险大、操作一致性高等岗位实施机器人替代工程。全面开展钢铁企业两化融合管理体系贯标和评定工作，推进钢铁智能制

造标准化工作。

全面推进智能制造。在全行业推进智能制造新模式行动，总结可推广、可复制经验。重点培育流程型智能制造、网络协同制造、大规模个性化定制、远程运维4种智能制造新模式的试点示范，提升企业品种高效研发、稳定产品质量、柔性化生产组织、成本综合控制等能力。充分利用“互联网+”，鼓励优势企业探索搭建钢铁工业互联网平台，汇聚钢铁生产企业、下游用户、物流配送商、贸易商、科研院校、金融机构等各类资源，共同经营，提升效率。支持有条件的钢铁企业在汽车、船舶、家电等重点行业，以互联网订单为基础，满足客户多品种、小批量的个性化需求。鼓励优势钢铁企业建设关键装备智能检测体系，开展故障预测、自动诊断系统等远程运维新服务。总结试点示范经验和模式，提出钢铁智能制造路线图。

（六）推进绿色制造

实施绿色改造升级。加快推广应用和全面普及先进适用以及成熟可靠的节能环保工艺技术装备。全面完成烧结脱硫、干熄焦、高炉余压回收等改造，淘汰高炉煤气湿法除尘、转炉一次烟气传统湿法除尘等高耗水工艺装备。全面建成企业厂区主要污染物排放的环保在线监控体系。研发推广先进节能环保技术，开展焦炉和烧结烟气脱硫脱硝、综合污水回用深度脱盐等节能环保难点技术示范专项活动。在环境影响敏感区、环境承载力薄弱的钢铁产能集中区，加

快实施封闭式环保原料场、烧结烟气深度净化等清洁生产技术改造。在钢铁产业集聚区，积极探索和实施物流集中铁路运输方案，系统优化物流体系，减少物流过程中无组织排放。

专栏5　绿色改造升级发展重点
1　全面推广的节能减排技术 烧结系统高效除尘，出铁场无组织烟气综合治理，转炉煤气干法（半干法）除尘或新型湿法除尘，转炉（电炉）二次、三次除尘、烧结矿余热回收、能源管控中心、钢渣高效处理及深度综合利用、综合污水再生回用等。 **2　重点推广的节能减排技术** 原料场棚化、仓化，烧结烟气循环，烧结烟气多种污染物协同治理，高温高压干熄焦，超高压煤气锅炉发电，中低温烟气余热回收与利用，能源优化调控技术，城市中水再生回用，含铁含锌尘泥综合利用等。 **3　示范推广的节能减排技术** 焦炉烟道气脱硫脱硝，烧结、电炉二噁英防治技术，焦化（冷轧）废水处理回用与“零排放”，竖炉式烧结矿显热回收利用技术，浓盐水的减量处理与消纳，焦炉煤气初冷系统余热高效利用，可再生能源和清洁能源利用等。 **4　前沿储备的节能减排技术** 炉渣余热回收和资源化利用，复合铁焦新技术，钢铁厂物质流、能源流和信息流（大数据）协同优化技术，二氧化碳捕集、利用和储存技术等。

加快发展循环经济。推进资源综合利用产业规范化、规模化发展，大力发展循环经济。随着我国废钢资源的积累增加，按照绿色可循环理念，注重以废钢为原料的短流程电炉炼钢的发展机遇。鼓励产业耦合，建设绿色工业园区，推进钢铁与建材、电力、化工等

产业及城市间的耦合发展，实现钢铁制造、能源转换和废弃物消纳三大功能。加快钢铁行业资源能源回收利用产业发展，加强冶金渣、尘泥等固体废弃物的综合利用，加快废钢加工配送体系建设，推广城市中水和钢铁工业废水联合再生回用集成技术。

引导绿色消费。加快钢结构建筑推广应用，支持钢铁企业主动参与钢结构示范产业基地建设，研发生产与钢结构建筑构件需求相适应的定制化、个性化钢铁产品，推广390兆帕及以上高强钢结构用钢，研发防火、防腐高性能钢结构用钢，探索生产标准化程度高的钢结构构配件，建立钢结构构配件统一配送中心，力争钢结构用钢量由目前的5000万吨增加到1亿吨以上。继续深入推进高强钢筋应用，全面普及应用400兆帕(III级)高强钢筋，推广500兆帕及以上高强钢筋，探索建立钢筋加工配送中心。结合汽车轻量化发展、高技术船舶建造、超高效电机推广等工作，鼓励钢铁企业主动加强与下游产业协同，研发生产高强度、耐腐蚀、长寿命等高品质钢材。

专栏6　绿色改造升级重大工程
1　原料场棚化、仓化改造 实施原料场棚化、仓化改造，解决原料场扬尘问题，企业环境空气中颗粒物排放浓度小于1毫克/立方米。 **2　烟气脱硫脱硝改造** 实施焦炉烟道气脱硫脱硝改造工程，二氧化硫、氮氧化物、颗粒物的排放浓度分别达到≤30毫克/立方米、≤150毫克/立方米、≤15毫克/立方米。

3　烟气多种污染物协同治理

实施烧结（球团）烟气多种污染物协同治理工程，烟气脱硫效率达98%以上、脱硝效率达到60%以上，二氧化硫、氮氧化物、二噁英的排放浓度分别≤180毫克/立方米、≤300毫克/立方米、≤0.5纳克-毒性当量/立方米；建立脱硫副产物综合利用生产线，实现副产物全部综合利用。

4　钢渣高效处理及深度综合利用

建立从钢渣处理、磁选筛分、尾渣应用等全流程的钢渣处理线，有效提取钢渣中含铁物质，降低尾渣中金属铁含量，基本实现全部利用。

5　能源管控中心（升级版）

实施能源管控中心升级改造，具备电力、煤气、蒸汽、氧气等能源介质的短期预测、预报、预警功能，实现能源介质智能调控和企业能效综合评估。

（七）促进兼并重组

按照市场化运作、企业主体、政府引导的原则，结合化解过剩产能和深化区域布局调整，进一步深化混合所有制改革，深化国有企业改革力度，推动行业龙头企业实施跨行业、跨地区、跨所有制兼并重组，形成若干家世界级一流超大型钢铁企业集团；在不锈钢、特殊钢、无缝钢管等领域形成若干家世界级专业化骨干企业，避免高端产品同质化恶性竞争。支持产钢大省的优势企业以资产为纽带，推进区域内钢铁企业兼并重组，形成若干家特大型钢铁企业集团，改变“小散乱”局面，提高区域产业集中度和市场影响力。兼并重组要实施减量化，避免“拉郎配”。

（八）深化对外开放

推动国际产能合作。发挥我国钢铁工业比较优势，顺应国际产业分工调整趋势，推动钢铁企业深化国际产能合作。以“一带一路”沿线资源条件好、配套能力强、市场潜力大的国家为重点，不断完善与相关国家投资合作机制，加强协调，发挥好企业的积极性和创造性，有力有序推动优势产能走出去，防止一哄而上、无序竞争。以高铁、电力等大型成套设备走出去为牵引，鼓励优势钢铁企业到海外建设钢铁生产基地和加工配送中心，带动先进装备、技术、管理对外输出。

提升国际化经营水平。加大对外开放力度，提高吸引外资的水平和档次、推进贸易优化升级。鼓励境外优势企业通过参股、控股等方式，参与我国钢铁企业兼并重组、布局调整等合资合作，推动科技创新、管理创新，提升企业运营效率。支持国内企业通过境外并购、股权投资等方式，建立全球营销研发服务体系。鼓励国内企业与境外企业合作，发挥互补优势，共同探索开发第三方市场。按照满足内需为主，积极参与国际竞争的原则，营造和维护公平、有序的钢材出口秩序。

（九）增强铁矿资源保障能力

按照公平、公开与共赢的市场化原则，利用国内外两种资源，构建铁矿石供给保障新格局。充分发挥我国铁矿石价格指数、现货交易和铁矿期货的作用，推进客观反映供求关系、符合各方利益的

铁矿石市场价格形成机制。支持有条件的企业集团或联合体采用独资、合资等多种方式，稳步推进优质、低成本的矿产资源境外生产基地建设和海外优质矿山资源股权投资。持续推进国内重点成矿区带勘探工作，进一步摸清我国铁矿资源家底。支持一批竞争力强的现有国内铁矿企业，通过规模化、集约化开发，提高矿山管理水平和生态环境，强化国内矿产资源的基础保障作用。鼓励不具竞争力的国内铁矿企业停产退出。

（十）营造公平竞争环境

强化事中事后监管。严格环保执法，统一执法标准，重点打击伪造数据、偷排偷放、严重污染环境等违法行为。严格质量执法，持续打击以次充好、假冒伪劣等违法行为。严格能效管理，加强节能监察，贯彻强制性能耗限额标准和产品能效标准。严格安全执法，坚决对吊运钢水铁水与液态渣的起重机等不符合相关要求、人员聚集场所设置在高温熔融金属吊运影响区域内、煤气柜与周边建筑物的防火间距不符合规范标准要求等行为，实行停产整改。严厉打击不开具增值税发票销售等逃避缴纳税款行为。将钢铁行业规范管理与环保、质量、能耗和安全执法紧密结合，对存在问题的企业撤销其规范公告资格，对未纳入规范的钢铁企业列为各地整改和去产能的重点，在行业内形成诚信守法的公平竞争环境。

推进行业有效自律。发挥行业组织作用，着眼共同利益，维护行业间的公平竞争。鼓励行业组织及成员发挥监督举报作用，督促

钢铁企业自觉遵守法律法规要求。推进行业协会在电工钢、镀锡板、汽车板等重点产品，加强预警预测信息服务，引导企业理性安排生产经营活动。企业要严格遵守《反不正当竞争法》，加强协商自律，避免无序低价恶性竞争。鼓励钢铁企业建立产品和服务标准自我声明公开和监督制度，推进企业诚信体系建设，提供优质规范服务。

五、保障措施

（一）落实好去产能重大政策

全面落实《国务院关于钢铁行业化解过剩产能实现脱困发展的意见》，发挥好工业企业结构调整专项奖补资金的引导作用，结合地方去产能完成情况、财政困难程度、职工安置人数等因素，对地方进行梯级奖补。落实去产能的职工安置、债务和不良资产处置等配套政策，通过内部分流、转岗就业创业、内部退养、公益性岗位托底帮扶等方式，做好职工安置工作，运用市场化手段妥善处置企业债务和金融机构不良资产。对不符合行业规范要求和改造未达标的企业，引导金融机构严格信贷审查、严控新增授信。对违法违规新增产能，未按规定落实产能置换的，要严肃问责。

（二）完善财税金融政策

充分利用现有资金渠道，鼓励地方探索多种方式配套措施，引导金融机构、社会资本等，支持规划的重点任务。对有市场、有效益的企业，银行要继续保持合理信贷需求。推进铁矿山税费改革，清费立税，研究推动降低矿山税费负担。落实公平税赋政策，推动

取消加工贸易项下进口钢材保税政策。适时调整重大技术装备所需钢材进口税收减免政策。

（三）加强行业管理工作

实施钢铁行业规范经营动态管理，持续督促企业规范化生产经营，逐步探索规范企业分级分类管理，更好发挥产业政策靶向作用。发挥标准的指导和规范作用，注重钢铁标准与用户使用标准、规范衔接，抓紧制修订一批行业急需的现有标准和新产品标准，推进优势标准国际化。加强知识产权保护，构建公平公正、开放透明的知识产权环境和氛围，有效促进知识产权运用。

（四）健全规划实施机制

工业主管部门依据本规划开展钢铁行业管理工作，加强与相关部门的统筹协调，强化事中事后监管。各地区行业主管部门要将本地区钢铁工业调整升级与本规划结合起来，联系本地区发展实际和特点，落实规划提出的任务和政策措施。有关企业要根据自身情况制定与本规划相衔接的规划方案，做好与本规划主要目标和重点任务的衔接。中国钢铁工业协会等行业组织要发挥桥梁和纽带作用，及时反映钢铁行业贯彻落实规划的新情况、新问题，提出政策建议。

EXHIBIT 64

Guidance on promoting high-quality development of the steel industry

Ministry of Industry and Information Technology Lianyuan [2022] No. 6

The industry and informatization, development and reform, and ecological environment departments of all provinces, autonomous regions, municipalities directly under the Central Government, and the Xinjiang Production and Construction Corps, and all relevant central enterprises:

The steel industry is an important basic industry for the national economy, an important support for building a modern and powerful country, and an important area for achieving green and low-carbon development. During the "Thirteenth Five-Year Plan" period, my country's steel industry has deeply promoted supply-side structural reforms, achieved remarkable results in resolving excess production capacity, made the industrial structure more reasonable, and made positive progress in green development, intelligent manufacturing, and international cooperation, which has strongly supported the healthy economic and social development. During the "14th Five-Year

Plan" period, my country's steel industry still faces problems such as high pressure of overcapacity, insufficient industrial safety guarantee capabilities, green and low-carbon development levels that need to be improved, and low industrial concentration. In order to implement the "14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Long-term Goals for 2035", "Opinions of the State Council on the Steel Industry to Resolve Excess Production Capacity and Achieve Development out of Difficulties" and "The 14th Five-Year Plan for the Development of Raw Materials Industry" " and other documents to better promote the high-quality development of the steel industry and formulate these opinions.

1. Overall requirements

(1) Guiding ideology

Adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implement the spirit of the 19th National Congress of the Communist Party of China and all 19th Plenary Sessions, based on the new development stage, fully, accurately and comprehensively implement the new development concept, build a new development pattern, and promote high-quality development. With the theme of quality development, deepening the supply-side structural reform as the main line, taking reform and innovation as the fundamental driving force, giving full play to the decisive role of the market in resource allocation, giving better play to the role of the government, and accelerating the quality reform, efficiency reform and power of the steel industry Reform, ensure the safety and stability of the industrial chain and supply chain, and promote the overall improvement of quality and efficiency.

(2) Basic principles

Adhere to innovation and development. Highlight innovation-driven leadership, promote collaborative innovation between industry, academia and research, strengthen basic and applied research on high-end materials, green and low-carbon and other process technologies, strengthen integrated innovation of industrial chain processes, equipment, and technology, promote the development of industrial coupling, and strengthen the steel industry and new technologies , Integration and innovation of new business formats.

Adhere to total quantity control. Optimize production capacity control policies, deepen the reform of factor allocation, strictly implement production capacity replacement, strictly prohibit new steel production capacity, support the strong and eliminate the weak, encourage cross-regional and cross-ownership mergers and reorganizations, and increase industrial concentration.

Adhere to green and low carbon. We must adhere to the combination of total volume regulation and technological innovation to reduce carbon emissions, adhere to the combination of source governance, process control and end-of-pipe governance, comprehensively promote ultra-low emission transformation, and coordinate the coordinated governance of pollution reduction and carbon reduction.

Adhere to overall planning and coordination. Coordinate supply security, green and low-carbon, resource security and industry development, follow the development laws of the steel industry, maintain the stability and forward-lookingness of the overcapacity reduction policy, and improve the adaptability and effectiveness of supply and demand.

(3) Main objectives

By 2025, the steel industry will basically form a high-quality development pattern with reasonable layout and structure, stable resource supply, advanced technology and equipment, outstanding quality and brand, high level of intelligence, strong global competitiveness, green, low-carbon and sustainable development.

Innovation capabilities have been significantly enhanced. The industry's R&D investment intensity strives to reach 1.5%, and breakthroughs have been made in advanced technologies such as hydrogen metallurgy, low-carbon metallurgy, clean steel smelting, thin strip casting and rolling, and endless rolling. The digital control rate of key processes will reach about 80%, the digitalization rate of production equipment will reach 55%, and more than 30 smart factories will be built.

The industrial structure is constantly optimized. The level of industrial agglomeration development has been significantly improved, and the concentration of the steel industry has been greatly increased. The process structure has been significantly optimized, and the proportion of electric furnace steel production in total crude steel production has increased to more than 15%. The layout structure has become more reasonable, and the supply and demand in the steel market have basically reached a dynamic balance.

Green and low-carbon policies are being promoted in depth. Build a resource recycling system with coupled development between industries. More than 80% of steel production capacity has completed ultra-low emission transformation. Comprehensive energy consumption per ton of steel has been reduced by more than 2%. Water consumption intensity has been reduced by more than 10% to ensure that carbon dioxide peaks before 2030.

Resource security has been greatly improved. The ability to ensure resource diversification has been significantly enhanced, the production capacity, scale, and intensification level of domestic iron ore mines have been greatly improved, the scrap steel recycling and processing system is basically sound, and the utilization level has been significantly improved. The amount of scrap steel resources utilized by the steel industry has reached more than 300 million tons.

The quality of supply continues to improve. The supply capacity of high-end steel products has been greatly enhanced, the variety and quality have been upgraded, and about five key steel materials have been exceeded every year, forming a number of corporate brands and product brands with great international influence.

2. Main tasks

(4) Enhance innovation and development capabilities. Strengthen the dominant position of enterprises in innovation and create a collaborative innovation ecosystem that integrates industry, academia, and research. Adopt methods such as "unveiling the list and taking charge" to promote the construction of industry public service innovation platforms and innovation centers. The focus is on key common technologies such as low-carbon metallurgy, clean steel smelting, thin strip casting and rolling, high-efficiency rolling, big data-based process control, energy conservation and environmental protection, as well as general-purpose special equipment and parts such as advanced electric furnaces, special smelting, and high-end testing. Increase investment in innovation resources. Give full play to the role of a demonstration platform for the production and application of new materials, establish and improve the upstream and downstream cooperation mechanisms

for new steel materials in key areas, and build industrial alliances in key areas. Encourage qualified regions to build steel industry innovation platforms and actively strive to create national-level innovation platforms. Strengthen the construction of the standard technology system, formulate and publish a number of basic and universal national standards and industry standards, cultivate and develop a number of advanced and applicable high-level group standards to meet market and innovation needs.

(5) It is strictly prohibited to add new steel production capacity. Resolutely curb the blind construction of steel smelting projects, strictly implement laws, regulations, policies and regulations such as production capacity replacement, project filing, environmental assessment, pollution discharge permit, energy assessment, etc., and no new steel production capacity shall be added in the name of mechanical processing, casting, ferroalloy, etc. Strictly implement laws and regulations on environmental protection, energy consumption, quality, safety, technology, etc., use comprehensive standards to promote the elimination of backward production capacity in accordance with laws and regulations, and strictly prevent

the resurgence of "strip steel" and the resumption of production of excess production capacity that has been resolved. Research and implement differentiated regulation policies based on carbon emissions, pollutant emissions, total energy consumption, production capacity utilization, etc. We will improve the long-term mechanism to prevent overcapacity and intensify the investigation and punishment of violations of laws and regulations.

(6) Optimize the industrial layout structure. Encourage key areas to improve elimination standards and eliminate low-efficiency, high-energy-consuming, high-pollution processes and equipment such as stepping sintering machines and pellet shaft furnaces. Encourage regions with relatively insufficient environmental capacity, energy consumption indicators, market demand, resource and energy security, and steel production capacity to undertake the transfer of production capacity. Regions that have not completed the total production capacity control target are not allowed to transfer to steel production capacity. Encourage the cluster development of steel smelting projects based on existing production bases. For iron and steel smelting projects that are really necessary to build or relocate, they must be constructed according to the

level of advanced technology and equipment. Existing urban steel plants should be based on on-site transformation, transformation and upgrading. Urban steel plants that cannot meet ultra-low emission requirements and have weak competitiveness should be based on on-site reduction and exit. Coordinate the development of the coking industry and steel and other industries, and guide the coking industry to increase efforts in green environmental protection transformation.

（七）推进企业兼并重组。鼓励行业龙头企业实施兼并重组，打造若干世界一流超大型钢铁企业集团。依托行业优势企业，在不锈钢、特殊钢、无缝钢管、铸管等领域分别培育1～2家专业化领航企业。鼓励钢铁企业跨区域、跨所有制兼并重组，改变部分地区钢铁产业“小散乱”局面，增强企业发展内生动力。有序引导京津冀及周边地区独立热轧和独立焦化企业参与钢铁企业兼并重组。对完成实质性兼并重组的企业进行冶炼项目建设时给予产能置换政策支持。鼓励金融机构按照风险可控、商业可持续原则，积极向实施兼并重组、布局调整、转型升级的钢铁企业提供综合性金融服务。妥善做好钢铁企业兼并重组中的职工安置。

（八）有序发展电炉炼钢。推进废钢资源高质高效利用，有序引导电炉炼钢发展。对全废钢电炉炼钢项目执行差别化产能置换、环保管理等政策。鼓励有条件的高炉—转炉长流程企业就地改造转

型发展电炉短流程炼钢。鼓励在中心城市、城市集群周边布局符合节能环保和技术标准规范要求的中小型电炉钢企业，生产适应区域市场需求的产品，协同消纳城市及周边废弃物。积极发展新型电炉装备，加快完善电炉炼钢相关标准体系。推进废钢回收、拆解、加工、分类、配送一体化发展，进一步完善废钢加工配送体系建设。鼓励有条件的地区开展电炉钢发展示范区建设，探索新技术新装备应用。分别遴选8家左右优势标杆电炉炼钢和废钢加工配送企业，形成可推广的产业模式。

（九）深入推进绿色低碳。落实钢铁行业碳达峰实施方案，统筹推进减污降碳协同治理。支持建立低碳冶金创新联盟，制定氢冶金行动方案，加快推进低碳冶炼技术研发应用。支持构建钢铁生产全过程碳排放数据管理体系，参与全国碳排放权交易。开展工业节能诊断服务，支持企业提高绿色能源使用比例。全面推动钢铁行业超低排放改造，加快推进钢铁企业清洁运输，完善有利于绿色低碳发展的差别化电价政策。积极推进钢铁与建材、电力、化工、有色等产业耦合发展，提高钢渣等固废资源综合利用效率。大力推进企业综合废水、城市生活污水等非常规水源利用。推动绿色消费，开展钢结构住宅试点和农房建设试点，优化钢结构建筑标准体系；建立健全钢铁绿色设计产品评价体系，引导下游产业用钢升级。

（十）大力发展智能制造。开展钢铁行业智能制造行动计划，推进5G、工业互联网、人工智能、商用密码、数字孪生等技术在钢铁行业的应用，在铁矿开采、钢铁生产领域突破一批智能制造关键

共性技术，遴选一批推广应用场景，培育一批高水平专业化系统解决方案供应商。开展智能制造示范推广，打造一批智能制造示范工厂。建设钢铁行业大数据中心，提升数据资源管理和服务能力。依托龙头企业推进多基地协同制造，在工业互联网框架下实现全产业链优化。鼓励企业大力推进智慧物流，探索新一代信息技术在生产和营销各环节的应用，不断提高效率、降低成本。构建钢铁行业智能制造标准体系，积极开展基础共性、关键技术和行业应用标准研究。

（十一）大幅提升供给质量。建立健全产品质量评价体系，加快推动钢材产品提质升级，在航空航天、船舶与海洋工程装备、能源装备、先进轨道交通及汽车、高性能机械、建筑等领域推进质量分级分类评价，持续提高产品实物质量稳定性和一致性，促进钢材产品实物质量提升。支持钢铁企业瞄准下游产业升级与战略性新兴产业发展方向，重点发展高品质特殊钢、高端装备用特种合金钢、核心基础零部件用钢等小批量、多品种关键钢材，力争每年突破5种左右关键钢铁新材料，更好满足市场需求。鼓励企业牢固树立质量为先、品牌引领意识，深入推进以用户为中心的服务型制造，开展规模化定制、远程运维服务、网络化协同制造、电子商务等新业态，提升产品和服务附加值。

（十二）提高资源保障能力。充分利用国内国际两个市场两种资源，建立稳定可靠的多元化原料供应体系。强化国内矿产资源的基础保障能力，推进国内重点矿山资源开发，支持智能矿山、绿色

矿山建设，加强铁矿行业规范管理，建立铁矿产能储备和矿产地储备制度。促进难选矿综合选别和利用技术应用，推进钒钛磁铁矿综合开发利用。鼓励企业开展港口混矿业务，增加港口库存，发挥港口库存对资源保障的缓冲作用。按照市场化原则，加强国际铁矿石资源开发合作。完善铁矿石期货市场建设，加强期货市场监管，完善铁矿石合理定价机制。

（十三）提升本质安全水平。压实企业主体责任，立足源头预防，从行业规划、产业政策、法规标准、行政许可等方面指导企业加强安全生产管理。钢铁企业要健全完善安全风险防控机制，持续推进安全生产标准化建设，全面落实安全生产责任体系，深入开展安全风险隐患排查治理，淘汰落后高风险工艺技术和设备，实施重大危险源在线监控与预警技术应用，防范遏制重特大事故发生。落实网络安全主体责任，大力提高商用密码应用安全，提升工业控制系统安全防护水平，制定应急响应预案，积极应对新兴技术融合带来的安全挑战。

（十四）维护公平市场秩序。加强钢铁企业生产经营规范管理，强化质量、装备、环保、能耗、安全的要素约束作用，强化事中事后监管，实现“有进有出”动态调整。加强企业诚信体系建设、营造公平诚信的市场环境，依法依规惩处擅自新增产能、假冒伪劣、违法排污等行为，并纳入联合惩戒机制。发挥行业组织作用，增强企业社会责任意识和行业自律精神，避免无序恶性竞争，维护行业平稳运行。建立企业高质量发展评价体系，推进钢铁企业

生产经营规范分级分类管理，支持开展“对标挖潜、技改升级”，打造若干家在新材料、智能制造、绿色低碳等领域具有代表性成果、发展质量高的钢铁示范企业。

（十五）提升开放合作水平。实施高质量标准引领行动，加快国际标准中国标准互译、转化，推动国际间检验检测与认证结果互认，引导中国钢铁产品、装备、技术、服务等协同“走出去”。鼓励生铁、直接还原铁、再生钢铁原料、钢坯、钢锭等资源性产品和半制成品进口。鼓励国内外钢铁、矿山、航运企业加强合作，构筑优势互补、互利共赢的全球化钢铁产业生态圈。

三、保障措施

（十六）加强组织实施。各地相关部门要加强统筹协调，强化事中事后监管，推进各项工作落实落细。有关企业要根据自身实际，按照主要目标和重点任务，务实推进相关工作。行业组织要充分发挥好桥梁纽带作用，加强对企业的指导服务，及时反映新情况、新问题，提出政策建议。

（十七）强化政策协同。强化政策衔接，加强产融合作。发挥国家产融合作平台作用，积极支持企业承担关键技术攻关和前沿技术突破任务，引导和鼓励社会资本加大对新材料、智能制造、绿色制造、资源保障等方面的投入。注重需求引导和标准引领，推进下游用钢行业提高设计规范要求和标准水平，引导钢铁产品消费升级。推动钢铁行业依法披露环境信息，接收社会监督。

（十八）加强舆论宣传。加强政策解读和宣贯，形成良好的舆论环境。广泛宣传钢铁行业高质量发展的好经验好做法，树典型、学先进，维护和提升钢铁行业的社会形象，增强全行业推动高质量发展的使命感、责任感、光荣感。加强舆论监督，及时曝光违法违规行为，强化负面警示。

工业和信息化部

国家发展和改革委员会

生态环境部

2022年1月20日

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关于促进钢铁工业高质量发展的指导意见

工信部联原〔2022〕6号

各省、自治区、直辖市及新疆生产建设兵团工业和信息化、发展改革、生态环境主管部门，各有关中央企业：

钢铁工业是国民经济的重要基础产业，是建设现代化强国的重要支撑，是实现绿色低碳发展的重要领域。“十三五”时期，我国钢铁工业深入推进供给侧结构性改革，化解过剩产能取得显著成效，产业结构更加合理，绿色发展、智能制造、国际合作取得积极进展，有力支撑了经济社会健康发展。“十四五”时期，我国钢铁工业仍然存在产能过剩压力大、产业安全保障能力不足、绿色低碳发展水平有待提升、产业集中度偏低等问题。为贯彻落实《中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要》《国务院关于钢铁行业化解过剩产能实现脱困发展的意见》《“十四五”原材料工业发展规划》等文件，更好地促进钢铁工业高质量发展，制定本意见。

一、总体要求

（一）指导思想

坚持以习近平新时代中国特色社会主义思想为指导，全面贯彻党的十九大和十九届历次全会精神，立足新发展阶段，完整、准确、全面贯彻新发展理念，构建新发展格局，以推动高质量发展为主题，以深化供给侧结构性改革为主线，以改革创新为根本动力，充分发挥市场在资源配置中的决定性作用，更好发挥政府作用，加快推进钢铁工业质量变革、效率变革、动力变革，保障产业链供应链安全稳定，促进质量效益全面提升。

（二）基本原则

坚持创新发展。突出创新驱动引领，推进产学研用协同创新，强化高端材料、绿色低碳等工艺技术基础研究和应用研究，强化产业链工艺、装备、技术集成创新，促进产业耦合发展，强化钢铁工业与新技术、新业态融合创新。

坚持总量控制。优化产能调控政策，深化要素配置改革，严格实施产能置换，严禁新增钢铁产能，扶优汰劣，鼓励跨区域、跨所有制兼并重组，提高产业集中度。

坚持绿色低碳。坚持总量调控和科技创新降碳相结合，坚持源头治理、过程控制和末端治理相结合，全面推进超低排放改造，统筹推进减污降碳协同治理。

坚持统筹协调。统筹供给保障、绿色低碳、资源安全和行业发展，遵循钢铁工业发展规律，保持去产能政策的稳定性和前瞻性，提高供需的适配性、有效性。

（三）主要目标

力争到2025年，钢铁工业基本形成布局结构合理、资源供应稳定、技术装备先进、质量品牌突出、智能化水平高、全球竞争力强、绿色低碳可持续的高质量发展格局。

创新能力显著增强。行业研发投入强度力争达到1.5%，氢冶金、低碳冶金、洁净钢冶炼、薄带铸轧、无头轧制等先进工艺技术取得突破进展。关键工序数控化率达到80%左右，生产设备数字化率达到55%，打造30家以上智能工厂。

产业结构不断优化。产业集聚化发展水平明显提升，钢铁产业集中度大幅提高。工艺结构明显优化，电炉钢产量占粗钢总产量比例提升至15%以上。布局结构更趋合理，钢铁市场供需基本达到动态平衡。

绿色低碳深入推进。构建产业间耦合发展的资源循环利用体系，80%以上钢铁产能完成超低排放改造，吨钢综合能耗降低2%以上，水资源消耗强度降低10%以上，确保2030年前碳达峰。

资源保障大幅改善。资源多元化保障能力显著增强，国内铁矿山产能、规模、集约化水平大幅提升，废钢回收加工体系基本健全，利用水平显著提高，钢铁工业利用废钢资源量达到3亿吨以上。

供给质量持续提升。高端钢铁产品供给能力大幅增强，品种和质量提档升级，每年突破5种左右关键钢铁材料，形成一批拥有较大

国际影响力的企业品牌和产品品牌。

二、主要任务

（四）增强创新发展能力。强化企业创新主体地位，营造产学研用一体的协同创新生态。采取“揭榜挂帅”等方式，推动行业公共服务创新平台和创新中心建设。重点围绕低碳冶金、洁净钢冶炼、薄带铸轧、高效轧制、基于大数据的流程管控、节能环保等关键共性技术，以及先进电炉、特种冶炼、高端检测等通用专用装备和零部件，加大创新资源投入。发挥新材料生产应用示范平台作用，建立健全关键领域钢铁新材料上下游合作机制，搭建重点领域产业联盟。鼓励有条件的地区建设钢铁行业创新平台，积极争创国家级创新平台。加强标准技术体系建设，制定发布一批基础通用的国家标准、行业标准，培育发展一批先进适用的高水平团体标准，满足市场和创新需求。

（五）严禁新增钢铁产能。坚决遏制钢铁冶炼项目盲目建设，严格落实产能置换、项目备案、环评、排污许可、能评等法律法规、政策规定，不得以机械加工、铸造、铁合金等名义新增钢铁产能。严格执行环保、能耗、质量、安全、技术等法律法规，利用综合标准依法依规推动落后产能应去尽去，严防“地条钢”死灰复燃和已化解过剩产能复产。研究落实以碳排放、污染物排放、能耗总量、产能利用率等为依据的差别化调控政策。健全防范产能过剩长效机制，加大违法违规行为查处力度。

（六）优化产业布局结构。鼓励重点区域提高淘汰标准，淘汰步进式烧结机、球团竖炉等低效率、高能耗、高污染工艺和设备。鼓励有环境容量、能耗指标、市场需求、资源能源保障和钢铁产能相对不足的地区承接转移产能。未完成产能总量控制目标的地区不得转入钢铁产能。鼓励钢铁冶炼项目依托现有生产基地集聚发展。对于确有必要新建和搬迁建设的钢铁冶炼项目，必须按照先进工艺装备水平建设。现有城市钢厂应立足于就地改造、转型升级，达不到超低排放要求、竞争力弱的城市钢厂，应立足于就地压减退出。统筹焦化行业与钢铁等行业发展，引导焦化行业加大绿色环保改造力度。

（七）推进企业兼并重组。鼓励行业龙头企业实施兼并重组，打造若干世界一流超大型钢铁企业集团。依托行业优势企业，在不锈钢、特殊钢、无缝钢管、铸管等领域分别培育1～2家专业化领航企业。鼓励钢铁企业跨区域、跨所有制兼并重组，改变部分地区钢铁产业“小散乱”局面，增强企业发展内生动力。有序引导京津冀及周边地区独立热轧和独立焦化企业参与钢铁企业兼并重组。对完成实质性兼并重组的企业进行冶炼项目建设时给予产能置换政策支持。鼓励金融机构按照风险可控、商业可持续原则，积极向实施兼并重组、布局调整、转型升级的钢铁企业提供综合性金融服务。妥善做好钢铁企业兼并重组中的职工安置。

（八）有序发展电炉炼钢。推进废钢资源高质高效利用，有序引导电炉炼钢发展。对全废钢电炉炼钢项目执行差别化产能置换、

环保管理等政策。鼓励有条件的高炉—转炉长流程企业就地改造转型发展电炉短流程炼钢。鼓励在中心城市、城市集群周边布局符合节能环保和技术标准规范要求的中小型电炉钢企业，生产适应区域市场需求的产品，协同消纳城市及周边废弃物。积极发展新型电炉装备，加快完善电炉炼钢相关标准体系。推进废钢回收、拆解、加工、分类、配送一体化发展，进一步完善废钢加工配送体系建设。鼓励有条件的地区开展电炉钢发展示范区建设，探索新技术新装备应用。分别遴选8家左右优势标杆电炉炼钢和废钢加工配送企业，形成可推广的产业模式。

（九）深入推进绿色低碳。落实钢铁行业碳达峰实施方案，统筹推进减污降碳协同治理。支持建立低碳冶金创新联盟，制定氢冶金行动方案，加快推进低碳冶炼技术研发应用。支持构建钢铁生产全过程碳排放数据管理体系，参与全国碳排放权交易。开展工业节能诊断服务，支持企业提高绿色能源使用比例。全面推动钢铁行业超低排放改造，加快推进钢铁企业清洁运输，完善有利于绿色低碳发展的差别化电价政策。积极推进钢铁与建材、电力、化工、有色等产业耦合发展，提高钢渣等固废资源综合利用效率。大力推进企业综合废水、城市生活污水等非常规水源利用。推动绿色消费，开展钢结构住宅试点和农房建设试点，优化钢结构建筑标准体系；建立健全钢铁绿色设计产品评价体系，引导下游产业用钢升级。

（十）大力发展智能制造。开展钢铁行业智能制造行动计划，推进5G、工业互联网、人工智能、商用密码、数字孪生等技术在钢

铁行业的应用，在铁矿开采、钢铁生产领域突破一批智能制造关键共性技术，遴选一批推广应用场景，培育一批高水平专业化系统解决方案供应商。开展智能制造示范推广，打造一批智能制造示范工厂。建设钢铁行业大数据中心，提升数据资源管理和服务能力。依托龙头企业推进多基地协同制造，在工业互联网框架下实现全产业链优化。鼓励企业大力推进智慧物流，探索新一代信息技术在生产和营销各环节的应用，不断提高效率、降低成本。构建钢铁行业智能制造标准体系，积极开展基础共性、关键技术和行业应用标准研究。

（十一）大幅提升供给质量。建立健全产品质量评价体系，加快推动钢材产品提质升级，在航空航天、船舶与海洋工程装备、能源装备、先进轨道交通及汽车、高性能机械、建筑等领域推进质量分级分类评价，持续提高产品实物质量稳定性和一致性，促进钢材产品实物质量提升。支持钢铁企业瞄准下游产业升级与战略性新兴产业发展方向，重点发展高品质特殊钢、高端装备用特种合金钢、核心基础零部件用钢等小批量、多品种关键钢材，力争每年突破5种左右关键钢铁新材料，更好满足市场需求。鼓励企业牢固树立质量为先、品牌引领意识，深入推进以用户为中心的服务型制造，开展规模化定制、远程运维服务、网络化协同制造、电子商务等新业态，提升产品和服务附加值。

（十二）提高资源保障能力。充分利用国内国际两个市场两种资源，建立稳定可靠的多元化原料供应体系。强化国内矿产资源的

基础保障能力，推进国内重点矿山资源开发，支持智能矿山、绿色矿山建设，加强铁矿行业规范管理，建立铁矿产能储备和矿产地储备制度。促进难选矿综合选别和利用技术应用，推进钒钛磁铁矿综合开发利用。鼓励企业开展港口混矿业务，增加港口库存，发挥港口库存对资源保障的缓冲作用。按照市场化原则，加强国际铁矿石资源开发合作。完善铁矿石期货市场建设，加强期货市场监管，完善铁矿石合理定价机制。

（十三）提升本质安全水平。压实企业主体责任，立足源头预防，从行业规划、产业政策、法规标准、行政许可等方面指导企业加强安全生产管理。钢铁企业要健全完善安全风险防控机制，持续推进安全生产标准化建设，全面落实安全生产责任体系，深入开展安全风险隐患排查治理，淘汰落后高风险工艺技术和设备，实施重大危险源在线监控与预警技术应用，防范遏制重特大事故发生。落实网络安全主体责任，大力提高商用密码应用安全，提升工业控制系统安全防护水平，制定应急响应预案，积极应对新兴技术融合带来的安全挑战。

（十四）维护公平市场秩序。加强钢铁企业生产经营规范管理，强化质量、装备、环保、能耗、安全的要素约束作用，强化事中事后监管，实现“有进有出”动态调整。加强企业诚信体系建设、营造公平诚信的市场环境，依法依规惩处擅自新增产能、假冒伪劣、违法排污等行为，并纳入联合惩戒机制。发挥行业组织作用，增强企业社会责任意识和行业自律精神，避免无序恶性竞争，

维护行业平稳运行。建立企业高质量发展评价体系，推进钢铁企业生产经营规范分级分类管理，支持开展“对标挖潜、技改升级”，打造若干家在新材料、智能制造、绿色低碳等领域具有代表性成果、发展质量高的钢铁示范企业。

（十五）提升开放合作水平。实施高质量标准引领行动，加快国际标准中国标准互译、转化，推动国际间检验检测与认证结果互认，引导中国钢铁产品、装备、技术、服务等协同“走出去”。鼓励生铁、直接还原铁、再生钢铁原料、钢坯、钢锭等资源性产品和半制成品进口。鼓励国内外钢铁、矿山、航运企业加强合作，构筑优势互补、互利共赢的全球化钢铁产业生态圈。

三、保障措施

（十六）加强组织实施。各地相关部门要加强统筹协调，强化事中事后监管，推进各项工作落实落细。有关企业要根据自身实际，按照主要目标和重点任务，务实推进相关工作。行业组织要充分发挥好桥梁纽带作用，加强对企业的指导服务，及时反映新情况、新问题，提出政策建议。

（十七）强化政策协同。强化政策衔接，加强产融合作。发挥国家产融合作平台作用，积极支持企业承担关键技术攻关和前沿技术突破任务，引导和鼓励社会资本加大对新材料、智能制造、绿色制造、资源保障等方面的投入。注重需求引导和标准引领，推进下

游用钢行业提高设计规范要求和标准水平，引导钢铁产品消费升级。推动钢铁行业依法披露环境信息，接收社会监督。

（十八）加强舆论宣传。加强政策解读和宣贯，形成良好的舆论环境。广泛宣传钢铁行业高质量发展的好经验好做法，树典型、学先进，维护和提升钢铁行业的社会形象，增强全行业推动高质量发展的使命感、责任感、光荣感。加强舆论监督，及时曝光违法违规行为，强化负面警示。

工业和信息化部

国家发展和改革委员会

生态环境部

2022年1月20日

标　　题：	三部委关于促进钢铁工业高质量发展的指导意见	发文机关：	工业和信息化部 发展改革委 生态环境部
发文字号：	工信部联原〔2022〕6号	来　　源：	工业和信息化部网站
主题分类：	工业、交通\机械制造与重工业	公文种类：	意见
成文日期：	2022年01月20日		

EXHIBIT 65

Notice of the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Ecology and Environment, the Ministry of Commerce, the General Administration of Customs on the issuance of the "Work Plan for Stable Growth of the Steel Industry"

Ministry of Industry and Information Technology Lianyuan [2023] No. 131

The competent departments of industry, information technology, development and reform, finance, natural resources, ecological environment, and commerce of all provinces, autonomous regions, municipalities directly under the Central Government, and the Xinjiang Production and Construction Corps, the Guangdong Branch of the General Administration of Customs, all customs directly under the Central Government, and all relevant central enterprises:

The "Work Plan for Steady Growth of the Steel Industry" is now issued to you. Please implement it conscientiously based on your actual situation.

Ministry of Industry and Information Technology,

National Development and Reform Commission,

Ministry of Finance ,

Ministry of Natural Resources, Ministry of

Ecology and Environment,

Ministry of Commerce,

General Administration of Customs

August 21, 2023

"Work Plan for Steady Growth of the Steel Industry".pdf

mark question:	Notice of the Seven Departments on Issuing the "Work Plan for Steady Growth of the Steel Industry"	Issuing authority:	Ministry of Industry and Information Technology, National Development and Reform Commission, Ministry of Finance, Ministry of Ecology and Environment, Ministry of Commerce, General Administration of Customs
Text number:	Ministry of Industry and Information Technology Lianyuan [2023] No. 131	Come source:	Ministry of Industry and Information Technology website
Topic categories:	Industry, transportation\others	Type of official document:	notify
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Work plan for stable growth of the steel industry

The steel industry is the basic and pillar industry of the national economy and is related to the stability of the industry.

important areas for ensuring steady growth and stable economic operation. In order to implement the resolution of the Central Economic Work Conference

policy deployment, and promote the State Council to implement a comprehensive package of policies and follow-up measures to stabilize the economy.

This plan is specially formulated to achieve effective results, promote the smooth operation of the industry, and accelerate high-quality development.

The implementation period is 2023-2024.

1. Overall requirements

(1) Guiding ideology

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we must resolutely implement

Implement the decisions and arrangements of the Party Central Committee and the State Council, based on the new development stage, complete, accurate and comprehensive

Comprehensively implement the new development concept, accelerate the construction of a new development pattern, and promote high-quality development as the

The theme is to deepen supply-side structural reform as the main line and reform and innovation as the fundamental driving force.

Adhere to goal orientation and problem orientation, work from both supply and demand ends, and strive to stabilize operation and expand demand.

Seek, promote reform, help enterprises, strengthen momentum, and take effective measures to stabilize the steel industry

Economic Operation.

(2) Basic principles

Adhere to the combination of optimizing supply and expanding demand. Coordinate the expansion of domestic demand and deepen supply

We will carry out structural reforms on the side, focus on improving the quality and guarantee capabilities of steel supply, and form a demand-driven

A higher level of dynamic balance that induces supply and supply creates demand.

Adhere to the combination of being based on the present and focusing on the long term. Promote the coordination of upstream and downstream industrial chains, Make up for weak points, forge strong points, and strengthen the foundation to support the transformation and upgrading of traditional industries and the consolidation of advantageous industries.

Solid expansion, cultivation and growth of emerging industries, and forward-looking layout of future industries.

Adhere to the combination of market leadership and government promotion. Give full play to the market's role in resource allocation play a decisive role in the process, better play the role of the government, strengthen policy coordination, and optimize the market environment, stimulate industry vitality and boost corporate confidence.

2. Main objectives

From 2023 to 2024, the main goals for stable growth of the steel industry are: In 2023, Supply and demand in the steel industry maintain a dynamic balance, and fixed asset investment in the entire industry maintains steady growth. growth, economic benefits have significantly improved, industry R&D investment strives to reach 1.5%, and industrial growth The added value will grow by about 3.5%; in 2024, the industry development environment and industrial structure will further improve Optimization, high-end, intelligent and green levels continue to improve, and industrial added value grows 4% or more.

3. Work measures

(1) Implement technological innovation and transformation actions to stimulate new momentum for high-quality development

1. Accelerate the promotion of high-end upgrading of technical equipment. Encourage enterprises to follow the "On Promoting Guiding Opinions on High-Quality Development of the Iron and Steel Industry" and "Guiding Catalog for Industrial Structural Adjustment" To meet the needs, accelerate technological transformation and equipment updating, and strive to strengthen weak links in the industrial chain. Encourage qualified regions to compile the "Recommended Catalog of Advanced Process Technology and Equipment for the Iron and Steel Industry", and promote applications. Build industrial alliances in key areas, strengthen the construction of standard technology systems, Focusing on key common technologies such as clean steel smelting, thin strip casting and rolling, and high-efficiency rolling, as well as advanced Import high-end equipment such as electric furnaces, special smelting, and high-end testing, and strengthen the “industry-university-research-application”

Downstream collaboratively tackles key problems to enhance corporate innovation and development capabilities.

2. Accelerate the promotion of green and low-carbon transformation. Accelerate the ultra-low emission transformation of steel companies process, support steel companies to strive for A-level environmental performance, and encourage companies to implement raw material yards Mechanization, internal circulation of sintering flue gas, low-nitrogen combustion in furnaces and other technical transformations. Support completed To become an ultra-low emission transformation enterprise, with ferroalloy, coking, chemical industry, building materials, electric power, etc. Related industries will develop collaboratively and build a "consortium" for collaborative pollution reduction and carbon reduction. Support the development of "extremely "Energy Efficiency" transformation project, exploring the creation of super energy-efficient factories and accelerating energy-saving and efficiency-increasing technologies Equipment promotion and application. Promote green transportation and give priority to railway or water transportation for medium and long-distance transportation. Encourage the use of pipe corridors or new energy vehicles for short- and medium-distance transportation, and encourage enterprises to use new energy machines car. Increase the pilot verification and industrialization of low-carbon common technologies such as hydrogen metallurgy and low-carbon metallurgy Provide support for research and development of qualified low-carbon cutting-edge technology industrialization demonstration projects Research will provide policy support for capacity replacement. Coordinate the development of the coking industry and steel and other industries, and promote The dynamic coking industry has stepped up its efforts in green and environmental protection transformation.

3. Accelerate digital transformation and intelligent upgrade. Carrying out digital transformation in the steel industry A three-year action to promote the digital, networked and intelligent transformation and upgrading of steel enterprises, Build a number of smart manufacturing demonstration factories and create a number of benchmarks for the digital transformation of the manufacturing industry. Form a batch of typical cases that can be replicated and promoted. Release of intelligent manufacturing standards for the steel industry System construction guide, develop a batch of intelligent manufacturing terminology, data governance, intelligent manufacturing in the steel industry energy factory construction and evaluation, smart supply chain and other important standards. Encourage where possible Establish a digital transformation industry alliance and build an Internet platform and big data center for the steel industry focus on accelerating new trends such as industrial Internet, Internet of Things, big data, 5G, and artificial intelligence.

Deeply integrate modern information technology with mining, manufacturing and processing technology to improve industry data governance

level and accelerate the intelligent upgrading of the steel industry.

4. Support and guide the orderly development of electric furnace steel. Accelerate the implementation of short-process steelmaking with electric furnaces and high-quality

Leading the project in quantity development, implementing differentiated capacity replacement,

Environmental protection management and other policies to create the world's most advanced electric furnace steel industry cluster. Support steel companies

Relying on the demand for scrap steel raw materials, the industry develops an integrated base for scrap steel warehousing-processing-distribution

Construction, improve the level of scrap processing and classification management, and achieve the determination of scrap raw materials

Customized processing and distribution to promote high-quality and efficient utilization of scrap steel resources. Establish an electric furnace short-process enterprise

According to the evaluation criteria for enterprises and scrap steel processing and distribution enterprises, about 5 advantageous benchmark enterprises were selected.

industry and form a scalable industrial model.

(2) Implement steel consumption upgrading actions and strive to expand steel demand

5. Strengthen the application and promotion of steel structures. Actively promote the improvement of the steel structure standard system and strengthen

Make the "steel-steel structure" industry upstream and downstream synergetic, promote steel material manufacturing and steel structure

Establish coordination of the entire industry chain of R&D, design, manufacturing and engineering to promote high-quality steel structure industry

Quantitative development. Encourage the renovation of public buildings in areas where conditions permit to give priority to steel structures.

Beams, underground pipe corridors, underground passages, marine structures, prefabricated buildings and other fields are actively promoted

Steel structures are widely used. Support areas with conditions to carry out pilot trials and strengthen hot-rolled H-shaped steel,

Promote the application of steel sheet piles and promote the demonstration application of weathering steel and refractory steel.

6. Expand consumer demand in key areas. Support steel companies to closely follow new infrastructure, new

Urbanization, rural revitalization, and emerging industry needs are in line with the relevant plans of the “14th Five-Year Plan” in various places.

We will make every effort to ensure the use of steel for the major planned projects. Establish and deepen steel and shipbuilding, Steel rings used in key areas such as transportation, construction, energy, automobiles, home appliances, agricultural machinery, heavy equipment, etc. upstream and downstream cooperation mechanisms in the field, carry out production-demand docking activities, and actively expand steel application fields Scenario, accelerate the research and development and promotion of new materials and new varieties. Promote steel companies to speed up production by manufacturers Transform into a service provider and develop value-added services such as cutting and distribution. Implement the expansion of automobile, green consumption-promoting policies and measures such as green smart home appliances consumption, green building materials, and new energy vehicles going to the countryside. facilities, tap the consumption potential in wind power, photovoltaic power generation and other fields, and expand steel consumption demand.

7. Improve the internationalization level of the steel industry chain. Optimize and adjust steel product export policies policy, improve the classification of high-tech products, and actively support enterprises to integrate into the international supply chain. relations and improve international competitiveness. Implement high-quality standards to lead actions and increase international standards Transform application efforts, actively participate in the formulation and revision of international standards, and promote international inspection Mutual acceptance of test results. Strengthen industries in countries and regions along the "Belt and Road" Collaborate to guide China's steel products, equipment, technology, services, etc. to "go global" in a coordinated manner, Promote green and low-carbon cooperation in the global steel industry and enhance the resilience and resilience of global industrial and supply chains safety level.

(3) Implement supply capacity improvement actions to ensure the stable and efficient operation of the industry

8. Accelerate the promotion of the "three products" action. Give full play to new material production and application demonstration platform, The role of the steel industry testing and evaluation platform and the steel industry national industrial measurement and testing center, Establish and improve the upstream and downstream cooperation mechanisms for new steel materials in key areas, and break through 5 types of left and right materials every year Right key steel material. Establish and improve product quality evaluation system and accelerate the promotion of steel production Improve quality and upgrade, formulate quality grading standards for steel products, and promote quality grading evaluation results The results are widely used in aerospace, shipbuilding and marine engineering equipment, energy equipment, and advanced rail transportation.

And applications in automobiles, high-performance machinery, construction and other fields. Perfecting Green Mild Steel Material product standards and certification systems, and promote the acceptance and application of certification results. Support brand development Value and competitiveness evaluation activities to cultivate a group of people with strong market competitiveness and high international reputation corporate brand.

9. Improve iron resources and other support capabilities. Give full play to the domestic iron ore development coordination mechanism to accelerate the start-up and production of key domestic iron ore projects, expand capacity and production, and ensure compliance Mining companies are operating normally. Support iron ore enterprises to increase investment and transformation efforts, promote smart mines, Green mine construction. Encourage qualified enterprises to carry out overseas iron ore resource cooperation, especially In particular, we will promote cooperation in iron ore resource exploration and mining with neighboring countries. Carry out iron ore "red and yellow" "Blue" supply and demand early warning, strengthen futures and spot market supervision. Strengthen scrap resource coordination and guarantee capabilities Strengthen efforts to further improve the construction of scrap steel recycling, processing and distribution systems, and further promote industrial resources Construction of comprehensive utilization bases, "urban mineral" demonstration bases, and resource recycling bases, Promote the standardization and industrialization of scrap steel processing. Promote the expansion of imports of recycled steel raw materials. research Research and establish a joint regulation and control mechanism for coal, coke and steel. Support coking coal companies and coking and steel companies Sign long-term agreements to ensure stable supply and price of coking coal. Encourage steel companies to import high-quality steel Coking coal resources.

(4) Implement actions to cultivate leading enterprises and increase the concentration of the steel industry

10. Promote corporate mergers and reorganizations. Encourage leading enterprises in the industry to implement mergers and reorganizations, Build a world-class super-large steel enterprise group and promote the optimized distribution of steel production capacity across the country. bureau. Support the further integration of specialized companies that have dominance in the segmented steel market resources to create a steel industry ecosystem. Encourage steel companies to carry out cross-regional and cross-ownership

System mergers and reorganizations have changed the "small fragmentation" situation of the steel industry in some regions. Realize the completion For steel companies that undergo qualitative mergers and reorganizations, we will study how to provide greater policy support for capacity replacement. hold. Financial institutions are encouraged to follow the principles of risk controllability and business sustainability and actively implement Provide financial services to steel companies undergoing mergers and reorganizations, layout adjustments, transformation and upgrading.

11. Implement and standardize the hierarchical and classified management of enterprises. Revise the steel industry normative conditions, Strengthen compliance with laws and administrative regulations, abide by social ethics and business ethics, and be honest and trustworthy principles, prevent unfair competition, strengthen supervision during and after the process, and adhere to the principle of "what goes in and what goes out" Dynamic Adjustment. Study and formulate management methods for grading and classification of iron and steel standard enterprises, and establish enterprise The high-quality development evaluation system supports the implementation of “benchmarking to tap potential and technological transformation and upgrading” to create Several companies have representative achievements in the fields of new materials, intelligent manufacturing, green and low carbon, etc. Develop high-quality steel demonstration enterprises and guide factor resources to gather and develop high-quality enterprises. exhibition. Promote enterprises to participate in the pilot work of graded evaluation of quality management capabilities.

12. Create advanced steel industry clusters. Support where conditions permit and focus on steel collars Carry out the cultivation of advanced manufacturing clusters in the field, and give full play to the leading role of leading enterprises in the industrial chain use, increase policy support, optimize the industrial development ecology, and accelerate the improvement of stainless steel and The level of cluster development of related products, steel structures and other industries; formulating high-quality enterprises in the steel industry Industry cultivation action plan to vigorously cultivate innovative small and medium-sized enterprises, specialized and new small and medium-sized enterprises, Specializing in special new "little giant" enterprises and individual champion enterprises in the manufacturing industry. Encourage the creation of standards Create new enterprises, thoroughly implement the "leader" system of corporate standards, and improve corporate standards. standardized level and promote high-quality development.

4. Safeguard measures

13. Consolidate the results of overcapacity reduction. Continue to consolidate and improve the work of resolving excess production capacity in steel Results, and improve the long-term mechanism of market-based legalization and resolution of excess production capacity. Strictly implement production capacity Replacement, project filing, environmental impact assessment, pollution discharge permit, energy assessment and other laws, regulations and policies, New steel production capacity shall not be added in the name of machining, casting, ferroalloy, etc. Insist on supporting the best Eliminate inferior products, resolutely prevent the resurgence of "strip steel", and use comprehensive standards to promote products in accordance with laws and regulations. All backward production capacity should be eliminated.

14. Increase fiscal, taxation and financial support. In accordance with the deployment of the Central Economic Work Conference and the State Affairs The work of the institute requires the implementation of various fiscal and financial policies and the maintenance of policy continuity and stability. Correct, make full use of the super deduction for R&D expenses, energy conservation and emission reduction, comprehensive utilization of resources, Tax support policies include income tax reduction and exemption for high-tech enterprises and refund of excess value-added tax. fall Implement the "Measures for the Collection of Income from the Transfer of Mining Rights" to reduce the burden on mining and other enterprises. Give full play to the country It serves as a platform for industry integration cooperation, organizes industry-finance docking, and guides financial institutions to follow the market Market-based and legal-based principles will help steel companies develop through green finance, transformation finance, etc. Provide high-quality financial services. Give full play to the "first (set)" and "first batch" applications of insurance subsidies reimbursement mechanism, use industrial investment funds, etc. to actively support steel companies to assume key Technical research and cutting-edge technology breakthrough tasks.

15. Strengthen factor protection. All localities should establish long-term mechanisms for stable growth of the steel industry. Clean up the discriminatory policies against the steel industry, and focus on low-carbon metallurgy, hydrogen metallurgy, and environmental protection. Electric furnace steelmaking with A-level performance and advanced energy efficiency, undertaking key technical research Steel projects that are in line with the direction of high-quality development will not be included in the "two high-tech and one capital" project management; In accordance with the requirements of accelerating the construction of a unified national market, support steel production capacity in accordance with market-oriented principles

Free transfer of regulations and production capacity replacement requirements to accelerate the production capacity of major steel projects replacement and environmental assessment progress, and implement that raw material energy consumption and renewable energy consumption are not included in energy consumption. Total consumption and intensity control policies.

16. Strengthen operation scheduling. Focus on key regions and key enterprises, improve different frequency monitoring and dispatching mechanism, strengthen early warning and analysis of emerging problems, and do a good job in policy reserve Prepare. Relevant departments in various places should establish ledgers of key projects and regularly monitor the progress of project construction. and the status of production and production, sort out the list of problems, and strengthen coordination and resolution. Industry organizations need to Give full play to the role of bridge and link, promptly reflect new situations and new issues, and strengthen guidance to enterprises. Provide guidance services to ensure the smooth operation of the industry.

17. Strengthen publicity and guidance. Organize and carry out various forms of publicity, training and policy interpretation reading activities to create a good atmosphere that jointly promotes the steady growth of the industry. Adhere to goal orientation, Problem-oriented, implement ledger management, and regularly evaluate the implementation and implementation of various measures Effect. Vigorously explore typical local and enterprise cases of stable growth, summarize, refine and actively promote Good experiences and practices that can be widely used for reference and serve as a good example and leadership.

工业和信息化部 国家发展改革委 财政部 自然资源部 生态环境部 商务部 海关总署关于印发《钢铁行业稳增长工作方案》的通知

工信部联原〔2023〕131号

各省、自治区、直辖市及新疆生产建设兵团工业和信息化、发展改革、财政、自然资源、生态环境、商务主管部门，海关总署广东分署、各直属海关，各有关中央企业：

现将《钢铁行业稳增长工作方案》印发给你们，请结合实际，认真贯彻实施。

工业和信息化部

国家发展改革委

财政部

自然资源部

生态环境部

商务部

海关总署

2023年8月21日

《钢铁行业稳增长工作方案》.pdf

标　　题：	七部门关于印发《钢铁行业稳增长工作方案》的通知	发文机关：	工业和信息化部 国家发展改革委 财政部 自然资源部 生态环境部 商务部 海关总署
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钢铁行业稳增长工作方案

钢铁行业是国民经济的基础性、支柱型产业，是关乎工业稳定增长、经济平稳运行的重要领域。为落实中央经济工作会议决策部署，推动国务院抓实抓好稳经济一揽子政策和接续措施全面落地见效，促进行业平稳运行，加快高质量发展，特制定本方案，实施期限为 2023—2024 年。

一、总体要求

（一）指导思想

以习近平新时代中国特色社会主义思想为指导，坚决贯彻落实党中央、国务院决策部署，立足新发展阶段，完整、准确、全面贯彻新发展理念，加快构建新发展格局，以推动高质量发展为主题，以深化供给侧结构性改革为主线，以改革创新为根本动力，坚持目标导向、问题导向，从供需两端发力，着力稳运行、扩需求、促改革、助企业、强动能，切实采取有效措施稳定钢铁行业经济运行。

（二）基本原则

坚持优化供给与扩大需求相结合。统筹扩大内需和深化供给侧结构性改革，着力提升钢材供给质量和保障能力，形成需求牵引供给、供给创造需求的更高水平动态平衡。

坚持立足当前和着眼长远相结合。推动上下游产业链协同，

补短板、锻长板、强基础，支撑传统产业改造提升、优势产业巩固延伸、新兴产业培育壮大、未来产业前瞻布局。

坚持市场主导与政府促进相结合。充分发挥市场在资源配置中的决定性作用，更好发挥政府作用，强化政策协同，优化市场环境，激发行业活力，提振企业信心。

二、主要目标

2023—2024 年，钢铁行业稳增长的主要目标是：2023 年，钢铁行业供需保持动态平衡，全行业固定资产投资保持稳定增长，经济效益显著提升，行业研发投入力争达到 1.5%，工业增加值增长 3.5%左右；2024 年，行业发展环境、产业结构进一步优化，高端化、智能化、绿色化水平不断提升，工业增加值增长 4%以上。

三、工作举措

（一）实施技术创新改造行动，激发高质量发展新动能

1.加快推动技术装备高端化升级。鼓励企业按照《关于促进钢铁工业高质量发展的指导意见》《产业结构调整指导目录》要求，加快推动技术改造和设备更新，着力补强产业链薄弱环节。鼓励有条件的地区编制《钢铁行业先进工艺技术装备推荐目录》，并推广应用。搭建重点领域产业联盟，加强标准技术体系建设，围绕洁净钢冶炼、薄带铸轧、高效轧制等关键共性技术，以及先进电炉、特种冶炼、高端检测等高端装备，加强“产学研用”上

下游协同攻关，增强企业创新发展能力。

2.加快推进绿色低碳改造。加快推进钢铁企业超低排放改造进程，支持钢铁企业争创环保绩效A级，鼓励企业实施原料场机械化、烧结烟气内循环、炉窑低氮燃烧等技术改造。支持已完成超低排放改造的企业，与铁合金、焦化、化工、建材、电力等关联产业协同发展，构建协同减污降碳“联合体”。支持开展“极致能效”改造工程，探索打造超级能效工厂，加快节能增效技术装备推广应用。推进绿色运输，中长途运输优先采用铁路或水运，中短途运输鼓励采用管廊或新能源车辆，鼓励企业使用新能源机车。加大对氢冶金、低碳冶金等低碳共性技术中试验证、产业化攻关的支持力度，对符合条件的低碳前沿技术产业化示范项目研究给予产能置换政策支持。统筹焦化行业与钢铁等行业发展，推动焦化行业加大绿色环保改造力度。

3.加快推进数字化转型智能化升级。开展钢铁行业数字化转型三年行动，促进钢铁企业数字化、网络化、智能化改造升级，建设一批智能制造示范工厂，打造一批制造业数字化转型标杆，形成一批可复制可推广的典型案例。发布钢铁行业智能制造标准体系建设指南，研制一批钢铁行业智能制造术语、数据治理、智能工厂建设与评价、智慧供应链等重要标准。鼓励有条件的地方建立数字化转型产业联盟，建设钢铁工业互联网平台和大数据中心，加快工业互联网、物联网、大数据、5G、人工智能等新一

代信息技术与采矿、制造加工技术深度融合，提高行业数据治理水平，加快钢铁行业智能化升级。

4.支持引导电炉钢有序发展。加快实施电炉短流程炼钢高质量发展引领工程，对全废钢电炉炼钢项目执行差别化产能置换、环保管理等政策，创建世界先进的电炉钢产业集群。支持钢铁企业依托废钢原料需求，开展废钢铁仓储—加工—配送一体化基地建设，提升废钢加工处理水平和分类管理水平，实现废钢原料定制化加工配送，推进废钢资源高质高效利用。建立电炉短流程企业、废钢加工配送企业评价标准，分别遴选 5 家左右优势标杆企业，形成可推广的产业模式。

（二）实施钢材消费升级行动，着力扩大钢铁需求

5.加强钢结构应用推广。积极推动完善钢结构标准体系，强化“钢铁—钢结构”产业上下游协同，促进钢铁材料制造与钢结构研发、设计、制造、工程全产业链协调，促进钢结构产业高质量发展。鼓励有条件地区的公共建筑改造优先采用钢结构，在桥梁、地下管廊、地下通道、海洋结构、装配式建筑等领域积极推广应用钢结构。支持有条件地区先行先试，加强热轧 H 型钢、钢板桩推广应用，推进耐候钢、耐火钢示范应用。

6.扩大重点领域消费需求。支持钢铁企业紧扣新基建、新型城镇化、乡村振兴、新兴产业需求，对接各地“十四五”相关规划的重大工程项目，全力做好用钢保障。建立深化钢铁与船舶、

交通、建筑、能源、汽车、家电、农机、重型装备等重点用钢领域的上下游合作机制，开展产需对接活动，积极拓展钢铁应用场景，加快研发推广新材料、新品种。促进钢铁企业加快由生产商向服务商转变，发展剪切、配送等增值服务。落实扩大汽车、绿色智能家电消费以及绿色建材、新能源汽车下乡等促消费政策措施，挖掘风电、光伏发电等领域消费潜能，扩大钢材消费需求。

7.提升钢铁产业链国际化水平。优化调整钢材产品出口政策，完善高技术含量产品分类，积极支持企业融入国际供应链体系，提高国际竞争力。实施高质量标准引领行动，加大国际标准转化运用力度，积极参与国际标准制修订活动，推动国际间检验检测结果的相互采信。加强"一带一路"沿线等国家及地区产业协作，引导中国钢铁产品、装备、技术、服务等协同"走出去"，推动全球钢铁行业绿色低碳合作，提升全球产业链供应链韧性和安全水平。

（三）实施供给能力提升行动，保障行业稳定高效运行

8.加快推进"三品"行动。发挥新材料生产应用示范平台、钢铁行业测试评价平台、钢铁行业国家产业计量测试中心作用，建立健全关键领域钢铁新材料上下游合作机制，每年突破 5 种左右关键钢铁材料。建立健全产品质量评价体系，加快推动钢材产品提质升级，制定钢铁产品质量分级标准，推动质量分级评价结果在航空航天、船舶与海洋工程装备、能源装备、先进轨道交通

及汽车、高性能机械、建筑等领域的采信应用。完善绿色低碳钢材产品标准和认证体系，推动认证结果采信应用。支持开展品牌价值、竞争力评价活动，培育一批市场竞争力强、国际知名度高的企业品牌。

9.提高铁素资源等保障能力。充分发挥国内铁矿开发协调机制作用，加快国内重点铁矿项目开工投产、扩能扩产，确保合规矿企正常生产。支持铁矿企业加大投资改造力度，推进智能矿山、绿色矿山建设。鼓励有条件的企业，开展境外铁矿资源合作，特别是推进与周边国家铁矿资源勘查开采合作。开展铁矿石“红黄蓝”供需预警，强化期现货市场监管。加强废钢资源协调保障能力，进一步完善废钢回收加工配送体系建设，深入推进工业资源综合利用基地、“城市矿产”示范基地、资源循环利用基地建设，推动废钢加工标准化和产业化。推动扩大再生钢铁原料进口。研究建立煤焦钢联调联控机制。支持炼焦煤企业与焦化、钢铁企业签订长期协议，促进炼焦煤保供稳价。鼓励钢铁企业进口优质炼焦煤资源。

（四）实施龙头企业培育行动，提高钢铁产业集中度

10.推进企业兼并重组。鼓励行业龙头企业实施兼并重组，建设世界一流超大型钢铁企业集团，推动全国钢铁产能优化布局。支持在细分钢铁市场中具有主导权的专业化企业进一步整合资源，打造钢铁产业生态圈。鼓励钢铁企业开展跨区域、跨所有

制兼并重组，改变部分地区钢铁产业“小散乱”局面。对完成实质性兼并重组的钢铁企业，研究给予更大力度的产能置换政策支持。鼓励金融机构按照风险可控、商业可持续原则，积极向实施兼并重组、布局调整、转型升级的钢铁企业提供金融服务。

11.实施规范企业分级分类管理。修订钢铁行业规范条件，强化遵守法律、行政法规，遵守社会公德、商业道德，诚实守信原则，防范不正当竞争，强化事中事后监管，坚持“有进有出”动态调整。研究制定钢铁规范企业分级分类管理办法，建立企业高质量发展评价体系，支持开展“对标挖潜、技改升级”，打造若干家在新材料、智能制造、绿色低碳等领域具有代表性成果、发展质量高的钢铁示范企业，引导要素资源向优质企业集聚发展。推动企业参与质量管理能力分级评价试点工作。

12.创建先进钢铁产业集群。支持有条件的地方聚焦钢铁领域开展先进制造业集群培育，发挥产业链龙头企业引领带头作用，加大政策支持力度，做优产业发展生态，加快提升不锈钢及相关制品、钢结构等产业集群化发展水平；制定钢铁行业优质企业培育行动计划，大力培育创新型中小企业、专精特新中小企业、专精特新“小巨人”企业和制造业单项冠军企业。鼓励开展标准创新型企业创建，深入实施企业标准“领跑者”制度，提升企业标准化水平，促进高质量发展。

四、保障措施

13.巩固去产能成果。持续巩固提升钢铁化解过剩产能工作成果，健全市场化法治化化解过剩产能长效机制。严格落实产能置换、项目备案、环评、排污许可、能评等法律法规、政策规定，不得以机械加工、铸造、铁合金等名义新增钢铁产能。坚持扶优汰劣，坚决防范“地条钢”死灰复燃，利用综合标准依法依规推动落后产能应去尽去。

14.加大财税金融支持。按照中央经济工作会议部署和国务院工作要求落实好各项财政金融政策，保持政策连续性稳定性针对性，用足用好研发费用加计扣除、节能减排、资源综合利用、高新技术企业所得税减免、增值税留抵退税等税收支持政策。落实《矿业权出让收益征收办法》，降低矿山等企业负担。发挥国家产融合作平台作用，组织开展产融对接，引导金融机构按照市场化、法治化原则，通过绿色金融、转型金融等为钢铁企业发展提供优质金融服务。发挥“首台（套）”“首批次”应用保险补偿机制作用，利用产业投资基金等，积极支持钢铁企业承担关键技术攻关和前沿技术突破任务。

15.加强要素保障。各地要建立钢铁行业稳增长长效机制，清理针对钢铁行业的歧视性政策，对于低碳冶金、氢冶金、环保绩效达到A级且能效水平先进的电炉炼钢、承担关键技术攻关等符合高质量发展方向的钢铁项目不纳入“两高一资”项目管理；按照加快建设全国统一大市场的要求，支持钢铁产能按市场化原

则及产能置换要求进行自由转移，加快推进重大钢铁项目的产能置换、环评进度，落实原料用能和可再生能源消费不纳入能源消耗总量和强度控制政策。

16.强化运行调度。聚焦重点地区和重点企业，完善不同频次监测调度机制，加强苗头性问题预警和分析研判，做好政策储备。各地相关部门要建立重点项目台账，定期调度项目建设进展和投产达产情况，梳理问题清单，加强协调解决。行业组织要充分发挥桥梁纽带作用，及时反映新情况新问题，加强对企业的指导服务，保障行业平稳运行。

17.加强宣传引导。组织开展多种形式的宣讲培训和政策解读活动，形成共同推动行业稳增长的良好氛围。坚持目标导向、问题导向，实行台账式管理，定期评估各项举措落实情况和实行效果。大力挖掘地方和企业稳增长典型案例，总结提炼和积极推广可借鉴的好经验好做法，发挥好示范引领作用。

EXHIBIT 66

Li Keqiang chaired an executive meeting of the State Council to deploy further measures to provide relief to small, medium and micro enterprises and individual industrial and commercial households.

2022-05-05 21:52 Source: Xinhua News Agency

Li Keqiang presided over an executive meeting of the State Council
to deploy further relief measures for small, medium and micro enterprises and individual industrial and commercial households to ensure market entities and stable employment.
Measures to promote the stability and improvement of foreign trade were determined to help stabilize the economy and industrial and supply chains.

Xinhua News Agency, Beijing, May 5. Premier Li Keqiang chaired an executive meeting of the State Council on May 5 to deploy further relief measures for small, medium and micro enterprises and individual industrial and commercial households to ensure stable employment for market entities; and to determine measures to promote the stability and improvement of foreign trade. measures to help stabilize the economy and industrial and supply chains.

The meeting pointed out that the large number of small, medium and micro enterprises and individual industrial and commercial households are an important foundation for stabilizing the economy and the main support for stabilizing employment. The current difficulties for relevant market entities have increased significantly. It is necessary to implement the deployment of the Party Central Committee and the State Council and increase assistance. First, we must promptly implement the determined policy measures such as tax rebates and fee reductions, deferment of social security fees, ensuring smooth logistics, and promoting the resumption of work and production of enterprises. Ensure that all remaining value-added tax credits for small and micro enterprises and individual industrial and commercial households are refunded before June 30, and tax refunds for eligible medium-sized enterprises must also be completed in advance of this time limit. The second is to increase policy support, especially financial support. This year, large state-owned banks have added 1.6 trillion yuan in inclusive small and micro loans, guiding banks to strengthen proactive services. Reasonable renewal, extension and adjustment of repayment arrangements for small, medium and micro enterprises and individual industrial and commercial households will not affect credit records and will be exempted from penalty interest. Expand the business coverage of the national financing guarantee fund and government financing guarantee institutions to small, medium and micro enterprises and individual industrial and commercial households. Specific measures to support the standardized and healthy development of the platform economy should be introduced as soon as possible. All localities should arrange special funds to relieve small, medium and micro enterprises and individual industrial and commercial households, and provide rent, guarantee fees, loan interest and other subsidies to those with operating difficulties. Encourage local governments to implement phased preferential electricity prices for small and micro enterprises and individual industrial and commercial households, as well as "non-stop supply" of water, electricity and gas, and make up payment within 6 months. The average broadband and dedicated line charges for small, medium and micro enterprises will be reduced by another 10%. The third is to comprehensively investigate the arrears of small and medium-sized enterprise accounts by government agencies, institutions, and large enterprises before the end of May. If there are no differences in the arrears, they will be paid together together. If there are indeed payment difficulties, the repayment plan will be made clear before the end of June. Make clearing arrears a focus of this year' s audits and State Council inspections, and seriously investigate and deal with disguised arrears. We will promptly introduce measures to shorten the acceptance period of commercial bills. The meeting emphasized the need to consolidate responsibilities, especially the responsibilities of local governments, and strive to solve problems that block the implementation of policies.

In order to help foreign trade companies cope with difficulties and challenges, the meeting decided to first focus on ensuring orders and stabilizing imports and exports in key industries and labor-intensive industries. Ensure the stability of production and circulation in the field of foreign trade, determine the list of key foreign trade enterprises, and provide guarantees in terms of production, logistics, and employment. Second, we must effectively and orderly clear the sea, airport and other collection and distribution transportation, and improve the efficiency of operations and customs clearance. Make good use of air cargo capacity to ensure the transportation of important parts, equipment and products. Investigate and deal with violations of foreign trade freight pricing. Third, policies to facilitate cross-border e-commerce export returns and exchanges must be introduced as soon as possible, and eligible cross-border e-commerce companies should be supported in applying for high-tech enterprises. Support the stable development of processing trade and include labor-intensive processing trade in the central and western regions and northeastern China into the national encouraged industry catalog. Explore the inclusion of large-scale medical equipment, robots, etc. into the scope of bonded maintenance, and carry out bonded remanufacturing pilot projects such as automobile engines. Fourth, we must increase credit to small, medium and micro foreign trade enterprises, support banks to not blindly withdraw loans, cut off loans, or suppress loans for temporarily trapped companies, and sort out a group of companies that are in urgent need of funds to provide key support. Expand the scale of short-term export credit insurance and shorten the compensation time. Increase credit insurance policy financing. Maintain the basic stability of the RMB exchange rate at a reasonable and balanced level. Fifth, we must optimize platform services such as the Canton Fair and strengthen interaction and mutual promotion with cross-border e-commerce. All localities must make good use of special funds for foreign economic and trade development to support small, medium and micro enterprises in participating in overseas exhibitions. Cultivate a number of new import trade innovation demonstration zones.

Other matters were considered at the meeting.

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关注常务会，来这里留言

李克强主持召开国务院常务会议 部署进一步为中小微企业和个体工商户纾困举措等

2022-05-05 21:52 来源： 新华社

李克强主持召开国务院常务会议

部署进一步为中小微企业和个体工商户纾困举措 以保市场主体稳就业

确定推动外贸保稳提质的措施 助力稳经济稳产业链供应链

新华社北京5月5日电 国务院总理李克强5月5日主持召开国务院常务会议，部署进一步为中小微企业和个体工商户纾困举措，以保市场主体稳就业；确定推动外贸保稳提质的措施，助力稳经济稳产业链供应链。

会议指出，量大面广的中小微企业和个体工商户是稳经济的重要基础、稳就业的主力支撑，当前相关市场主体困难明显增多，要落实党中央、国务院部署，加大帮扶力度。一是抓紧把已确定的退税减税降费、缓缴社保费、物流保通保畅、推动企业复工达产等政策举措落实到位。确保6月30日前全部退还小微企业、个体工商户增值税存量留抵税额，符合条件的中型企业退税也要提前到这一时限完成。二是加大政策扶持特别是金融扶持。今年国有大型银行新增普惠小微贷款1.6万亿元，引导银行加强主动服务。对中小微企业和个体工商户合理续贷、展期、调整还款安排，不影响征信记录，并免收罚息。扩大国家融资担保基金、政府性融资担保机构对中小微企业和个体工商户的业务覆盖面。尽快出台支持平台经济规范健康发展的具体措施。各地要安排中小微企业和个体工商户纾困专项资金，对经营困难的给予房租、担保费、贷款利息等补贴。鼓励地方对小微企业和个体工商户实行阶段性优惠电价和用水用电用气“欠费不停供”、6个月内补缴。将中小微企业宽带和专线平均资费再降10%。三是在5月底前全面排查机关事业单位、大型企业拖欠的中小企业账款，无分歧欠款发现一起清偿一起，确有支付困难的6月底前明确还款计划。把清欠列入今年审计和国务院大督查的重点，严肃查处变相拖欠行为。抓紧出台压缩商业汇票承兑期限的措施。会议强调，要压实责任特别是地方政府责任，着力解决政策落地堵点问题。

为帮扶外贸企业应对困难挑战，会议决定，一要着力保订单和稳定重点行业、劳动密集型行业进出口。保障外贸领域生产流通稳定，确定重点外贸企业等名录并在生产、物流、用工方面予以保障。二要有力有序疏通海空港等集疏运，提高作业和通关效率。用好航空货运运力，保障重要零部件、装备和产品运输。查处外贸货运价格违法行为。三要尽快出台便利跨境电商出口退换货政策，支持符合条件的跨境电商企业申报高新技术企业。支持加工贸易稳定发展，将中西部和东北劳动密集型加工贸易纳入国家鼓励产业目录。探索将大型医疗设备、机器人等纳入保税维修范围，开展汽车发动机等保税再制造试点。四要加大对中小微外贸企业信贷投放，支持银行对暂时受困的不盲目抽贷、断贷、压贷，梳理一批亟需资金的予以重点支持。扩大出口信保短期险规模，缩短赔付时间。增加信保保单融资。保持人民币汇率在合理均衡水平上的基本稳定。五要优化广交会等平台服务，加强与跨境电商联动互促。各地要用好外经贸发展专项资金，支持中小微企业参加境外展会。培育一批新的进口贸易创新示范区。

会议研究了其他事项。

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EXHIBIT 67

The steel and shipbuilding industry actively carries out supply and demand docking to ensure supply and stable price.

2021-09-27 13:12:23 Source: Shanghai Securities News • China Securities Network author:

According to the official website of the Ministry of Industry and Information Technology on September 27, in order to implement the State Council Executive Meeting's "Support large enterprises to build supply and demand docking platforms for industrial chains in key industries, use market-oriented methods to guide the upstream and downstream of the supply chain to stabilize the supply of raw materials." Cooperate with production and marketing supporting facilities to ensure supply and stable prices. On September 23, China Iron and Steel Industry Association and China Shipbuilding Industry Association jointly organized 13 key shipbuilding companies and 15 key shipbuilding steel production companies, a total of more than 150 Representatives held a symposium on ship steel supply and demand in Changshu, Jiangsu. Representatives from the Raw Materials Industry Department and the Second Equipment Industry Department of the Ministry of Industry and Information Technology attended the meeting.

At this meeting, the China Iron and Steel Industry Association and the China Shipbuilding Industry Association signed the "China Shipbuilding Industry Association China Iron and Steel Industry Association Cooperation Memorandum", and 10 pairs of shipbuilding companies and steel companies signed long-term procurement agreements on site to jointly promote steel ships. The industrial chain is mutually beneficial and has long-term stable development.

钢铁船舶行业积极开展供需对接 落实保供稳价

2021-09-27 13:12:23 来源：上海证券报·中国证券网 作者：

上证报中国证券网讯 据工业和信息化部官网9月27日消息，为贯彻落实国务院常务会议“支持大型企业搭建重点行业产业链供需对接平台，用市场化方法引导供应链上下游稳定原材料供应和产销配套协作，做好保供稳价”的工作部署，9月23日，中国钢铁工业协会、中国船舶工业行业协会共同组织13家重点船舶企业、15家重点船舶用钢生产企业共150余名代表，在江苏常熟召开船舶用钢供需座谈会。工业和信息化部原材料工业司、装备工业二司派员参加了会议。

在本次会议上，中国钢铁工业协会、中国船舶工业行业协会签订了《中国船舶工业行业协会 中国钢铁工业协会合作备忘录》，10对船舶企业与钢铁企业现场签订了长期采购协议，共同促进钢铁船舶产业链互利共赢、长期稳定发展。

EXHIBIT 68

In the first nine months, the three major indicators of my country's shipbuilding industry have increased significantly | The two major industries of steel and shipbuilding have ensured supply and stable prices to carry out supply and demand docking

Source: CCTV.com | October 13, 2021 09:39:28
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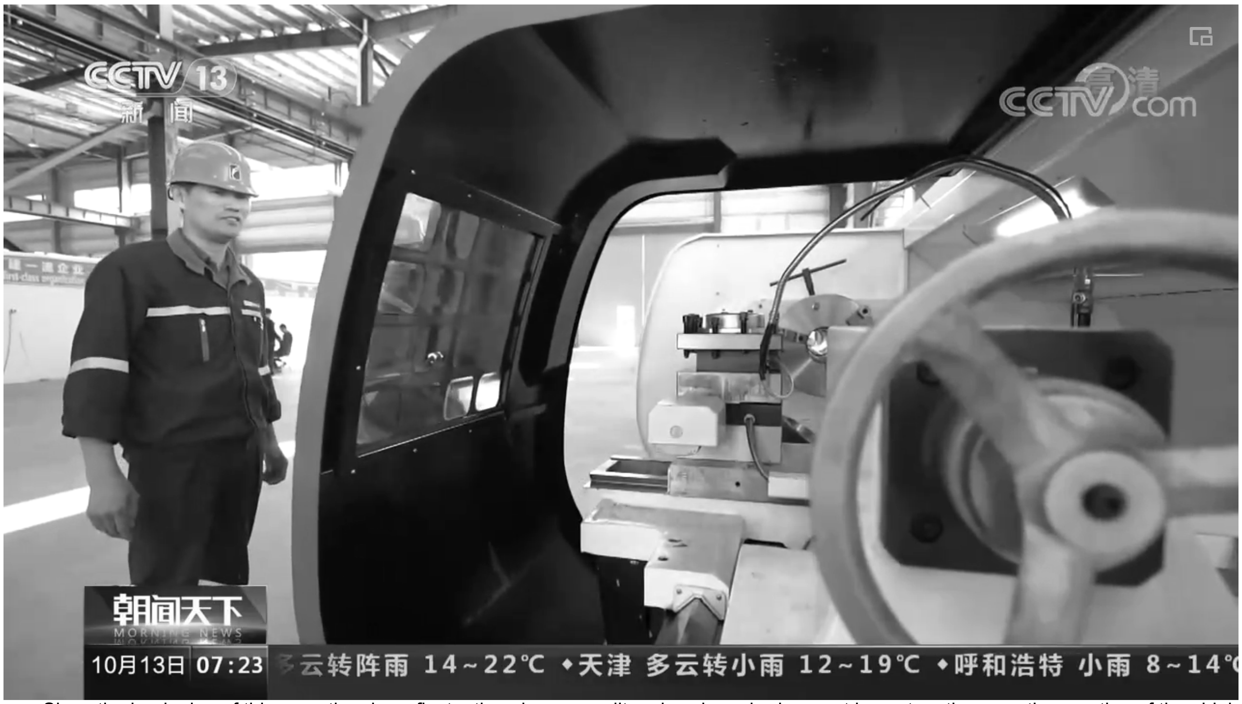
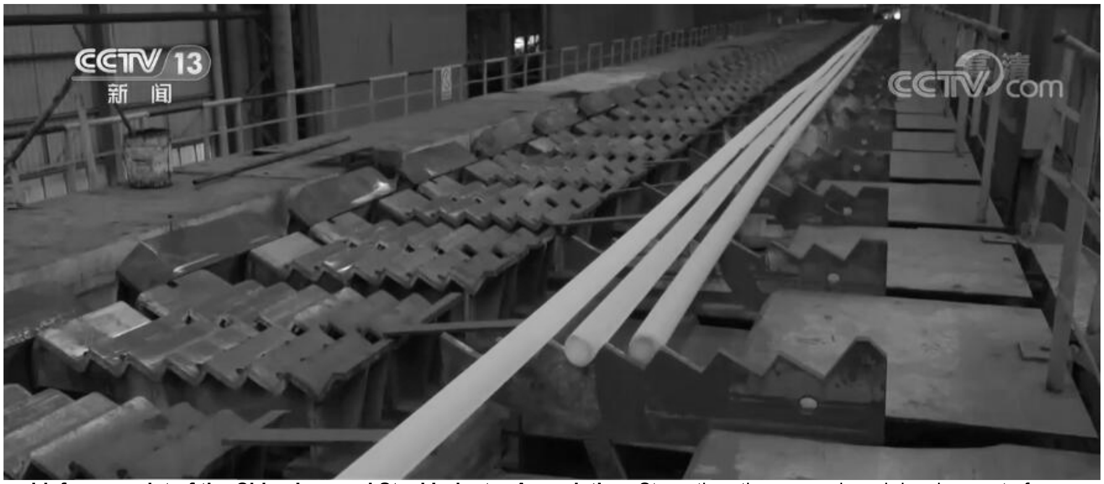


CCTV News: Since the beginning of this year, the sharp fluctuations in commodity prices have had a great impact on the smooth operation of the shipbuilding and steel industries. The state attaches great importance to the rapid rise in commodity prices and its associated impacts, actively supports enterprises in building supply and demand docking platforms for the industrial chain, and guides upstream and downstream companies to ensure supply and stable prices. As two major industries that are relatively affected by bulk commodities, the shipbuilding and steel industries are also conscientiously implementing national policies and actively carrying out work to connect upstream and downstream supply and demand.

This is the "Memorandum of Cooperation between the China Shipbuilding Industry Association and the China Steel Industry Association" recently signed by the shipbuilding and steel industries. Among them, 13 key shipbuilding companies and 15 key shipbuilding steel production companies have signed long-term purchase agreements.

Tan Naifen, deputy secretary-general of the China Shipbuilding Industry Association: By signing long-term agreements, we can ensure that steel can stably provide the materials needed to the shipbuilding industry, and also ensure stable prices. Through high quality and low prices, we can encourage the steel industry to provide us with better products.

The China Shipbuilding Industry Association stated that since the beginning of this year, the price of ship plates in my country's shipbuilding industry has been nearly 800 yuan per ton higher than that in South Korea. Therefore, in order to maintain orders and ensure delivery, it is inseparable from the support of steel companies in the supply of ship plates.



Wang Yingsheng, chief economist of the China Iron and Steel Industry Association: Strengthen the research and development of new products, strengthen technological innovation, and "work together to keep warm" from the supply chain and industrial chain. What kind of steel do ships need? We will meet it and drive the development of the steel industry through demand. High-quality development.

It is understood that according to the agreement, the two parties will cooperate comprehensively and in-depth in the fields of high-tech product research and development, logistics and distribution system establishment, and standard specification research to jointly create an industrial chain and ecosystem for the high-quality development of shipbuilding and steel.

Editor: Liu Jie Editor in charge: Liu Liang

shipbuilding industry
steel
ship

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Latest Recommended

The Central Foreign Affairs Work Conference was held in Beijing and Xi Jinping delivered an important speech

The Central Foreign Affairs Work Conference was held in Beijing from December 27th to 28th. Xi Jinping, General Secretary of the CPC Central Committee, President of the State, and Chairman of the Central Military Commission, attended the meeting and delivered an important speech. Members of the Standing Committee of the Political Bureau of the CPC Central Committee Li Qiang, Zhao Leji, Wang Huning, Cai Qi, Ding Xuexiang, Li Xi, Vice Chairman Han...

2023-12-28 08:33 Xi Jinping

Focus Interview: Promote revitalization effectively and efficiently

To strengthen a country, we must first strengthen agriculture, and only then can the country be strong. At the Central Rural Work Conference held not long ago, General Secretary Xi Jinping made important instructions, emphasizing that to promote Chinese-style modernization, we must persist in consolidating the agricultural foundation and promote comprehensive rural revitalization.

2023-12-28 08:29 Focus Interview on Revitalization

"New Regulations on Penalties for Drunk Driving" Begins to Implement: 15 situations will be dealt with more severely and 10 situations will generally not be subject to probation

Starting from December 28, the "Opinions on Handling Criminal Cases of Drunk and Dangerous Driving", commonly known as the "New Rules on Penalties for Drunk Driving", will be officially implemented. Previously, the "Opinions" were jointly issued by the Supreme People's Court, the Supreme People's Procuratorate, the Ministry of Public Security, and the Ministry of Justice.

2023-12-28 07:57 New rules on drunk driving penalties are more severe and do not apply to suspended sentences

Clearing points should not become an “annual infringement cycle drama”

It’s the end of the year again, and the “countdown to zero points” appears again. Some merchants shout loudly, advertise widely, or even bluff, artificially creating a kind of anxiety about clearing points, lest you don't know that your points will be cleared, and they are eager for you to redeem your points. Some merchants are afraid that you will redeem your points, or quietly...

2023-12-28 07:54 Points Rules Points Exchange Points Cleared

The canal boat raises ancient sails

2023-12-28 07:02 Ran Dengta Bailiquan Yongtong Bridge

In recent years, the Great Wall, the Grand Canal, the Long March, the Yellow River, and the Yangtze River National Cultural Park have made solid progress, a number of construction and protection plans have been released, a number of landmark projects have been implemented, a number of key construction areas have been demonstrated first, and central and local investment has continued to increase. Large, the cultural relics and cultural resources along the line continue to...

Wonderful photo album

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CCTV.com 央视网 **Now reading:** The three major indicators of China's shipbuilding industry have increased significantly in the first nine months | The two major steel and ship industries have carried out supply and demand docking to ensure supply and stable prices

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前9个月我国造船业三大指标增幅明显 | 保供稳价 钢铁船舶两大行业开展供需对接

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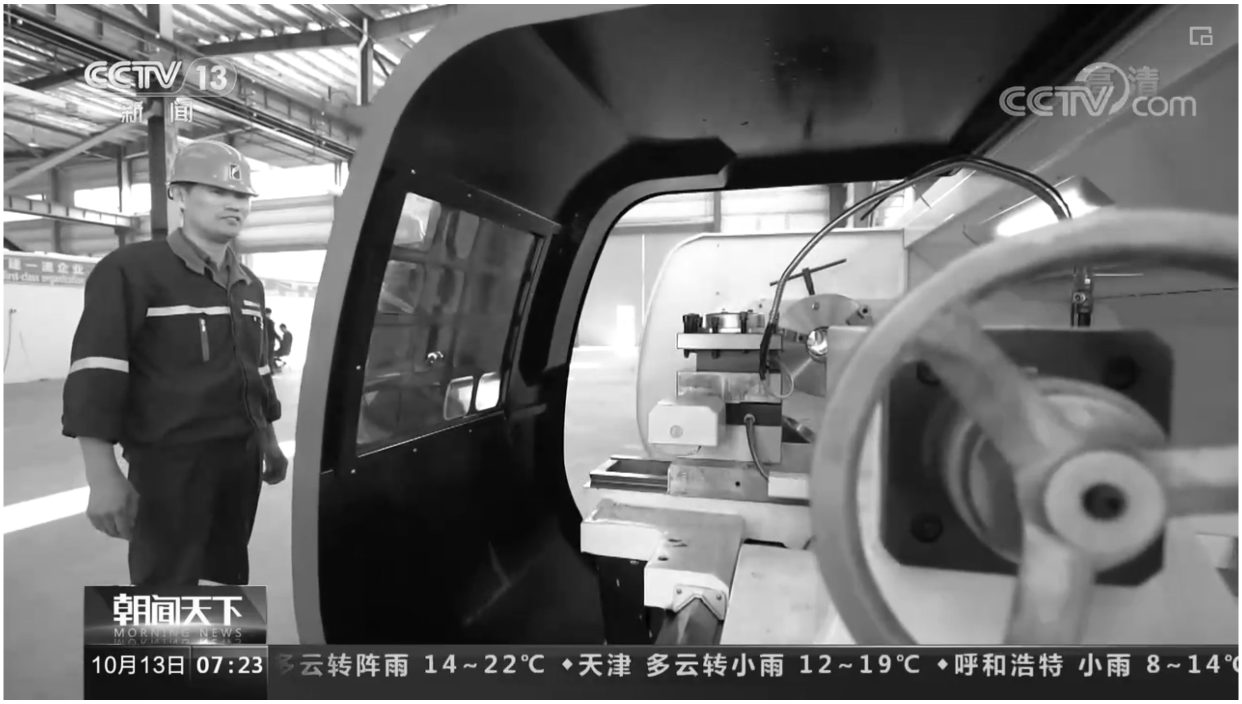
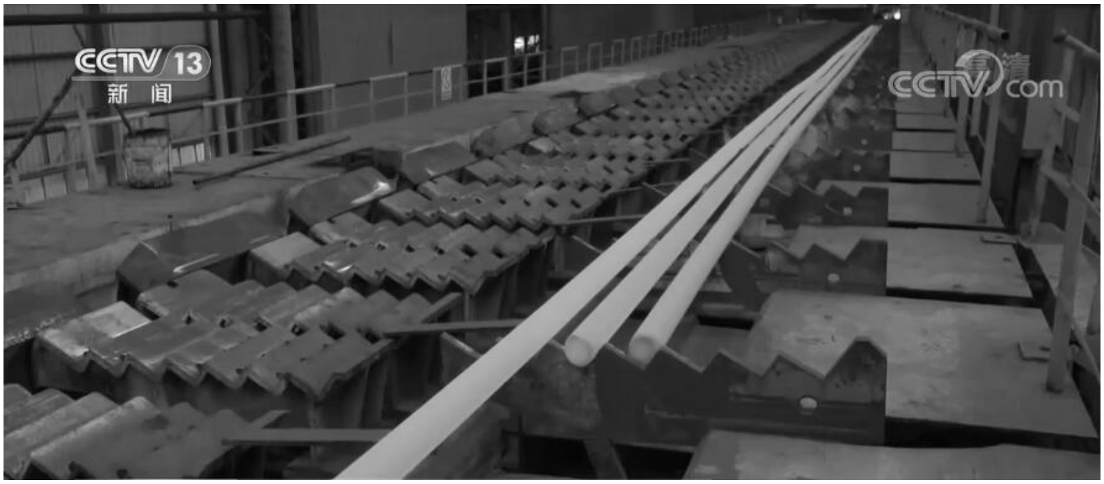


央视网消息：今年以来，大宗商品价格的大幅波动对船舶和钢铁行业的平稳运行都造成较大影响。国家高度重视大宗商品价格过快上涨及其连带影响，积极支持企业搭建产业链供需对接平台，引导上下游保供稳价。作为受大宗商品影响比较大的船舶、钢铁两大行业也正在认真落实国家政策，积极开展上下游供需对接工作。

这是最近船舶和钢铁行业共同签订的《中国船舶工业行业协会 中国钢铁工业协会合作备忘录》，其中，13家重点船舶企业和15家重点船舶用钢生产企业签订了长期采购协议。

中国船舶工业行业协会副秘书长 谭乃芬：通过签订长期协议，保证钢铁稳定地向船舶行业提供所需要的材料，也保证价格的稳定，通过优质优价，促使钢铁行业给我们提供更好的产品。

中国船舶工业行业协会表示，今年以来，我国造船业船板价格每吨比韩国高出近800元，所以要想实现保订单、保交付，离不开钢铁企业在船板供应方面的支持。



中国钢铁工业协会总经济师 王颖生：加强新产品的研发，加强技术创新，从供应链和产业链来“抱团取暖”，船舶需要什么样的钢，我们来满足它，通过需求来带动钢铁行业的高质量发展。

据了解，根据协议，双方将在高技术产品研发、物流配送体系建立、标准规范研究等领域全面、深度合作，共同打造船舶—钢铁高质量发展的产业链、生态圈。

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最新推荐

中央外事工作会议在北京举行 习近平发表重要讲话

中央外事工作会议12月27日至28日在北京举行。中共中央总书记、国家主席、中央军委主席习近平出席会议并发表重要讲话。中共中央政治局常委李强、赵乐际、王沪宁、蔡奇、丁薛祥、李希，国家副主席韩...

2023-12-28 08:33 习近平

焦点访谈：有力有效促振兴

强国必先强农，农强方能国强。不久前中央农村工作会议召开，习近平总书记作出重要指示，强调推进中国式现代化，必须坚持不懈夯实农业基础，推进乡村全面振兴。

2023-12-28 08:29 焦点访谈 振兴

“醉驾处罚新规”开始实施：15种情形从重处理 10种情形一般不适用缓刑

12月28日开始，《关于办理醉酒危险驾驶刑事案件的意见》，俗称“醉驾处罚新规”正式实施。此前，《意见》由最高人民法院、最高人民检察院、公安部、司法部联合发布。

2023-12-28 07:57 醉驾处罚新规 从重处理 不适用缓刑

积分清零不该成为“年度侵权循环剧”

又到年终，又现“积分清零倒计时”。有些商家大声吆喝，广而告之，甚至虚张声势，人为制造一种积分清零的焦虑，唯恐你不知道积分要清零，也巴不得你兑换积分。有些商家则唯恐你兑换积分，要么静悄悄地把...

2023-12-28 07:54 积分规则 积分兑换 积分清零

运河之舟扬起古韵风帆

2023-12-28 07:32 燃灯塔 白浮泉 永通桥

近年来，长城、大运河、长征、黄河、长江国家文化公园扎实推进，一批建设保护规划相继出台，一批标志性项目相继实施，一批重点建设区示范先行，中央和地方投入力度不断加大，沿线文物和文化资源家底不断...

精彩图集







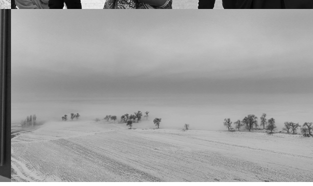


EXHIBIT 69

The 2022 cooperation and coordination meeting between shipbuilding and steel companies was held in Nantong

2022-11-04 09:54

Published in: Shanghai

On November 2 , the 2022 Ship Enterprise -Steel Enterprise Conference was hosted by the China Shipbuilding Industry Association and the China Iron and Steel Industry Association, and co - organized by the Shanghai Futures Exchange, Shanghai Steel Union E-Commerce Co., Ltd., and Nantong COSCO Shipping Kawasaki Ship Engineering Co. ,Ltd. The cooperation coordination matchmaking meeting was held in Nantong City. This meeting aims to consolidate the results of the 2021 ship steel supply and demand symposium held by the shipbuilding industry and the steel industry, further strengthen the long-term and stable cooperative relationship between the shipbuilding industry and the steel industry, enhance the connection and communication between ship steel production and demand, and ensure The industrial chain and supply chain are safe and stable, promoting the stable and healthy development of the shipbuilding industry and the steel industry, and achieving mutual benefit and win-win cooperation .

the China Shipping Association, Luo Tiejun, Vice Chairman of the China Steel Association, Chen Yingtao, Second Department of Equipment Industry, Ministry of Industry and Information Technology, Cheng Mengwei, Director of the Civil Explosive Ship Division of the Jiangsu Provincial Department of Industry and Information Technology, Li Yanqing, Secretary-General of the China Shipping Association, Shanghai Wang Fenghai, general manager of the futures exchange, and others attended the meeting, as well as more than 120 representatives from the Shanghai Steel Federation and the domestic shipbuilding industry, steel industry, and financial industry. Tan Naifen, deputy secretary-general of the China Shipping Association, and Wang Yingsheng, chief economist of the China Steel Association, chaired the morning and afternoon meetings respectively .

Since last year, the China Shipbuilding Association and the China Steel Association have attached great importance to the stable development of the upstream and downstream industrial chains. They have carried out multiple research activities, planned in advance and carefully organized, and jointly held a symposium on the supply and demand of ship steel to discuss the promotion of upstream and downstream production of steel and ships. Suggestions and measures for the stable development of the industry chain. In the end, the two industries effectively resolved the impact of rapid price changes on the normal production of enterprises through marketization .


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At the meeting, shipbuilding companies and steel companies signed long-term purchase agreements. After the three major state-owned shipbuilding groups and key private shipbuilding companies signed nine long-term purchase agreements with domestic steel companies last year, this year, China Shipbuilding Industry Co., Ltd., COSCO Shipping Heavy Industry Co., Ltd. and China Merchants Industry Co., Ltd. Shipbuilding companies represented by Group Co., Ltd., Jiangsu Yangzijiang Shipbuilding Group Co., Ltd., etc., and steel companies represented by Hunan Valin Xiangtan Steel Co., Ltd., Jiangsu Shagang Group Co., Ltd., China Baowu Steel Group Co., Ltd., etc. have signed 16 more marine contracts. Long-term steel plate purchase agreement. According to the agreement, shipbuilding companies and steel companies will work closely to form a long-term and stable upstream and downstream cooperative relationship to achieve mutual benefit and win-win results. The two parties will strengthen the construction of service capabilities and product quality, accelerate the research and development and industrialization of new ship steel products, and carry out in-depth upstream and downstream exchanges and cooperation. In addition, Su Hang, director of China Steel Research Digital Center, introduced the group standards and joint release of quality capability classification of steel plates for shipbuilding and offshore engineering .

The China Shipping Association and the Shanghai Futures Exchange signed a strategic cooperation agreement, marking the establishment of a long-term friendly cooperative relationship between the two parties. In the future, the Shanghai Stock Exchange and the China Shipping Association will continue to deepen strategic cooperation, give full play to their respective advantages, jointly develop futures such as medium and heavy plates and related derivatives tools, organize industry hedging training, and promote leading shipbuilding companies to use the futures market to manage steel, etc. raw material price risks and achieve high-quality development .

At the meeting, representatives of shipbuilding companies and steel companies also introduced their respective production and operations, and discussed how to further deepen the strategic cooperation between the two industries, as well as the current ship plate procurement model, ship plate quality control, and upstream and downstream supply and demand of shipbuilding companies and steel companies. In-depth exchanges were held on issues such as connection. Representatives at the meeting said that currently, the global epidemic has not yet ended, the exchange rate is unstable, the supply chain is not yet fully open, and coupled with changes in the geopolitical situation, the risk of global stagflation is rising. The steel industry and shipbuilding industry must be prepared to deal with a series of new risks and challenges. They should make breakthroughs in new products such as special plates and low-temperature steel, and further actively explore price terms, cooperation models, supply cycles, logistics guarantees, etc. , carry out win-win cooperation at a higher level, and jointly make due efforts to promote the high-quality development of the two major industries .

the afternoon seminar , representatives from China Shipbuilding Association, China Steel Association, and shipbuilding companies made keynote reports focusing on the quality grading of steel plates for ships and offshore engineering, the demand for ship plates in intelligent manufacturing, and the market operation of the two industries. Li Hao, general manager of Beijing Gangyan New Material Technology Co., Ltd. of the General Institute of Iron and Steel Research, introduced the 2021 quality capability classification results of steel plates for shipbuilding and offshore engineering ; Ueda Naoyang, deputy general manager of Nantong COSCO Shipping Kawasaki Ship Engineering Co., Ltd., focused on "Intelligent Manufacturing's Impact on Shipbuilding" "Requirements of Plate" made a theme report; Tang Hongxue from the Market Research Department of China Iron and Steel Association made a report on the operation of China's steel market in 2022 ; Cao Bo from the Statistics and Information Department of China Shipbuilding Association made a report on the development of the shipbuilding market in 2022 .

Since last year, the China Shipbuilding Association and the Shanghai Stock Exchange have jointly organized several " Plate Futures Training Seminars for Shipbuilding Enterprises ", which have been widely welcomed and actively participated by shipbuilding companies. Some leading shipbuilding companies have gradually begun to use futures derivatives tools to deal with price risks, and A better hedging effect has been achieved. This meeting also invited three futures experts to provide special business training on ship plate futures hedging for the two industries. Qiu Yuecheng, assistant director of Everbright Futures Research Institute and director of research, gave a report on "Futures Hedging Theory and Case Analysis"; Geng Haobo, director of the Futures Risk Management Office of Nangang Securities Department, gave a report on "Futures Hedging Theory and Practice" report; Wei Yingsong, general manager of Shanghai Steel Union Ferrous Metal Industry Research Center, made a report on "Shipbuilding Plate Market Analysis and Ship Hedging Business Suggestions" .

Guo Dacheng said that since the beginning of this year, China's shipbuilding industry has overcome adverse effects, and its main shipbuilding indicators have continued to rank first in the world. The shipbuilding industry has achieved some new achievements and highlights: new breakthroughs in high-end ship types, diversified development of green ships; application of domestic supporting products Accelerate, and the security and stability of the industrial chain and supply chain will be enhanced. However , the entire industry is also facing challenges such as global commodity price fluctuations, high international inflation levels, and contract performance risks under ongoing operations. The majority of shipbuilding companies must attach great importance to market risks under macroeconomic changes, performance risks under full missions, and market risks. The risk of reduced demand after the return to rationality and the risk of excess due to the impulse to expand shipbuilding capacity .

Guo Dacheng suggested that shipbuilding companies and steel companies should first establish a risk-neutral concept and increase collaboration in the upstream and downstream industry chains. By signing long-term purchase agreements to lock in the cost of main raw materials, and by signing forward exchange settlement agreements with financial institutions, we control the risk of exchange rate changes and strive to increase revenue and profits amid the overall market recovery. The second is to recognize the situation and respond proactively to promote the counter-cyclical cooperative development of the two industries. Steel companies have taken advantage of the trend to establish a modern logistics and distribution system, adopting the advanced " whole ship ordering and segmented distribution "method to provide steel plates on time , quality and quantity in accordance with the shipyard's requirements . In particular, the supply of key varieties and tail plates must be timely and stable. The third is to promote in-depth integrated development and strengthen the research and development and promotion of high-end products. Both parties should carry out in-depth integration around the new development direction of the shipbuilding field, and continue to strengthen the research and development and industrial promotion of high-end shipbuilding steel products such as Yinwa steel, stainless steel, and low-temperature high manganese steel. Finally, it is necessary to make full use of the mature platform established by the two associations, gather industry forces, jointly carry out joint research and development of high-end ship products, centralized procurement of bulk ship plates, jointly launch highly applicable group standards, and organize and carry out joint activities with the Shanghai Futures Exchange. Various thematic and targeted symposiums and technical seminars bring together the strengths of the two industries to jointly contribute to high-quality development .

Luo Tiejun said that steel and ships have always formed a close collaborative relationship, promoting each other and making continuous progress. How to overcome the influence of external factors and ensure reasonable profit margins in the industry is a common concern of both parties and the direction of joint efforts. Currently , there are still some unreasonable aspects in the cooperation model between the steel and shipbuilding industries, such as winning bids at low prices. At the same time, profits or even huge profits in the steel or shipbuilding industry for a period of time cannot be based on meager profits or even losses in another industry. These are not conducive to the long-term cooperation and healthy development of both parties. In the future, the steel industry and the shipbuilding industry should focus on the future, continue to deepen cooperation, strengthen cooperation in the industrial chain, and explore the establishment of a long-term and stable upstream and downstream cooperation mechanism. Further strengthen cooperation in the fields of new technology development, product promotion, standards and other fields to form a mutually beneficial community of interests, especially in the development, promotion and application of high-end products such as Invar steel and low-temperature high manganese steel. In addition, the two industries must do a good job in grading ship plate quality and promote product quality and differentiated competition. The China Iron and Steel Association will guide steel companies to classify the quality of steel and develop towards high quality and low price. The steel industry will provide a strong backing for the shipbuilding industry and fully support the shipbuilding industry in developing international markets and enhancing international competitiveness through advanced equipment, rich varieties, excellent products and thoughtful services .

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2022年船企钢企合作协调对接会在南通召开

2022-11-04 09:54

发布于：上海市

11月2日，由中国船舶工业行业协会、中国钢铁工业协会主办，上海期货交易所、上海钢联电子商务股份有限公司，南通中远海运川崎船舶工程有限公司协办的2022年船企—钢企合作协调对接会在南通市召开。此次会议旨在巩固2021年船舶行业与钢铁行业召开的船舶用钢供需座谈会成果，进一步加强船舶行业与钢铁行业建立的长期稳定合作关系，增进船舶用钢产需衔接与沟通交流，保障产业链供应链安全稳定，促进船舶行业和钢铁行业平稳健康发展，实现合作互利共赢。

中国船协会长郭大成，中国钢协副会长骆铁军，工业和信息化部装备工业二司陈颖涛，江苏省工业和信息化厅民爆船舶处处长程梦玮，中国船协秘书长李彦庆，上海期货交易所总经理王凤海等出席会议，上海钢联以及国内船舶行业、钢铁行业、金融行业的120余名代表参加会议。中国船协副秘书长谭乃芬、中国钢协总经济师王颖生分别主持了上午和下午会议。

自去年以来，中国船协与中国钢协高度重视上下游产业链稳定发展问题，多次开展调研活动，提前谋划、精心组织，联合召开船舶用钢供需座谈会，探讨促进钢铁与船舶上下游产

业链稳定发展的建议与措施，最终，两行业通过市场化的方式有效化解了价格快速变化对企业正常生产的影响。


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会上，船企与钢企签署了长期采购协议。继去年三大央企造船集团和骨干民营造船企业分别与国内钢铁企业签署9场长期采购协议后，今年，以中国船舶集团有限公司旗下中国船舶集团物资有限公司，中远海运重工有限公司，招商局工业集团有限公司，江苏扬子江船业集团公司等为代表的船企与湖南华菱湘潭钢铁有限公司、江苏沙钢集团有限公司、中国宝武钢铁集团有限公司等为代表的钢企又签订了16场船用钢板长期采购协议。根据协议，船企与钢企将紧密合作，结成长期稳定的上下游合作关系，实现互利共赢。双方将加强服务能力建设，产品质量建设，加快船舶用钢新产品研发和产业化落地，深入开展上下游交流合作。此外，中国钢研数字化中心主任苏航介绍了船舶与海工用钢板质量能力分级团体标准暨联合发布。

中国船协与上海期货交易所签订了战略合作协议，标志着双方将建立长期友好的合作关系。今后，上期所与中国船协将继续深化战略合作，发挥各自优势，协力研发中厚板等期货及其相关衍生品工具，组织开展行业套期保值培训、推动造船龙头企业运用期货市场管理钢材等原材料价格风险，实现高质量发展。

会上，船舶企业与钢铁企业代表还介绍了各自生产经营情况，就如何进一步深化两大行业的战略合作，以及当前船企与钢企在船板采购模式、船板质量控制、上下游供需衔接等议题进行了深入交流。与会代表表示，当前，全球疫情仍未结束、汇率不稳定、供应链还并没有完全畅通，叠加地缘政治形势的变化，全球陷入滞胀的风险正在上升。钢铁行业和造船行业必须做好应对一系列新的风险挑战的准备，应在特殊板材低温型钢等新产品上有所突破，在价格条款、合作模式、供货周期、物流保障等方面进一步积极探索，在更高水平上开展合作共赢，共同为推动两大行业高质量发展做出应有的努力。

下午研讨会上，来自中国船协、中国钢协、船企的代表重点围绕船舶与海工用钢板质量分级、智能制造对船板的需求以及两行业市场运行情况做主题报告。钢铁研究总院北京钢研新材科技有限公司总经理李灏介绍了2021年船舶与海工用钢板质量能力分级结果；南通中远海运川崎船舶工程有限公司副总经理上田尚央围绕《智能制造对造船板的要求》做主题报告；中国钢协市场调研部汤宏雪作了2022中国钢铁市场运行情况报告；中国船协统计信息部曹博做了2022年造船市场发展情况报告。

去年以来，中国船协与上期所共同组织了数次“船舶企业板材期货培训会”，受到船企广泛欢迎与积极参与，部分龙头船企已逐步开始应用期货衍生品工具应对价格风险，并取得了较好的避险效果。此次会议还邀请了3位期货方面的专家为两行业做船舶板材期货套期保值专题业务培训。光大期货研究所所长助理监黑色研究总监邱跃成做了《期货套期保值理论与案例分析》报告；南钢股份证券部期现风险管理室主任耿浩博做了《期货套期保值理论与实务》的报告；上海钢联黑色金属产业研究中心总经理魏迎松做了《造船板市场分析及船舶套期保值业务建议》的报告。

郭大成表示，今年以来我国船舶工业克服不利影响，主要造船指标继续保持世界第一，船舶行业取得了一些新的成绩和亮点：高端船型取得新突破，绿色船舶多样化发展；国内配套产品应用加速，产业链供应链安全稳定性增强。但是，全行业也面临全球大宗商品价格波动、国际通胀水平高企、持续经营下的履约风险等挑战，广大船企要高度重视宏观经济变化下的市场风险、任务饱满情况下的履约风险、市场理性回归后的需求缩减风险以及造船产能扩张冲动的过剩风险。

郭大成建议，船企与钢企一是要树立风险中性理念，加大上下游产业链协同合作。通过签订长期采购协议的方式锁住主要原材料成本、通过与金融机构签订远期结汇协议等方式，控制汇率变化的风险，力争在市场总体回升形势下实现增收又增利。二是要认清形势积极应对，推动两行业逆周期合作发展。钢铁企业顺势建立起现代化物流配送体系，采用先进的“整船订货、分段配送”的方式、按照船厂的要求，按期按时、保质保量的提供钢板。特别是对关键品种和尾板的供应要及时稳定。三是推动深度融合发展，加强高端产品研发和推广。双方应围绕船舶领域的发展新方向开展深度融合，持续加强对殷瓦钢、不锈钢、低温高锰钢等高端船舶钢材产品的研发和产业化推广。最后，要充分利用好两协会已经搭建的成熟平台，汇聚行业力量，共同开展高端船舶产品的联合研发、大宗船板的集中采购、联合推出适用性强的团体标准，联合上海期货交易所组织开展各类专题性针对性较强的座谈会和技术研讨会，汇聚两行业的力量，共同为高质量发展贡献力量。

骆铁军表示，一直以来，钢铁和船舶形成了紧密的协作关系，互相促进、不断进步。如何克服外部因素的影响、保障行业合理利润率是双方共同关心的议题，也是共同努力的方向。当前，钢铁和造船两个行业之间的合作模式还存在如低价中标等一些不合理的地方。同时，钢铁或船舶行业一段时期内的盈利甚至暴利不能建立在另一个行业微利甚至亏损的基础之上，这些都不利于双方的长远合作和健康发展。今后，钢铁行业与造船行业更应该着眼未来，继续深化合作，加强产业链合作，探索建立长期稳定的上下游合作机制。在新技术开发、产品推广、标准等领域进一步加强合作，结成互利共赢的利益共同体，特别是在殷瓦钢、低温高锰钢等高端产品的研发、推广、应用方面拓展合作空间。此外，两个行业要做好船板质量分级工作，推动产品的品质化、差异化竞争，中国钢铁协会将引导钢铁企业对于钢材进行品质分类，向优质优价方向发展。钢铁行业将做好造船行业坚强后盾，通过先进的装备、丰富的品种、优良的产品和周到的服务，全力支持船舶行业开拓国际市场，提升国际竞争力。

https://www.sohu.com/a/602498235_155167

EXHIBIT 70

Three major shipbuilding central enterprises sign long-term marine steel procurement agreement to avoid steel cost risks

September 24, 2021 20:40 From Caixin.com 简 audition

In the future, shipyards and steel companies will agree on pricing based on the trend of the current steel price index and ensure a more stable supply of marine steel plates in the market.

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[Caixin.com] (Reporter Jia Tianqiong) The shipbuilding market is ushering in an upward cycle. The roller coaster price of steel, a raw material for production, has caused a sharp increase in risks in the shipbuilding industry. In order to avoid systemic risks, on September 23, the China Shipbuilding Industry Association and the China Iron and Steel Industry Association organized a symposium on the supply and demand of ship steel. Key shipyards, including the three major shipbuilding central enterprises, signed marine steel plate agreements with more than a dozen domestic steel companies. long-term purchase agreement.

Specifically, China State Shipbuilding Corporation and Anshan Iron and Steel Group , Hunan Valin Xiangtan Iron and Steel Co., Ltd. (hereinafter referred to as "Valin Xiangtan Iron and Steel"); COSCO Shipping Heavy Industry and its two shipyards and Baowu Steel Group, Longteng Special Steel, Valin Xiangnan Iron and Steel Co. , Ltd. Steel and Suqian Nanjing Steel Jinxin Steel Rolling ; China Merchants Industrial Group has reached cooperation with Nanjing Iron and Steel, Longteng Special Steel and Valin Xiangtan Steel respectively. In addition, Yangzijiang Shipbuilding, the largest private shipbuilding company in China, also signed a comprehensive strategic cooperation agreement with Longteng Special

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三大造船央企签订船用钢采购长协 规避用钢成本风险

2021年09月24日 20:40 来源于 财新网

简 繁 试听

未来船厂与钢企将基于钢材现价指数走势协议定价，并确保更稳定的船用钢板市场供应

【财新网】（记者 贾天琼）造船市场正迎来上升周期，作为生产原材料的钢材价格“过山车”使得造船业风险陡增。为规避系统风险，9月23日，中国船舶工业行业协会和中国钢铁工业协会组织召开船舶用钢供需座谈会，包括三大造船央企在内的骨干船厂与十几家国内钢企签订了船用钢板的长期采购协议。

具体来看，中国船舶集团与鞍钢集团、湖南华菱湘潭钢铁有限公司（下称“华菱湘钢”）；中远海运重工及所属2家船厂与宝武钢铁集团、龙腾特钢、华菱湘钢和宿迁南钢金鑫轧钢；招商局工业集团与南京钢铁、龙腾特钢和华菱湘钢分别达成了合作。此外，国内最大民营船企扬子江船业也与龙腾特钢签署了全面战略合作协议。

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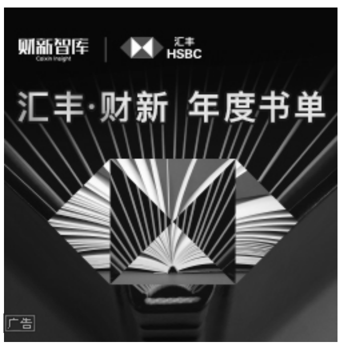

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