



Tracking China's reforms

China's commitment to reforms continues to deepen, especially in regard to SOE reform. On 15 July, for example, SASAC named six SOEs to undergo pilot programs with respect to mixed-ownership (the greater involvement of private capital), the establishment of state-owned asset investment companies, reform of the board of directors system and disciplinary inspection reform. Various provincial governments (Jiangsu, Shandong, Gansu, Yunnan and Beijing) also recently issued SOE reform plans and over 15 local authorities have now announced reform guidance. At the company level, central SOEs including Chalco, China Everbright and Huarong, together with local SOEs such as Xinjiang Production and Construction Corp and Jiangxi Copper, published reform blueprints in July. In aggregate, all these developments represent a commitment to large-scale corporate restructuring, especially across SOEs.

Base on the principle of "differentiated management" revealed in 3rd Plenum Decision, we see various reform paths for SOEs: 1) Central pan-national SOEs in monopolized sectors (e.g. oil & gas, telecom and transportation) may allow private capital investments in minority stakes or in certain business units; 2) local SOEs (e.g. provincial level and below) in competitive sectors including F&B, apparel, electrics and healthcare, may be taken over by private investors in their entirety; 3) proceeds from the sale of competitive SOEs may be managed by the state-owned assets operation companies, which will channel more capital into utilities and strategic sectors; and 4) more SOEs assets may be listed or injected into listcos.

We expect this aggressive focus on SOE reforms to have a material impact on China's longer-term economic outlook especially as the private sector is still significantly under-represented. Not only will these moves result in a substantial expansion in the private sector but the large-scale inclusion of private capital in current SOE sectors (both monopolies as well as competitive) will further promote the more efficient allocation of capital, result in further productivity gains and underpin longer-term growth.

1H14 reforms already delivering & expect reform acceleration in 2H14

While some investors / commentators continue to doubt the impact of previously-announced reforms, positive outcomes are already evident. For example, approx 1.6m new companies have been registered after business registration was stream-lined in March, up 65% YoY; VAT reform has already resulted in a tax reduction of Rmb268bn; July's PMI for small enterprises was expansionary for the first time in 28 months, reflecting the impact of targeted easing policies; and the Shanghai-Hong Kong Connect Scheme (announced Apr 10) launched trial operations on 11 Aug.

From Jul 31 to Aug 8, NDRC published 13 commentaries on China's economy, which mentioned "reform" more than 100 times and "accelerate" 80 times. The ongoing commitment to expedited reform has been confirmed by the aforementioned SOE reforms, the initiation of official car reform (Jul 16), the announcement of Hukou reform (Jul 30), the draft discussion on property tax (Jul 30) as well as the official investigation on Zhou Yongkang (Jul 29). In 2H14, we expect more announcements across all areas, especially financial liberalization, deregulation, SOEs and service sector.



Reforms announced / proposed over the last month

Figure 1: Reforms in China during the past month

Reform focus	Date announced	Proposal
Deregulation	17-Jul-14	Chengdu, Sichuan province introduces the "Negative List" in three districts of the city, pioneering the expansion of negative list from SHFTZ to nationwide. Compared to SHFTZ, the Chengdu reform plan focuses more on "deregulation" for domestic private companies rather than "opening up" for foreign companies.
	25-Jul-14	CBRC officially approves the setting up of three privately-owned banks, including one by Tencent. The three banks will be located in Shenzhen, Tianjin and Wenzhou respectively.
Opening up	15-Jul-14	China, Brazil, Russia, India and South Africa sign agreement to create the \$100 bn "New Development Bank (NDB)" and a \$100 billion foreign currency reserves pool. This Development Bank will be headquartered in Shanghai.
Financial liberalization	14-Jul-14	SAFE announces modest easing of foreign exchange controls, allowing offshore investment and financing through special purpose entities. Citizens can invest onshore assets or equities in offshore SPEs after registration with regulators and can trade in FXs to raise capital for offshore SPEs. The restriction on domestic enterprises transferring assets or equities to offshore SPE is also removed.
	Jul-14	China decides to start an OTC market-making mechanism on Aug 25. There are so far 27 companies listed on OTC market announced to adopt market-making mechanism, as per media reports.
	5-Aug-14	NDRC announces to allow individual investors to make overseas investment.
	4-Aug-14	State Council speeds up shantytown renovation. The government sets the goal of subsidizing the rebuilding of 4.7m units in 2014 VS. 3.2m in 2013. SOEs will be encouraged to raise funds through bond issuance and private companies will enjoy the same preferential policies as their state peers when participate in projects. The China Development Bank should prioritize lending to shantytown renovation.
Urbanization reform	30-Jul-14	State Council officially issues the "Opinions on Further Promotion of the Reform of Household Registration System", the framework document to guide hukou reform. The document aims at phasing out the dual-hukou system and covers adjusting the residence migration system, innovating population management measures and protecting the legitimate rights and interests of both migrant workers and permanent residents.
SOE reform	15-Jul-14	National SASAC kicks off central SOE reform, by naming six SOEs to perform pilot programs in four areas: Mixed-ownership pilot reforms will be carried out at Sinopharm and CNBM. COFCO and the State Development & Investment Corporation will be "reorganized" to establish "state-owned asset investment companies". A more effective board of directors system will be set up at Xinxing Cathay International Group, China Energy Conservation and Environmental Protection Group, Sinopharm and CNBM. The "disciplinary inspection teams" will be sent to other unnamed SOEs.
	17-Jul-14	Xinjiang Production and Construction Corps announces SOE reform. The plan aims to consolidate all the 13 SOEs under XPCC into a major Xinjiang Construction Group. XPCC is a unique economic and semi-military governmental organization which has administrative authority over several medium-sized cities as well as settlements and farms in Xinjiang. It also fulfills governmental functions such as healthcare and education for areas under its jurisdiction.
	22-Jul-14	China Huarong to sell up to 20% stake (for about \$2bn) to seven strategic investors including Warburg Pincus LLC, Khazanah National Bhd, Goldman Sachs Group Incorporation, China's Fosun Group, China International Capital Corporation, units of Citic Group Corporation and COFCO, as per media report.



	Jul-14	Jiangsu, Shandong, Gansu, Yunnan and Beijing issue their provincial/municipal SOE reform plans.
	Jul-14	Aluminum Corp. of China (Chalco), Bank of Communication (BoCom) plan for mixed ownership pilot programs according to local media.
	1-Aug-14	State Council approves the restructuring of the parent company China Everbright (Group) Corporation. The corporation will be transformed from a wholly state-owned enterprise to a joint stock company.
Fiscal and tax reform	30-Jul-14	State Council discusses the draft regulation of Establishment of Real Estate Registration Mechanism and agrees to publish it to solicit public opinions. Given the progress, the country is likely to complete the legislation for property taxation by end 2016, and taxes will be implemented in 2017, Jia Kang of MoF estimated.
	30-Jul-14	NDRC announces to clear the fee charging in export sectors
Anti-pollution combat	16-Jul-14	China limits use of official cars. The reform abolishes privileges for cadre below vice-minister level, to use official cars for general business. Public servants who have to use cars for official business will be offered a subsidy to cover transport expenses. The trial project will be completed in the central government and state organs by the end 2014, and local government and organizations by 2015. The reforms will also be carried out in public institutions, SOEs and state-owned financial companies.
	21-Jul-14	State Council issues the "Guiding Opinions on Popularizing the Adoption of New Energy Vehicles", calling for accelerating construction of battery charging stations, improving battery/auto standards, encouraging financial support, promoting early adoption in government and public vehicles, enhancing policy environment, providing preferential tax policies, etc.

Note: Particularly significant reform announcements highlighted in bold.

Source: Deutsche Bank, DB analysts report, Chinese government, Xinhua, other media reports



Appendix A: Reforms announced / proposed since the 3rd plenum

Figure 2: Summary reforms in China since 3rd Plenum

Reform focus	Date announced	Proposal
Deregulation	8-Jan-14	State Council abolishes 70 administrative approval items in transport, telco services, etc.
	9-Jan-14	National Health and Family Planning Commission permits investors from HK, Macau and Taiwan to own hospitals in major cities.
	15-Feb-14	State Council abolishes / simplifies a further 64 approval items.
	8-Apr-14	Ministry of Industry and Information Technology (MIIT) announces a plan to allow private / foreign capital to invest / provide internet access services on a nationwide basis.
	8-Apr-14	NDRC proposes that private healthcare institutions be incorporated into insurance coverage and that private healthcare institutions be allowed to price their services freely.
	23-Apr-14	State Council opens up a batch of 80 projects to public bidding and encourages participation of private capital. These projects cover sectors of transportation, IT, clean energy, oil and gas pipelines, coal, etc.
	14-May-14	State Council announces to lower market entry and cut pre-approval and certification requirements for production-oriented service industries. Foreign capital restriction in construction audit, financial audit and logistics will be relaxed.
	28-May-14	State Food and Drug Administration grants online drug operators the right to sell prescription drugs.
	May	NDRC approves Xinjiang to be the first pilot region for oil & gas deregulation, with the resource exploitation right to be opened to private companies.
	4-Jun-14	State Council decides to abolish or delegate another 52 items of administrative procedures.
	June	Projects valued more than RMB 1 trillion were opened to private capital: Shaanxi RMB270bn, Jiangxi RMB270bn, Guangdong RMB212bn, Chongqing RMB265bn, etc. Sectors involved include finance, railway, energy, telecom, transportation, culture, healthcare, etc.
	8-Jul-14	The State Council issues Opinions on Promoting Fair Competition and Maintaining a Normal Market Order , introducing the mechanism of negative list to nationwide - as long as the sector is not on the negative list, no government approval is required for setting up the company. Competition will be introduced in the utilities, infrastructure and other natural monopoly sectors.
	8-Jul-14	China unveils the Guideline on Management of the Railway Development Fund to Attract Private Investment. The Fund will last for at least 15-20 years. As preferred-stock holders, social investors will enjoy "fixed and reasonable" returns, and CRC will cover any shortfall in agreed returns for investors if the fund fails to meet targets. Social investors' shares can be traded one year after issue.
	17-Jul-14	Chengdu, Sichuan province introduces the "Negative List" in three districts of the city, pioneering in the expansion of negative list from SHFTZ to nationwide. Compared to SHFTZ, the Chengdu reform plan focuses more on "deregulation" for domestic private companies rather than "opening up" for foreign companies.
	25-Jul-14	CBRC officially approves the setting up of three privately-owned banks, including one by Tencent. The three banks will be located in Shenzhen, Tianjin and Wenzhou respectively.
Opening up	6-Jan-14	MIIT raises / eliminates the foreign ownership limits on seven value-added services in Shanghai Free Trade Zone (SHFTZ).
	10-Jan-14	Guangdong-HK-Macau Free Trade Zone plan is submitted to State Council.



	18-Feb-14	PBoC Shanghai declares official start of cross-border RMB payment service by third party.
	Mar	Shanghai Stock Exchange secured approvals from regulators to set up international trading center in SHFTZ.
	1-Mar-14	China removes interest rate ceilings on foreign-currency deposits under USD3m in SHFTZ.
	28-Mar-14	State Council approves a 15% income tax rate for certain sectors in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. Qianhai also prepares for negative list launch.
	Jan~Apr	Other FTZ plans of Tianjin, Chongqing, Xiamen, Zhoushan, Zhuhai have been submitted for State Council approval.
	22-May-14	PBoC issues SHFTZ accounts management details, marking the completion of financial regulation design for SHFTZ. PBoC Shanghai branch will intervene if abnormal capital flows are observed.
	23-May-14	PBoC approves the offshore gold trading center operated by Shanghai Gold Exchange in SHFTZ.
	May	China proposes Free Trade Area of the Asia-Pacific (FTAAP), hoping to help deal with the fragmentation of global trade.
	May	China promotes Silk Road Economic Belt, a multilateral economic cooperation plan to link China to Europe via Central Asia and the Middle East.
	1-Jul-14	The Shanghai municipal government released the Revised Negative List for SHFTZ version 2014. The revised list reduces the number of industries restricted for foreign investment by 27% to 139 from a previous total of 190.
	2-Jul-14	The State Council announces the approval for Dalian Jinpu New District in Liaoning province, aiming at the overall revival of old industrial bases in Northeast China and the opening up to other Northeast Asian countries.
	15-Jul-14	China, Brazil, Russia, India and South Africa sign agreement to create the \$100 bn "New Development Bank (NDB)" and a \$100 billion foreign currency reserves pool. This Development Bank will be headquartered in Shanghai.
Financial liberalization	8-Dec-13	PBoC releases guideline for financial institutions issuing interbank certificates of deposit, an important step towards interest rate deregulation.
	30-Dec-13	National Audit Office publishes detailed report on China government debt.
	1-Jan-14	China launches a national over-the-counter market after seven years trial. This "New Third Board" allows investors to trade equities in non-public firms, mostly high-tech startups.
	5-Mar-14	Li Keqiang announces the initiation of deposit insurance scheme, detailed plan will be issued this year.
	15-Mar-14	PBoC widens the daily trading band of USD/CNY to +/-2% around the fixing rate, effective from March 17.
	21-Mar-14	China Securities Regulatory Commission (CSRC) announces the pilot program of preferred shares.
	10-Apr-14	CSRC and Hong Kong SFC jointly declare their approval of Shanghai-Hong Kong Stock Connect, allowing both institutional and individual investors to trade equities in the other market via local brokers.
	9-May-14	State Council of China issues the "Guiding Principles for the Healthy Development of Capital Markets", which outlines roadmaps for China's future capital market development in nine major areas. Key reforms mentioned include the further expansion of QFII and QDII programs, promotion of direct financing and registration-based IPO system.
	13-May-14	Regulators are drafting bankruptcy law for banks to help manage the fallout of any bank failure, according to media.
	15-May-14	CSRC issues Guideline to Promote Innovation of Securities Companies.
	16-May-14	PBOC, SAFE, CBRC, CIRC and CSRC jointly announces the Circular 127 to govern the inter-bank business and proprietary investments made by financial institutions, with the aim of slowing the flow of funds from commercial banks to the shadow banking system.



	7-Jun-14	PBOC releases the consultation paper of Tentative Guidelines on Certificates of Deposits (CDs), which qualifies CDs for customer deposits, and allow individuals and corporate to invest in CDs with a minimum investment ticket of Rmb100k and Rmb1m, respectively.
	9-Jun-14	State Council and PBOC strengthens measures of the 'targeted' RRR cut – for financial institutions with certain portion of loans lent to agriculture and SMEs, RRR will be reduced by 50bps.
	13-Jun-14	CSRC posts detailed Shanghai-Hong Kong Connect Mutual Access Rules based on the feedback collected for the drafting version earlier.
	13-Jun-14	CSRC publishes Opinions on Innovative Development of the Asset Management Industry.
	18-Jun-14	PBoC announces direct trading of yuan against sterling: the yuan-sterling rate will be set by the average prices offered by market makers before the opening of the interbank FX market, helping London's bid for RMB offshore center.
	25-Jun-14	Ping An Bank No. 1 Petty Consumer Loan Assets Backed Securities is listed on the Shanghai Stock Exchange, marking the debut of product of credit asset securitization on the exchange market.
	25-Jun-14	SAFE announces that it will increase the variety of FX derivative products to facilitate exports growth and to deal with currency risks. It will also lower the entry threshold for companies developing FX options and simplify entry processes for bank branches.
	27-Jun-14	PBOC liberalizes for small-scale foreign currency deposits in Shanghai. Since March 1, interest rates for foreign currency accounts (with balance under \$3 million) have been deregulated within the SHFTZ. The new policy is an expansion of the March policy and will first apply to corporate deposits.
	30-Jun-14	CBRC announces the amendments to Loan-to-deposit Ratio calculation method. Our banking analyst estimates that the new rules should reduce the liquidity requirements on Chinese banks through lowering the system regulatory LDR by 410bps to 67.5% as of end 2013, while maintaining the numerical cap of 75%.
	4-Jul-14	CSRC releases draft amendments to current delisting regime to build up a more efficient capital market. New rules will allow more voluntary delisting and introduce a mandatory delisting mechanism for companies that have breached the law.
	4-Jul-14	PBoC and SAFE grant banks the right to set their own rates for RMB/dollar exchange with retail clients on the basis of market demand. Before the move, the spreads were subject to regulatory controls.
	June	PBoC reveals its plan of introducing new monetary tools. According to media, one of them will be Pledged Supplementary Lending (PSL), which is similar to re-lending in definition and tenors and may replace the latter. The move aims to formulate a medium-term policy rate through PSL.
	June-July	More RQFII quota was granted to French, German and Korean investors.
	14-Jul-14	SAFE announces modest easing of foreign exchange controls, allowing offshore investment and financing through special purpose entities.
	Jul-14	China decides to start an OTC market-making mechanism on Aug 25. There are so far 27 companies listed on OTC market announced to adopt market-making mechanism, as per media reports.
	5-Aug-14	NDRC announces to allow individual investors to make overseas investment.
	4-Aug-14	State Council speeds up the shantytown renovation. SOEs will be encouraged to raise funds through bond issuance and private companies will enjoy the same preferential policies as their state peers when participate in projects. The China Development Bank should prioritize lending to shantytown renovation..
Urbanization reform	16-Mar-14	China unveils the detailed national New-type Urbanization Plan (2014-2020): 100mn migrated worker will be granted HuKou in next 7 years vs. 50mn in past 7 years, new urbanization will be focused on the small and medium sized cities, 10 city clusters and rural land transfer system will be promoted.



	Feb~Apr	China calls for integration and coordinated development of Beijing and the two neighboring provinces Tianjin and Hebei. A detailed plan of "Jing-Jin-Ji cluster" is expected to be released before June.
	6-Jun-14	China's Leading Group for Overall Reform urges the acceleration of Hukou reform. The principle is to fully remove hukou restrictions in towns and small cities, gradually ease restrictions in medium-sized cities, set reasonable conditions for settling in big cities, and strictly control the population of megacities.
	19-Jun-14	The Ministry of Land and Resources publishes the Regulations on Economical and Intensive Utilization of Land.
	30-Jun-14	Political Bureau of the CPC approves the new Guideline to Step up Reform of China's Household Registration System , marking the official kick-off of national Hukou reform.
	30-Jul-14	State Council officially issues the "Opinions on Further Promotion of the Reform of Household Registration System" , the framework document to guide hukou reform. The document aims at phasing out the dual-hukou system and covers the areas of adjusting the residence migration system, innovating population management measures and protecting the legitimate rights and interests of both migrant workers and permanent residents.
SOE reform	17-Dec-13	Shanghai announces the first SOE reform plan among all provinces.
	19-Feb-14	Sinopec declares its adoption of "mixed-ownership" model, allowing private investors to take up to 30% stakes in its highly profitable downstream distribution business
	5-Mar-14	Ministry of Finance (MoF) raises SOE dividend payout by 5ppt this year. Specific targets set for sectors are tobacco 25%, energy, telecom and electricity 20%, steel, electronics and trade 15%, military and postal 10%
	Feb~Apr	Other localities publish SOE reform blueprints: Guangdong to transform all tier two or three SOEs into mixed-ownership over the next 2-3 years; Chongqing to have state capital withdrawn from competitive sectors within 3-5 years; Hebei to absorb 3-5% private capital as % SOE total net assets per annum; Guizhou to require all SOEs to have at least two strategic investors
	Mar-Apr	Local SOEs like Gree and Maotai publish their plans to invite strategic investors or demonstrate their willingness to set up state-owned assets operation platform
	14-May-14	Citic Pacific, acquiring USD 36bn worth of assets from its state-owned parent, agrees to sell a USD 5.1bn portion to strategic investors including eight foreign investors.
	27-May-14	State Grid Corporation kicks off mixed-ownership reform by announcing that two business sectors - distributed power grids and charging facilities for electric automobiles will allow social capital to invest, construct and operate projects in these fields.
	14-May	Shanghai classifies local SOEs into three categories according to their industry, competence, potential as well as strategic importance, and designs reform plans for SOEs accordingly. More than 40 Shanghai SOEs submitted their comprehensive reform roadmaps.
	14-May	Other companies including China Telecom, China Power International, CNOOC, Sichuan Changhong reveal part of their SOE reform plans.
	7-Jul-14	Shanghai announces its official SOE reform plan, stipulating that the reform should be accomplished in 3-5 years , with all the SOEs (excepted for those exempted by central government) converted into mixed-ownership.
	June	Reforms kick-off in local government financial vehicles (LGFVs) in Anhui, Jiangsu and other provinces, transforming or consolidating into much more transparent SOEs.
	June	Mixed ownership / consolidation / SOE reform plans announced by more SOEs including PetroChina, China Power International, State Nuclear, etc.



Fiscal and tax reform	15-Jul-14	National SASAC kicks off central SOE reform, by naming six SOEs to perform pilot programs in four areas: Mixed-ownership pilot reforms will be carried out at Sinopharm and CNBM. COFCO and the State Development & Investment Corporation will be "reorganized" to establish "state-owned asset investment companies". A more effective board of directors system will be set up at Xinxing Cathay International Group, China Energy Conservation and Environmental Protection Group, Sinopharm and CNBM. The "disciplinary inspection teams" will be sent to other unnamed SOEs.
	17-Jul-14	Xinjiang Production and Construction Corps announces SOE reform. The plan aims to consolidate all the 13 SOEs under XPCC into a major Xinjiang Construction Group.
	22-Jul-14	China Huarong to sell up to 20% stake (for about \$2bn) to seven strategic investors.
	Jul-14	Jiangsu, Shandong, Gansu, Yunnan and Beijing issue their provincial/municipal SOE reform plans.
	Jul-14	Aluminum Corp. of China (Chalco), Bank of Communication (BoCom) plan for mixed ownership pilot programs according to local media.
	1-Aug-14	State Council approves the restructuring of the parent company China Everbright (Group) Corporation.
	1-Jan-14	Railway transportation and postal sectors are incorporated in to the VAT reform process.
	15-Mar-14	MoF issues new performance metrics for local fiscal authorities, items of "budget transparency", "budget planning standardization", "optimization of income and expenditure structure", "re-activation of monetary stock", "debt management", "reform of municipal and country level fiscal system". The evaluation result will be used as an important reference for central fiscal transfer decision making.
	14-Mar	Ministry of Land and Resource announces that China will introduce property registration system in June, the entire system will be fully built within 3 years
	18-Apr-14	NPC Standing Meeting approves Budget Law Amendments: certain provincial governments, with the State Council approval, will be allowed to bear liabilities in form of bonds.
	14-May-14	State Council offers tax breaks to enterprises of research and design, inspection and certification, and energy saving, a privilege that have been previously enjoyed only by high-tech companies.
	14-May-14	Unified reform of real estate registration kicks off at provincial level, with Hebei, Shandong and Jiangsu moving first. These provinces have had all preparation work ready.
	21-May-14	China allows local governments to independently issue bonds. 10 local governments, including Shanghai, Zhejiang, Guangdong, Shenzhen, Jiangsu, Shandong, Beijing, Jiangxi, Ningxia and Qingdao, are approved to sell bonds on their own credit.
	28-May-14	Ministry of Finance sets new budgetary rules to quicken the fiscal spending. Requirements include 1) local fiscal agencies to finish allocating this year's budget funds by end of June, otherwise they will risk the money being called back by MoF in Sep; 2) central government would consider cutting next year's budget quota for localities which fail to spend the amount allocated for this year; 3) money for key infrastructure projects must be paid in a timely manner or front-loaded.
	29-May-14	NDRC considers the establishment of a transportation investment fund to attract social capital to participate in the development of the transportation system such as road, water, airport, etc, and the total fund size will reach RMB100 bn.
	23-Jun-14	Guangdong sells RMB 14.8 billion yuan of local government bonds, the first batch issued and to be repaid by local authorities nationwide. The bonds with AAA rating are 1.85 times oversubscribed. July 11, Shandong province issued its bonds.
	26-Jun-14	The State Council issues the Notice on Further Strengthening the Administration of Fees Imposed on Enterprises and Reducing the Burden on Enterprises. The Notice proposes to establish and implement catalogues of business charges, strictly examine administrative service fees for enterprises and government fund items, regulate pre-approval services and charges, and cancel any pre-approval service item which lacks a legal basis.



	30-Jun-14	Political Bureau of CPC passes the Overall Plan to Deepen Fiscal and Tax Reform , to improve fiscal budget management and supervision. The key reform areas include: stabilizing total tax burden, optimizing tax structure, adjusting power and spending responsibilities between central and local governments, etc. The Plan aims to finish major fiscal and tax reform tasks by 2016 and establish a modern fiscal system by 2020.
	1-Jul-14	MoF lowers its value-added tax rates on some goods from 6% or 4% to 3%. 3% VAT rate will replace the current 6% rate on tap water, some construction materials, and electricity produced by small hydropower plants. Duty-free goods sold at authorized shops will be subject to a 3% VAT rate instead of 4%.
	June	National Bureau of Statistics submits draft for new GDP accounting method, recognizing R&D as gross fixed capital formation in GDP.
	30-Jul-14	The State Council discusses the draft regulation of Establishment of Real Estate Registration Mechanism and agrees to publish it to solicit public opinions.
Social security reforms	30-Jul-14	NDRC announces to clear the fee charging in export sectors.
	6-Dec-13	Government unveils a tax deferral policy package to encourage the enterprise annuity program , effective from 1 January 2014.
	8-Feb-14	State Council announces the unification of China's urban and rural pension systems. The central government will offer subsidy to western and central regions in this move.
	2013~2014	By April 2014, critical illness insurance pilot programs have been initiated in 28 provinces.
	28-May-14	State Council publishes Guideline to Deepen China Healthcare Reforms in 2014 , putting forward 31 tasks in six fields to expedite the building of a universal healthcare system. Major task include expansion of public hospital reform, reducing restriction of foreign ownership, streamlining pricing mechanism of drugs and hospital services, etc.
	23-Jun-14	CIRC on releases guidance on House-For-Pension Scheme (HFPS). Under the scheme, the elders will receive the pension from insurer every year until death by pledging their property. Pilot program will last till June 2106.
Anti-pollution combat	15-Dec-13	Tianjin introduces car plate auction system and traffic controls
	Jan~Apr	Hebei scraps out-dated steel, cement and coal capacities and plans to invest RMB800bn in anti-pollution measures in 2014
	25-Mar-14	Hangzhou introduces car plate auction system and traffic control
	13-Apr-14	Shandong incorporates "PM2.5" indicator in municipal government evaluation system, with a weight higher than GDP growth
	15-Apr-14	Tianjin raises the pollutant discharge fee by 10 times
	24-Apr-14	Amendment to China Environmental Protection Law is approved by NPC Standing meeting: local government officials and environmental regulators have to take the blame and resign should serious environmental events take place or should they intentionally hide/cover up any relevant information
	21-May-14	State Council urges faster construction of water transfer, reservoir and irrigation schemes, especially in central and western regions suffering water shortages. 172 water conservation projects will be launched before 2020, increasing water supply by 80 bn cubic meters per annum.
	27-May-14	State Council issues "Notice on Assessment Performance related to the Air Pollution targets" that would connect air pollution reduction targets to official cadre performance assessments.
	30-May-14	Ministry of Environment issues new emissions standards of tin, antimony and mercury as well as pollutants produced by industrial boilers, non-road motor vehicles and refuse burning.
	11-Jul-14	MEP publicizes the list of coal fired units in key enterprises nationwide, welcoming supervision from the media and public on the desulfurization and denitration work.



16-Jul-14	China limits use of official cars. The reform abolishes privileges for cadre below vice-minister level, to use official cars for general business. Public servants who have to use cars for official business will be offered a subsidy to cover transport expenses. The trial project will be completed in the central government and state organs by the end 2014, and local government and organizations by 2015. The reforms will also be carried out in public institutions, SOEs and state-owned financial companies.
21-Jul-14	State Council issues the "Guiding Opinions on Popularizing the Adoption of New Energy Vehicles".
Relaxation of one-child policy	Jan~Apr At least nine provinces including Zhejiang, Anhui, Beijing, Jiangsu, Jiangxi, Shanghai, Guangxi, Sichuan, Tianjin have officially relaxed one child policy as per 3rd Plenum decision

Note: Particularly significant reform announcements highlighted in bold.

Source: : Deutsche Bank, DB analysts report, Chinese government, Xinhua, other media reports



Appendix 1

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