

Decision of the State Council on
Promulgating and Implementing the
"Temporary Provisions on Promoting
Industrial Structure Adjustment"

No. 40 [2005] of the State Council

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

The "Temporary Provisions on Promoting Industrial Structure Adjustment" (hereinafter referred to as the "Temporary Provisions"), which were deliberated and adopted at 112th executive meeting of the State Council on November 9, 2005, are hereby promulgated.

The formulation and implementation of the "Temporary Provisions" is an important measure to carry out the spirit of the fifth plenary session of the 16th CPC Central Committee, to achieve the objective of the "Eleventh Five-year" planning, and has great significance to ensure the all-round implementation of the scientific view of development, to strengthen and improve macro-control, to further transform the ways of economic growth, to propel industrial structure adjustment, optimization and upgrading, and to keep the stable and fast development of the national economy. The people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government shall take the promotion of industrial structure adjustment as an important reform and development task at present and within a period in the future, establish the liability system, lay emphasis on implementation, and shall, in accordance with the "Temporary Provisions" and in light of the local situation on industrial development, formulate specific measures, rationally guide the investment directions, encourage and support the development of advanced production capacities, restrict and eliminate outdated production capacities, prevent blind investments and low-level redundant construction, and effectively propel industrial structure optimization and upgrading. All relevant administrative departments shall speed up the formulation and amendment of policies on public finance, taxation, credit, land, import and export, etc., effectively intensify the coordination and cooperation with industrial policies, and further improve and promote the policy system on industrial structure adjustment. The people's governments of all provinces, autonomous regions, and municipalities directly under the Central Government, the relevant administrative departments of the state for development and reform, public finance, taxation, state land resources, environmental protection, industry and commerce, quality inspection, banking supervision, electric power supervision, work safety supervision, as well as the administrative departments of all industries, etc. shall establish and improve the mechanism of organization and coordination, supervision and inspection for the industrial structure adjustment work, perform their respective duties, cooperate with each other closely, form a resultant force, and effectively intensify the effectiveness of implementing industrial policies. The relevant governments and departments shall, when implementing the "Temporary Provisions", correctly deal with the relationship between government guidance and market regulation, give full play to the fundamental role of the market in allocating resources, correctly deal with the relationship between development and stability, partial interests and overall interests, and immediate interests and long-term interests, so as to keep the stable and fast development

of the economy.

The State Council
December 2, 2005

Temporary Provisions on Promoting Industrial Structure Adjustment

Chapter I General Provisions

Article 1 The present Provisions are formulated in accordance with the relevant laws and administrative regulations of the state for the purpose of ensuring the all-round implementation of the scientific view of development, strengthening and improving the macro-control policy, guiding social investments, and promoting industrial structure optimization and upgrading.

Article 2 Objectives of Industrial Structure Adjustment:

We shall propel industrial structure optimization and upgrading, to promote the healthy and harmonious development of the first, second and third industries, gradually to form the industry pattern with agriculture as the base, hi-tech industry as the forerunner, and basic industry and manufacturing industry as the support, and the service industry developed in an all-round way, to realize sustainable development by adhere economize development, clean development and safe development..

Article 3 Principles of Industrial Structure Adjustment:

We shall adhere to combine market regulation with government guidance. We shall give full play to the fundamental role of the market in allocating resources, to strengthen the reasonable guidance of state industrial policies, and to realize optimized allocation of resource.

Improving the industrial technological level through independent innovation. We shall regard the enhancement of independent innovation capabilities as the central element of adjusting the industrial structure, establishing a technical innovation system combining the production, study and research which the enterprises as the principal part and the market as the guidance,. We shall make great efforts to enhance the original innovation capabilities, integrated innovation capabilities, and the capabilities of import, digestion, absorption and re-innovation, and shall improve the overall industrial technological level.

Adhering to walking a new road to industrialization. We shall drive industrialization with informatization, and promote informatization with industrialization; walk a safeguarded development road with high scientific and technological contents, promising economic benefits, low consumption of resources, little environmental pollution, and full human resource advantages, and endeavor to propel the fundamental transformation of the way of economic growth.

Promoting coordinated and healthy development of industries. We shall develop advanced manufacturing industry, increase the proportion and the level of the service industry, strengthen infrastructural construction, optimize industrial structure and layout of urban and rural region, optimize the structure of foreign trade and foreign capital utilization, maintain the lawful rights and interests of the masses, endeavor to boost employment, and propel the harmonious economic and social development.

Chapter II Directions and Key Points of Industrial Structure Adjustment

Article 4 Consolidating and strengthening the basic status of agriculture, and speeding up the transformation of traditional agriculture into modern agriculture. We shall speed up agricultural S&T progress, strengthen the construction of agricultural facilities, adjust the agricultural production structure, transform the way of agricultural growth, and enhance the comprehensive agricultural production capacities. We shall stabilize and develop grain production, speed up the implementation of high-quality grain industry projects, build large commodity grain production bases, and guarantee the grain safety. We shall optimize the agricultural production layout, propel industrialized operation of agricultural, , speed up agricultural standardization, promote the value adding on processing conversion of agricultural product , and develop high-yield, high-quality, high-efficiency, ecological and safe agriculture. We shall make great efforts to develop animal husbandry, improve the level of scale production, intensification and standardization, protect natural grasslands, and build forage grassland bases. We shall actively develop aquaculture, protect and reasonably utilize fishery resources, extend green fishery breeding modes, develop high-efficiency ecological breeding industry. We shall develop the bases of raw materials forests and timber forest in light of local circumstances, and increase the rate of comprehensive utilization of timbers. We shall strengthen water conservancy construction of farmlands, improve low and medium-yielding fields, and do a good job in land rehabilitation. We shall improve the level of agricultural mechanization, and improve the agricultural technology extension, agricultural product markets, agricultural product quality safety, and the animal and plant disease and pest prevention and control system. We shall actively adopt water saving irrigation, scientifically use fertilizers and pesticides, and promote sustainable development of agriculture.

Article 5 Strengthening the construction of infrastructures such as energy, traffic, water conservancy and information network, etc., and enhancing the guaranteeing capacities for economic and social development.

We shall adhere to the principles of giving priority to economize, base on domestic, coal resources to be the basic, diversified development, optimize the energy structure, and establish a energy supply system on stable, economic and clean . We shall optimize and develop coal electricity by stressing large-type high-efficiency sets, orderly develop hydro-electric power on the basis of ecological protection, actively develop nuclear power, strengthen electric power network construction, optimize the structure of electric power network, and enlarge the scale of West-to-East power transmission. We shall build large-type coal bases, adjust and transform medium and small coal mines, firmly eliminate the small coal mines failing to meet work safety conditions and wasting or destroying resources, speed up comprehensive utilization of such resources as coal waste rocks, coal bed gas, mine drainage, etc., and encourage coal-electricity joint operation. We shall develop both petroleum and gas industry simultaneously, make greater efforts to explore, develop and utilize petroleum and natural gas resources, enlarge overseas cooperation and development, and speed up infrastructural construction in the areas of petroleum and natural gas. We shall actively support and develop new energy and renewable energy industries, encourage the development and utilization of substitute resources for petroleum and clean energy, and actively propel the industrialization of clean coal technology, and speed up the development of wind power, solar energy, and biomass energy, etc.

We shall, by stressing network enlargement, form a convenient, expedite, high-efficiency, safe comprehensive traffic and transport system. We shall, by

adhering to the overall planning and reasonable layout, realize mutual complement of advantages of the transporting modes and connection each other by railway, highway, water carriage, civil aviation, and pipeline, etc., and exert the combination efficiency and holistic advantage. We shall speed up the development of railways and urban track traffic network, emphatically build special passenger transport avenues, coal transport channels, regional channels, and railways in Western Regions. We shall perfect the major arterial of national highways and arterial highways in Western Regions, build national expressway network, and make great efforts to propel the construction of rural highways. We shall give priority to the development of urban public traffic, strengthen the construction of deepwater harbors for containers, energy resources materials and ores, and develop inland water navigation. We shall enlarge large-scale airports, improve medium-scale airports, increase small-scale airports, and build up a harmoniously developing airport system with reasonable layout, appropriate scale and complete functions. We shall strengthen the construction of pipeline transport.

We shall strengthen water conservancy construction, and optimize water resource allocation. We shall make a unified planning to distribute the water resources on upriver and downriver, surface and underground, control the exploitation of underground water, and actively develop seawater desalting. We shall strengthen flood prevention and drought-resistant project construction, intensify the construction to lessen the weak points in flood prevention and disaster reduction by stressing the reinforcement of embankment, key controlling water conservancy projects and other flood prevention systems, continue reinforcing the backbone engineering construction for trunk embanking of big rivers, flood passage or storage basins, eliminating the dangers and establishing of dangerous reservoirs, and urban flood prevention, and construct the South-North Water Diversion Project. We shall intensify our efforts in constructing and transforming drinking water projects for both people and stock and the auxiliary projects in irrigation areas.

We shall strengthen the construction of information infrastructures such as wide band communication network, digital television network and the next generation of Internet, etc., propel the integration of the three kinds of networks, and improve the information safeguarding system.

Article 6 Developing advanced manufacturing industry as the keystone for vitalizing equipment manufacturing industry, and exerting its important supporting function to the economic development.

The equipment manufacturing industry shall depend on major construction projects, improve the localization level on important technical equipment through independent innovation, technology import, cooperative development, combined manufacturing, etc., break through especially in the areas such as high-efficiency clean power generation and power transmission and transformation, large petroleum chemical and advanced applicable transport equipment, high-class numerical control machine tools, automation control and integrated circuit equipment, advanced power equipment, energy conservative and consumption reducing equipment, etc., improve the overall level of research and development design, supply, processing, manufacturing, and systematic integration of core elements and parts.

We shall adhere to driving industrialization with informatization, encourage the adoption of hi-techs and advanced applicable technologies to transform and enhance the manufacturing industry, and increase the proportions of independent intellectual property rights, independent brands and high-end products. We shall, in light of the energy and resource conditions as well as environmental capacity,

emphatically adjust the product structure in the raw material industry, enterprise organization structure and industry layout, and improve product quality and technical content. We shall support the development of cold rolled stainless steel sheets, cold rolled silicon steel, high-density phosphate fertilizer, high-efficiency low-toxic and less-persistent pesticides, ethylene, fine chemical industry, and high-performance differentiated fibers. We shall urge the industries of oil refining, ethylene, steel, cement and paper making to develop towards bases and large scale. We shall strengthen the geological survey of important resources such as iron, copper and aluminum, etc., increase the geological reserve of resources, and practice rational exploitation and comprehensive utilization.

Article 7 Speeding up the development of hi-tech industry, and further strengthening the driving function of hi-tech industry to economic growth.

We shall enhance independent innovation capabilities, endeavor to grasp core and key technologies, make great efforts to develop the hi-techs which are of great importance to driving economic and social development, support and develop major industry technologies, formulate important technical standards, build technical bases for independent innovations, speed up the extension of hi-tech industry from processing and assembling mainly to independent research and development. We shall, in light of the requirements on industry gathering, scale development and enlargement of international cooperation, make great efforts to develop industries in the areas of information, biology, new materials, new energy, aviation and spaceflight, etc., and cultivate more new economic growth points. We shall give priority to developing information industry, make great efforts to develop core industries of integrated circuits and software, etc., emphatically cultivate information industry clusters in respect of digital audio and video frequency, the new generation of mobile communication, high-performance computer and network equipment, etc., strengthen information resource development and sharing, and propel the dissemination and application of information technologies. We shall exert fully to China's special resource advantages and technical advantages, emphatically develop biologic industries such as bio-agriculture, bio-medicine, bio-energy, bio-chemical industry, etc. We shall speed up the development of civil aviation and space industry, propel the development and industrialization of civil aircrafts, aeroengines and airborne systems, and further develop civil space technologies and satellite technologies. We shall actively develop new materials industry, support and develop the photoelectron materials which have technical characteristics and may exert the comparative advantages in China, as well as products such as materials with high-performance structure and special new functions.

Article 8 Increasing the proportion of the service industry, optimizing the structure of the service industry, and promoting the all-round and rapid development of the service industry. We shall adhere to the directions towards market, industrialization and socialization, strengthen the classified guidance and effective supervision, further innovate and improve the systems and mechanisms for service industry development, and establish a public, equal and regular industry access system. We shall develop large service enterprise groups with strong competitive strength, the big cities shall put the development of the service industries on a prior status, and the conditioned big cities shall gradually form an industrial structure mainly composed of service economy. We shall increase service varieties, improve the service level, and enhance the employment capacity and industrial quality. We shall make great efforts to develop modern service industries on finance, insurance, logistics, information and legal services, accounting, intellectual property rights, technology, design,

consulting service and etc. , actively develop the industries with big potential demands such as cultural, tourism, and community service, etc., and speed up the reform and development in the areas of education, training, services provide for the aged, medical treatment, health care, etc. We shall regulate and enhance traditional service industries such as commercial trade, catering and accommodation, etc., propel such organizational forms and service modes as chained operation, franchise, agency system, multi-modal transport, and electronic commerce, etc.

Article 9 Making great efforts to develop circular economy, building a resource saving and environment-friendly society, and realizing the harmony of economic growth and population resource environment. We shall adhere to the guidelines of stressing both development and economize but giving priority to the latter, and in compliance with the reduction-based, re-utilization, resource-based principles, make great efforts to propel the economize of energy, water, land and materials, strengthen comprehensive utilization of resources, promote all-round clean production, improve a renewable resource recycling and utilization system, and form a low-cost, low-consumption, low-discharge and high-efficiency economize way of growth. We shall actively develop and spread resource economizing , substitutive and circular utilization technologies and products, emphatically propel the transformation of energy economizing and consumption reducing technologies in the industries of steel, non-ferrous metal, electric power, petroleum chemistry, construction, coal, building materials, paper making, etc., develop energy economizing and land saving buildings, applying mandatory elimination system to the techniques and products with high energy consumption, serious pollution, work safety endangering, and outdated technologies, and lawfully close up enterprises that destroy environment and fail to meet work safety conditions. We shall adjust the scale of industries with high energy consumption and serious pollution, and decrease the proportion of such industries. We shall encourage the production and use of various consumables with good economizing performance, and form a consumption mode of economizing resources. We shall make great efforts to develop the environmental protection industry, and intensify the ecological protection of water resources, land, forests, grasslands, and sea, etc. by stressing the control of unreasonable resource development.

Article 10 Optimizing the industrial organizational structure, and adjusting the regional industrial layout. We shall improve the enterprises' level of economy of scale and the extent of their industrial concentration, speed up the development of large enterprises, and form a group of large companies and enterprise groups with independent intellectual property rights, prominence on main professional work , and strong core competitive capacity. We shall give full play to the functions of medium and small enterprises, propel medium and small enterprises to form the work division and coordination relationship with large enterprises, improve their professional level of production, and promote the technical progress and industry upgrading of medium and small enterprises. We shall fully exert the comparative advantages, actively propel rational flow and allocation of production factors, and guide clustered development of industries. The Western Regions shall strengthen infrastructural construction and ecological environmental protection, improve public services, develop characteristic industries and enhance their self-development capabilities in light of local resource advantages. The Northeastern Regions shall speed up the industrial structure adjustment and state-owned enterprise reform and restructuring, develop modern agriculture, emphatically promote the equipment manufacturing industry, and promote the transformation of resource-exhausted cities. The Middle Regions

shall do a good job in the construction of main grain-producing areas, develop energy and manufacturing industries with comparative advantages, strengthen infrastructural construction, and speed up building a modern market system. The Eastern Regions shall endeavor to improve independent innovation capabilities, speed up realizing the optimization and upgrading of structure and the transformation of the way of growth, improve the level of global-market-oriented economy, and enhance the international competitive capability and sustainable development capacity. They shall, by starting from the overall strategy layout of regional development, and on the basis of the bearing capacities of resources and environment as well as the development potentiality, adopt different regional industry layouts of optimized development, key development, restricted development and prohibited development, etc.

Article 11 Implementing the mutual-benefit and win-win opening strategy, improving the level of opening up, and promoting domestic industrial structure upgrading. We shall speed up transforming the way of foreign trade growth, enlarge the export of commodities with independent intellectual property rights and independent brands, control the export of products with high energy consumption and high pollution, and encourage the import of advanced technologies, equipment and resources in short supply in China. We shall support conditioned enterprises to "Go Global", and to develop and grow up in international market competition, and drive the development of domestic industries. We shall improve the industrial level of processing trade, and enhance the domestic capacity of coordinated production. We shall make great efforts to develop service trade, continue opening service markets, and orderly undertake the transfer of international modern service industries. We shall improve the quality and level of utilization of foreign capital, emphatically import advanced technologies, management experiences and high-quality talents, and pay attention to the digestion, absorption, innovation and improvement of the imported technologies. The regions and development zones which have strong capacities of absorbing foreign investments shall emphatically improve the level of production and manufacture, and actively extend to the areas of research, development, and modern logistics, etc.

Chapter III Guidance Catalogue for the Industrial Structure Adjustment

Article 12 The "Guidance Catalogue for the Industrial Structure Adjustment" is the important basis for guiding investment directions, and for the governments to administer investment projects, to formulate and enforce policies on public finance, taxation, credit, land, import and export, etc.

The "Guidance Catalogue for the Industrial Structure Adjustment" shall be formulated in accordance with the relevant laws and regulations of the state by the State Development and Reform Commission jointly with the relevant administrative departments of the State Council, and be promulgated upon approval of the State Council. If, when required by the actual situation, the "Guidance Catalogue for the Industrial Structure Adjustment" needs to be partially adjusted, it shall be timely amended and promulgated by the State Development and Reform Commission jointly with the relevant administrative departments of the State Council.

In principle, the "Guidance Catalogue for the Industrial Structure Adjustment" shall apply to various types of enterprises inside China. The foreign funded enterprises shall be governed by the "Guidance Catalogue for the Foreign

Investment Industries". The "Guidance Catalogue for the Industrial Structure Adjustment" is the one of main basis for amending the "Guidance Catalogue for the Foreign Investment Industries". The industries of the eliminated category under the "Guidance Catalogue for the Industrial Structure Adjustment" shall apply to the foreign-funded enterprises. The policy connection problem in implementing between the "Guidance Catalogue for the Industrial Structure Adjustment" and the "Guidance Catalogue for the Foreign Investment Industries" shall be subject to the investigation and deliberation by the State Development and Reform Commission and the Ministry of Commerce.

Article 13 The "Guidance Catalogue for the Industrial Structure Adjustment" is composed of three categories of industries, namely, the encouraged category, the restricted category and the eliminated category. The industries not belonging to the encouraged category, the restricted category or the eliminated category, but conforming to the relevant laws, regulations and policies of the state, shall belong to the permitted category. The permitted category shall not be listed into the "Guidance Catalogue for the Industrial Structure Adjustment".

Article 14 The encouraged category mainly include the key technologies, equipment and products to have important promoting functions to economic and social development, to conducive to resource saving, environmental protection, and industrial structure optimization and upgrading, and require to be encouraged and supported by policies and measures. The following principles shall be applied to determine the guidance catalogue for the encouraged industries:

(1) Having technical base for research, development and industrialization in China, and being conducive to technical innovations and forming a new economic growth point;

(2) Having large market demands and a wide development prospect at present and within a period in the future, and being conducive to improving the capacity of supplying commodities in short supply, and conducive to developing domestic and overseas markets;

(3) Having high technical content, and being conducive to promoting industrial technical progress and improving the industrial competitive strength;

(4) Meeting the requirements of the sustainable development strategy, being conducive to the work safety, conducive to economize and comprehensive utilization of resources, conducive to the development and utilization of new energy and renewable energy, conducive to improving energy efficiency, and conducive to protecting and improving ecological environment;

(5) Being conducive to exert China's comparative advantages, especially the advantages of energy, mineral resources and labor resources, etc. at the old industrial bases in the Middle and Western Regions and the Northeastern Regions.

(6) Being conducive to boosting employment, and increasing job positions; and

(7) Other circumstances prescribed in laws and administrative regulations.

Article 15 The restricted category mainly include the production capacities, industrial arts and techniques, equipment and products which have outdated industrial arts and techniques, do not meet the admittance conditions of industry or the relevant provisions, are unconducive to industrial structure optimization and upgrading, and need to be transformed under press or prohibited from being newly built. The guidance catalogue for the restricted industries shall be determined in compliance with the following principles:

(1) Not conforming to the admittance conditions of industry, with outdated industrial arts and techniques, and of no use to improve the industrial structure;

(2) Being unconducive to work safety;

- (3) Being uncondusive to economize of resources or energy;
- (4) Being uncondusive to environmental protection or resumption of the ecological system;
- (5) Being under serious low-level redundant construction, and with obviously surplus production capacities; and
- (6) Other circumstances prescribed in laws and administrative regulations.

Article 16 The eliminated category mainly include the outdated industrial arts and techniques, equipment and products which do not conform to the relevant laws and regulations, seriously waste resources, pollute environment, do not meet the work safety conditions, and need to be eliminated. The guidance catalogue for the eliminated industries shall be determined in compliance with the following principles:

- (1) Endangering production and personal safety, and not meeting the work safety conditions;
- (2) Seriously polluting the environment or seriously destroying the ecological environment;
- (3) The product quality is lower than the minimum standard prescribed by the state or the industry;
- (4) Seriously wasting resources or energy; and
- (5) Other circumstances prescribed in laws and administrative regulations.

Article 17 The encouraged investment projects shall be examined, approved, ratified or archived in accordance with the relevant provisions of the state on investment administration. All financial institutions shall provide credit supports in compliance with credit principles. The equipment imported within the total amount of investments for self use, except for the commodities listed in the "Catalogue of Non-tax Free Imported Commodities for Domestic Investment Projects (Amended in 2000)" promulgated by the Ministry of Finance, shall still be exempted from customs duties and import value-added tax, and shall, after the new provisions such as the catalogue of investment projects on non-exempted tax have been promulgated, be governed by such new provisions. As for other preferential policies on encouraged industry projects, the relevant provisions of the state shall be applied.

Article 18 The new investments project under the restricted category shall be prohibited. The investment administrative department shall not examine, approve, ratify or archive the projects under the restricted category. No financial institution shall grant loans for such projects, and no administrative department of land administration, urban planning, construction, environmental protection, quality inspection, fire prevention, customs, or industry and commerce, etc. shall handle the relevant procedures for such projects. In case of any violation of the provisions to carry out construction based on investment or financing, the relevant entities and persons shall be subject to liabilities.

With respect to the existing production capacities under the restricted category, the enterprises shall be allowed to, within a certain period, take measures to transform or upgrade themselves, and the financial institutions shall, in compliance with the credit principles, continue providing supports. The relevant administrative department of the state shall, when required by industrial structure optimization and upgrading, comply with the principle of selecting the superior and eliminating the inferior and provide classified guidance.

Article 19 Investments are prohibited from being contributed to projects under the eliminated category. All financial institutions shall stop various forms of credit granting supports to such projects, and take measures to take back the granted loans. All localities and departments as well as the relevant enterprises

shall take powerful measures to eliminate such projects within the prescribed time limit. The state price administrative department may, within the time limit for elimination, raise the electricity price. No production technique, equipment or product to be eliminated by the state by explicit order may be imported, transferred, produced, sold, used or adopted.

If any enterprise refuses to eliminate the production technique, equipment or products on time, the local people's government at each level and the relevant administrative department shall, in accordance with the relevant laws and regulations of the state, order it to stop production or close it, and shall take appropriate measures to resettle the employees of the enterprise, and guarantee the safety of financial institutions' credit assets, etc. If its products are subject to the administration by permit licence for production, the relevant administrative department shall lawfully revoke its permit licence for production; the administrative department for industry and commerce shall urge it to lawfully go through modification registration or nullification registration; the administrative department of environmental protection shall revoke its permit licence for pollution discharge; and the electric power supply enterprise shall lawfully stop supplying electricity to it. If any enterprise violates the provisions, its persons directly held liable and the relevant leaders shall be subject to liabilities in accordance with the law.

Chapter IV Supplementary Provisions

Article 20 The present Provisions shall come into force on the date of promulgation. The "Catalogue of Industries, Products and Technologies Emphatically Encouraged by the State to Be Developed (Amended in 2000)" promulgated by the former State Planning Commission and former State Economic and Trade Commission, as well as the "Catalogue of Outdated Production Capacities, Techniques and Products to Be Eliminated (Batch I, Batch II and Batch III)" and "Catalogue of Projects Stopped from Redundant Construction in the Area of Industrial and Commercial Investment (Batch I)" promulgated by the former State Economic and Trade Commission shall be repealed simultaneously.

Article 21 The relevant preferential policies implemented in accordance with the "Catalogue of Industries, Products and Technologies Emphatically Encouraged by the State to Be Developed (Amended in 2000)" shall be adjusted to implement in accordance with the Encouraged Catalogue in the "Guidance Catalogue for the Industrial Structure Adjustment". The establishment of foreign-funded enterprise and the relevant taxation policies, etc. shall be governed by the relevant laws and administrative regulations of the state on foreign investments.