

Science, Technology and Innovation Policies and Performance in China

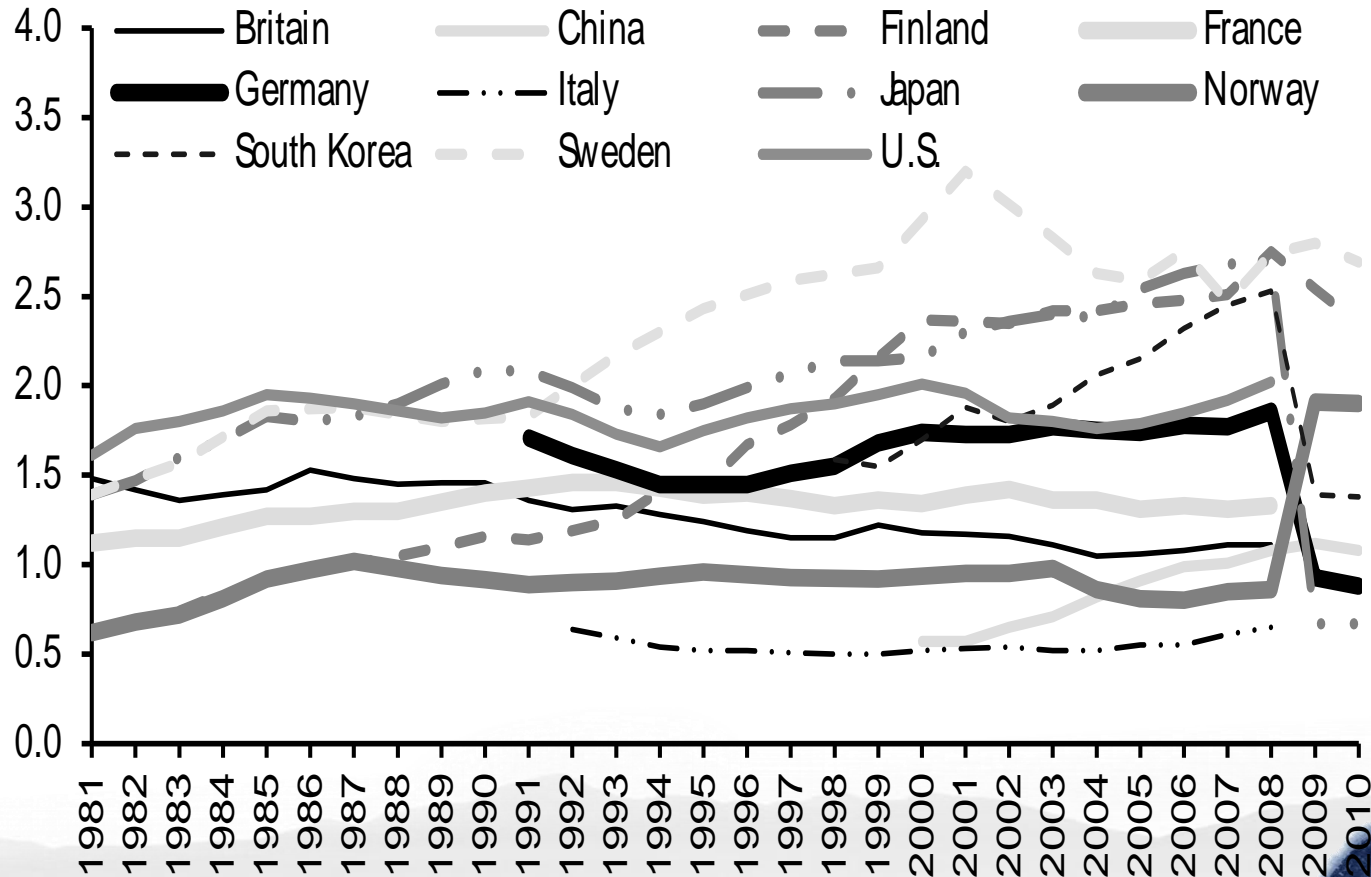
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China: Innovation and Growth

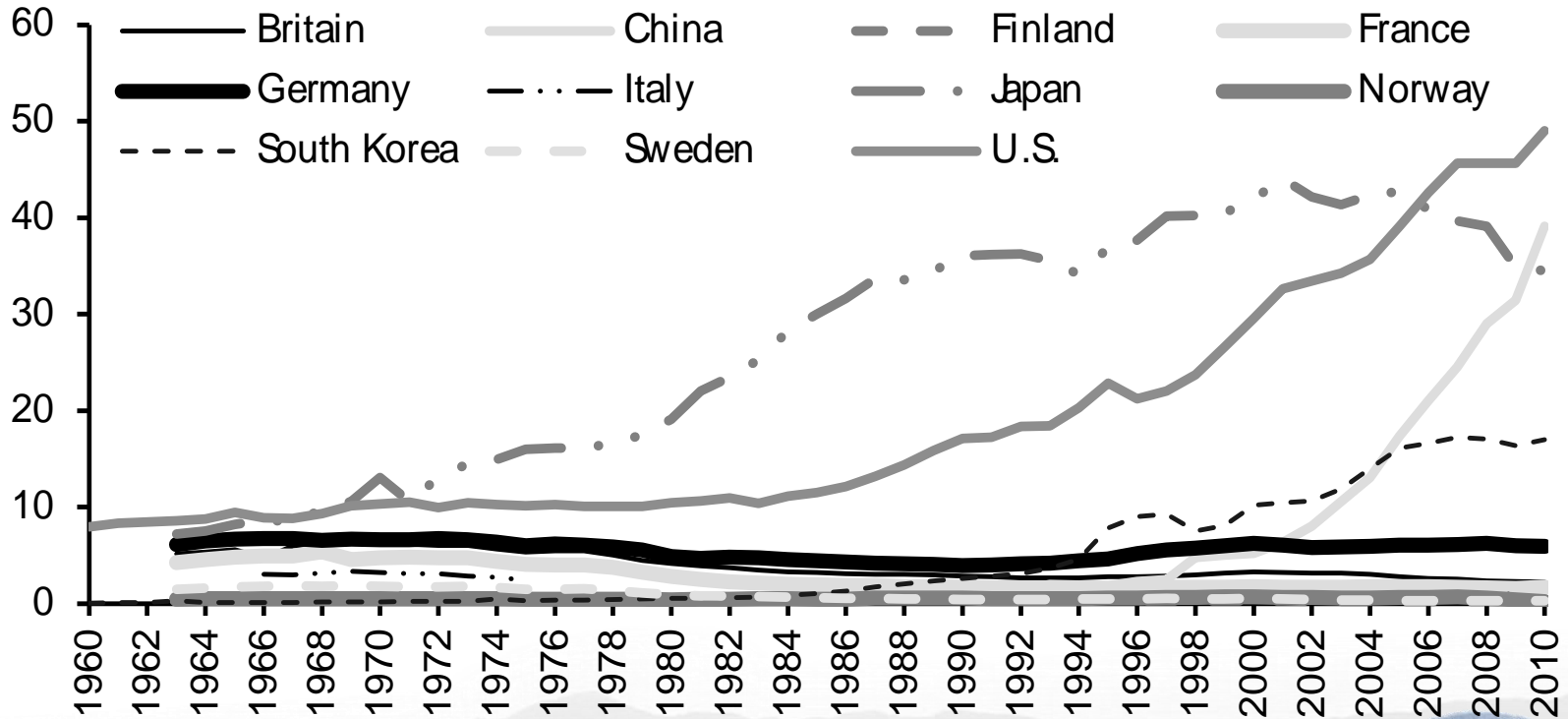
■ Changes in the proportion of social R&D investment





China: Innovation and Growth

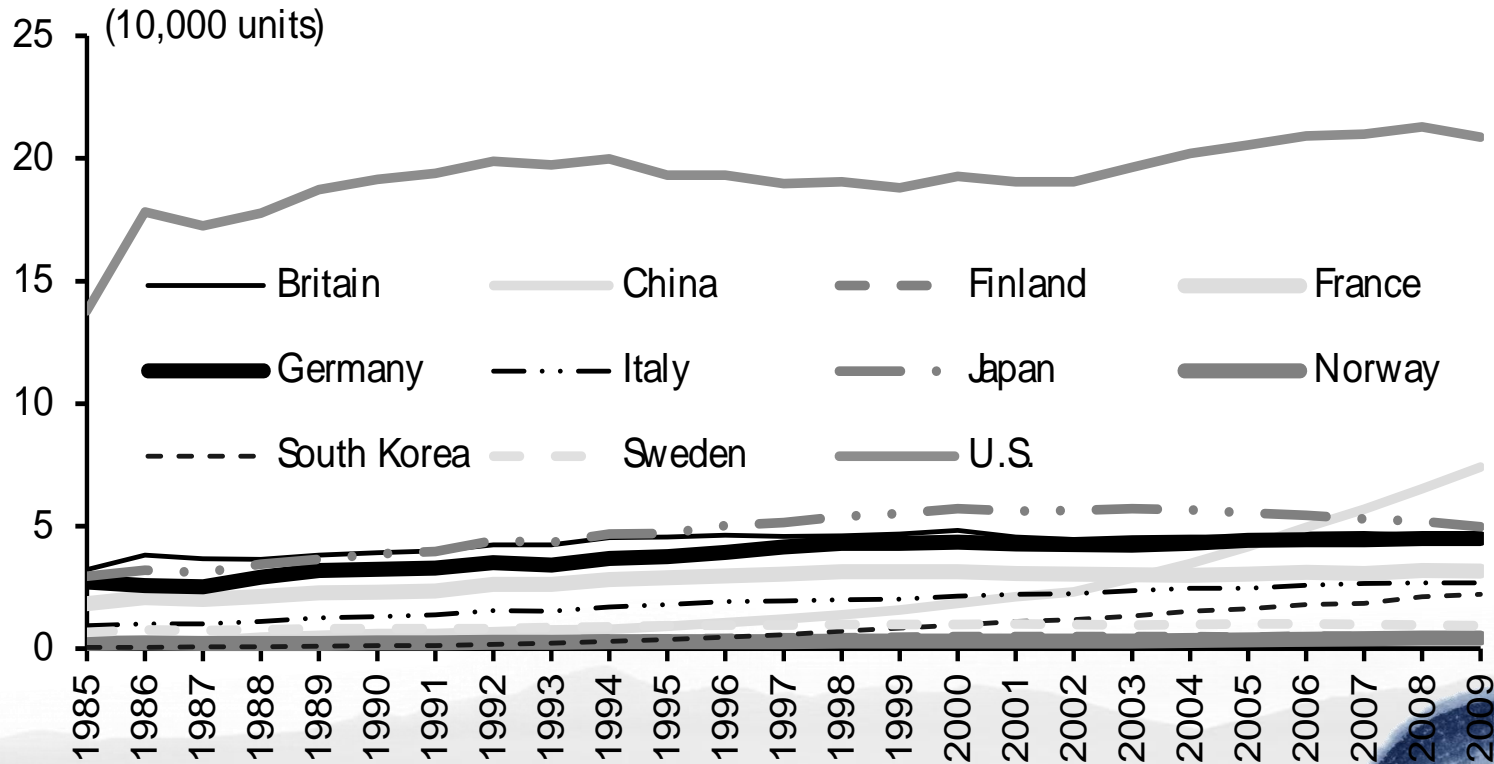
■ Changes in the number of patent applications





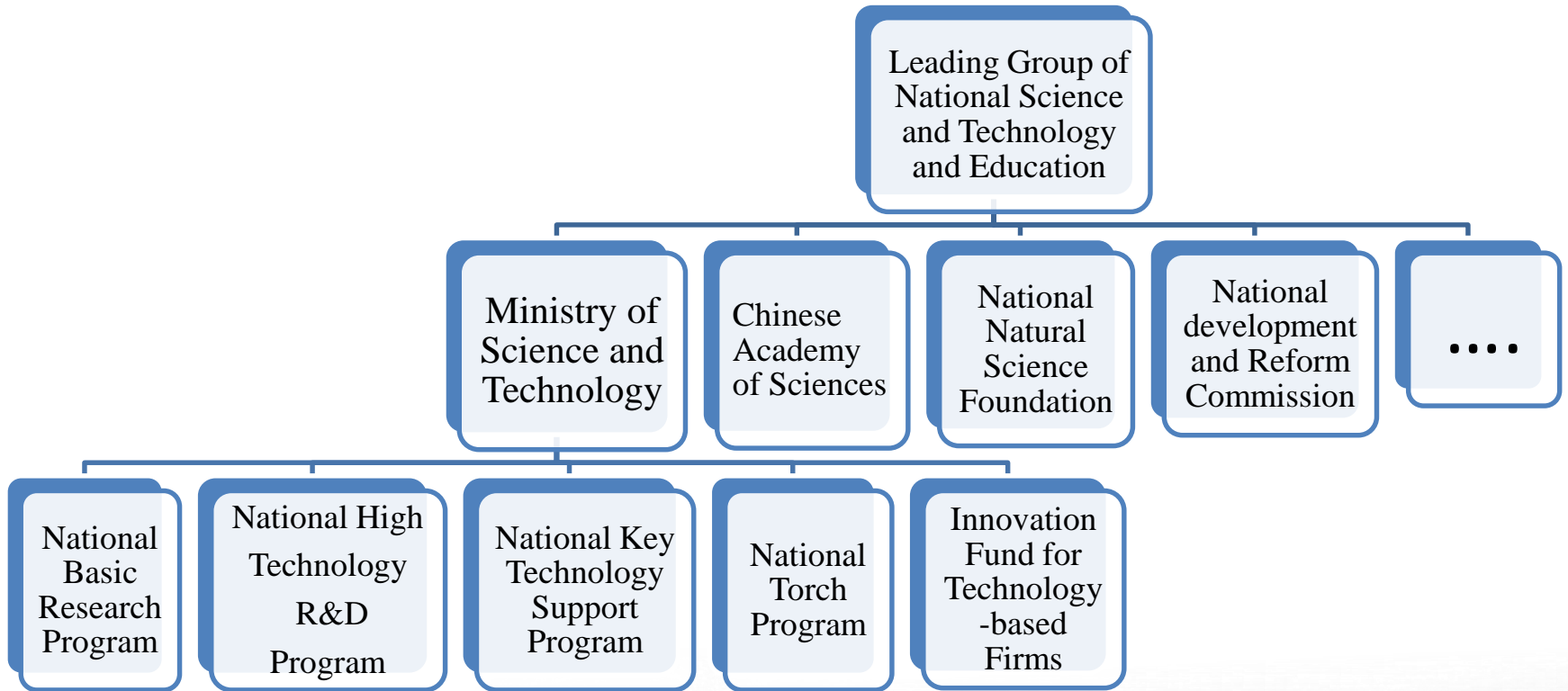
China: Innovation and Growth

■ Changes in the number of scientific and technological journal articles





China's S&T Program System





Major Changes in S&T Programs

- Promoting the coordination between various programs and stressed the strategic objectives.
 - National Outline for Medium and Long Term S&T Development (2006-2020): the first systematic and strategic outline on S&T activities from the view of national development.
 - Key fields, Priority Themes and Major Projects.





Major Changes in S&T Programs

- Government investment in S&T activities increasing largely.
- Emphasizing the role of enterprises in the national programs.





Performance of S&T Programs

- Increasing the public technology supply and improving the research and learning capacity of universities, research institutions and enterprises.
- Cultivating plenty of researchers directly or indirectly contributing to the enterprise's innovation activities.
- Promoting the knowledge transfer and co-sharing by offering the opportunities to do cooperative R&D.





Performance of S&T Programs

- Along with the increase of technological capability of private sector, the emphasis of S&T programs should move toward public knowledge production.
- Government should not take the place of market to intervene in the choice of technology.
- Technology achievements funded by government should not be taken as state-owned assets in order to reduce the policy barriers.





Main Tax Intensives

- To encourage R&D
 - Enterprise' R&D expenses can be deducted up to 150% before paying income tax.
 - Enterprise' expenses on R&D instruments and equipment enjoy reduction or exemption of tariff or accelerated depreciation.





Main Tax Incentives

- To encourage technology-intensive enterprises or industries
 - Corporate income tax of high-tech enterprises is 15%, the other generally 25%.
 - Newly formed integrated circuits and software companies are exempt from corporate income tax in the first two years, and pay corporate income tax in accordance with half of the tax rate from the third to the fifth year.
 - Newly formed consulting industry (science and technology, legal, accounting, audit, tax, consulting etc.), information and technical services agencies shall be exempt from income tax in the first two years.





To encourage technology transaction

- Any institutions or individuals' revenues from the technology transaction and technical services are exempt from business tax.
- Non-profit research institutions and Universities' revenue from technology transfer, technical training, technical consulting and outsourcing technical services is exempt from income tax.





To promote the development of venture capital

- Venture capital firms investing in unlisted high-tech SMEs for more than two years may enjoy the partly deduction of income tax.





To develop National University Science Parks and Incubators

- National University Science Parks and Incubators are exempt from business tax, income tax and other taxes in a certain period.





To improve the innovation environment

■ Venture Capital

- In 2011, the number of VCs is over 1000 and the total capital scale is over 51 billion US dollars.
- To set up the Venture Capital Guidance Fund in 2007
- Introduction of the Limited Partnership (legal status)





To improve the innovation environment

■ Multi-level Capital Market

- Up to now China capital market is consisted of the stock market, Chinext, OTC market and regional equity markets.





To improve the innovation environment

■ Intellectual Property

- Developing the Outline of National Intellectual Property Strategy in 2008
- Introducing lots of IPR tribunals and establishing the intellectual property enforcement teams.
- Special IPR courts will be set up nationwide.





Government's role in promoting innovation

- The most important is to improve the market system and cultivate a favorable innovation environment other than tax incentives.
- The core problem is correctly handling the relationship between the government and the market.
- A more open and coordinating policy system.





Thanks!

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