

The JLJ Group is well positioned to provide cost-effective solutions during these uncertain economic times.

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Solutions for China Entry & Growth*

Welcome to JLJ's e-newsletter - **China Focus**. With our latest articles, we hope to share with you insights and the latest China regulatory updates, trends, and other news. Each month, we bring this e-newsletter to you as part of JLJ's value-added service.



We would like to wish you a happy year of the tiger!

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Market Insights

Opportunities in Solid Waste Management in China



China's growing population and rising household wealth and consumption contributed to the generation of 223 million tons of municipal solid waste in 2008. This waste was primarily disposed of in landfills (over 80%), with smaller amounts treated by incineration or composting. However, few treatment facilities in China meet international standards, leading to issues of contamination. Facing growing concerns regarding urban pollution, both central and local governments have promoted the construction of modern and clean solid waste treatment facilities through policies and support:

- **Central government support** – The 11th and 12th Five-Year Plans (2006-2015) include the government's resolve to implement the "*National Municipal Solid Waste Safe Treatment Facilities Construction Plan*," which will invest US \$13 billion over ten years to construct 480 treatment facilities across the nation
- **Local government support** – Locally, governments have improved anti-pollution regulation and enforcement to upgrade landfills' standards and to build cleaner incinerators, especially in more developed coastal cities. They also highly encourage gas-to-energy landfill and waste-fired power plant projects

The Chinese government's emphasis on solid waste management may create opportunities for foreign companies to enter the market, especially those providing clean equipment for landfills, incinerators or waste-to-energy facilities. Nevertheless, waste projects trigger fierce competition between foreign and domestic industry players; potential entrants should fully understand the market conditions, the competitive landscape, and potential opportunities and barriers when approaching the market.

To learn more about the Chinese solid waste management industry or to inquire about JLJ's Solid Waste Treatment industry report, please email Mark Ray at Mark.Ray@jljgroup.com

Tax Updates

VAT Rebate for R&D Centers

The State Administration of Taxation released a new Circular (Guoshuihan 9) in January, which clarifies value added tax (VAT) rebate measures for R&D enterprises. The previous measures, issued in October 2009, allow domestic and foreign funded enterprises a full VAT refund when they purchase equipment manufactured in China, or a "DME VAT refund." In addition, foreign companies, whether independent entities or internal branches, are exempt from VAT on certain imported equipment listed by the Ministry of Finance. Important to note is the different qualification rules which apply to companies established before September 30, 2009 and after October 1, 2009.



The new circular states that companies who purchase equipment manufactured in China between July 1, 2009 and December 2010 qualify for these preferential policies, with the VAT invoice date determining if the transaction qualifies. This measure provides an example of China's attempt to encourage the technological and research sectors. In these areas foreign enterprises are generally welcomed for their experience, and thus eligible for various preferential policies. R&D enterprises should keep abreast of new such developments and clarifications in order to take full advantage.

For more information, please email to tim.lamb@jljgroup.com

Human Resources

New Year's Recruitment



After the Chinese Spring Festival, those in HR, especially those focusing on recruitment functions, will look to implement yearly recruiting plans. For some companies the workload will be huge. For example, many will look toward expanding the scope of organization, reopening positions because of the economic recovery, or finding urgent replacements.

Normally experienced HR professionals will take full advantage of all recruiting channels. For urgent, high-level positions and special talent, executive search firms are quite useful, although it costs more for more effective service. For the normal positions which are not so urgent, it will be quite wise to leverage other channels, like websites, campus recruiting, etc.

It is important to note, however, that use of a headhunter or consulting firm is not limited to filling such positions. Professional headhunters can execute talent market research focusing on the client's industry, and the information they can provide about the distribution, qualification and cost of target talent is quite valuable. This is useful both for closing the current case, and also for helping with other positions. For in-house HR, it is therefore important to find one or two reliable and long-term headhunters or consulting firms as external partners.

For more information, please email to ronnietang@huijiechina.com or view our latest [China HR Recruitment guide](#).

Changes in Representative Office Regulations

For those with Representative Offices in China, there are some recent changes that may affect operations. This month the State Administration of Industry and Commerce (SAIC) released new regulations regarding the registration of Representative Offices in China. The changes include the following :



- An Overseas company must be at least 2 years old before they qualify to establish representative office in China.
- The validity of Rep. Offices has now been reduced from 3 years to 1 year. Current Rep. Office licenses will be honored; however, license renewals will only be for 1 year subsequently.
- Notarized and attested incorporation documents will be required for every Rep. Office renewal.
- The Bank Statement of Credibility of the overseas parent company will also need to be notarized and attested along with its incorporation documents.
- Newly formed Rep. Offices will be limited to only 4 foreign representatives including the Chief Representative. The number of local employees hired through dispatching services to work at a Rep. Office appears to not be affected.

Although ostensibly these regulations have been released to 'strengthen' enforcement of Rep. Offices, it appears this is a means for the government to create additional barriers for the establishment of the Rep. Office in order to dilute their appeal. We will keep you updated as more information becomes available. In the meantime, if you have any questions, please feel free to contact: tim.lamb@jljgroup.com.

[lamb@jljgroup.com](mailto:tim.lamb@jljgroup.com).

New Updates

2009 Year in Review



This year, the entire world economy was defined by the economic recession, and China was no exception. In 2008, the country's economic growth was reported as the slowest in seven years. Monthly FDI growth was down for the first seven months of 2009, and unemployment climbed, sparking some fears of unrest. In particular, Chinese exports were hard hit by a decrease in foreign demand. Nonetheless, at the beginning of the year Premier Wen Jiabao affirmed his confidence that the economy would remain strong throughout the recession, citing an economic GDP growth target of 8%. This year, China demonstrated significant economic stamina in the face of the downturn, and very likely will meet its 8% target, as growth in the first three quarters averaged above 7%. Some major issues include:

- ***China in the face of global recession***
With the recession impacting markets worldwide, China's economic stimulus package, currency policies, and various other measures played major roles in this year's economy
- ***Key regulations***
China released several new regulations, which will influence foreigners' business presence in the country
- ***2009 investment climate***
China's preparations for the World Trade Expo, new emerging markets, and a shifting consumer base all factor into creating new and growing opportunities for investors

For a more in-depth look at the Chinese economy in 2009, please [click here](#).

Job Vacancy - Beijing

Business Development Coordinator, Beijing, Chinese & English speaker; US law firm

Rare opportunity to join the Marketing and Business Development team of a global law firm in China. Based in the rapidly growing Beijing office, you will be responsible for the office marketing and business development, working closely with the Hong Kong BD / Marketing team.

For more information, please read [here](#) or contact Katja.friedrich@jljgroup.com

The JLJ Group

The JLJ Group provides solutions to foreign companies entering and growing in China. Our core services include Market Consulting, Corporate Formation, Human Resources, Tax & Accounting as well as Business Process Outsourcing.

Send us your business enquiry at info@jljgroup.com or find out more about our services at www.jljgroup.com.

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