



Newsletter

Update

August 31, 2023

- **Shanghai Issued Several Measures to Improve Quality of Foreign Trade**
- **Guangdong Introduces 17 Measures to Stabilize, Expand and Improve Foreign Investment**
- **China Releases 24 Measures to Draw More Foreign Investment**
- **GACC Announced the Implementation of China-Serbia Customs AEO Mutual Recognition**
- **China Extends Preferential Personal Income Tax Policies for the GBA to the End of 2027**
- **China Plans for the Shenzhen Park of the Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone**
- **China Extends Preferential Tax Policies for Returned Goods in Cross-border E-commerce and Imported Exhibits Sold during the CIFTIS**
- **SSE and SZSE Optimize Arrangement for the Issuance of Public Offered Infrastructure REITs**

Article(s)

- **China's Legislation Exploration in AIGC Industry**

Update

Shanghai Issued Several Measures to Improve Quality of Foreign Trade

On August 4, 2023, the Shanghai Municipal Commission of Commerce published the *Notice on Issuing Measures to Promote the Stabilization of the City's Foreign Trade and Improve the Quality of Services* (the "Measures") on its website.

The Measures has four aspects and 12 items, which proposes to accelerate the expansion of policy-based credit insurance coverage, to stabilize the basic market of foreign trade with high-quality guarantees and strong compensation, to coordinate resources to help foreign economics improve quality and efficiency, to accelerate the expansion of new space in key markets, and to accelerate the cultivation of new industries for competition, increase support for the new development of key enterprises, jointly promote digital empowerment, jointly promote credit insurance financing, vigorously support new formats and new models, vigorously promote policy integration, comprehensively serve national strategies, and continue to optimize enterprise services.

Guangdong Introduces 17 Measures to Stabilize, Expand and Improve Foreign Investment

On August 3, 2023, the Guangdong Provincial Development and Reform Commission released *Several Measures on Stabilizing, Expanding and Improving the Quality of Foreign Investment Focusing on the Manufacturing Sector* (the “Measures”).

The Measures consists of 17 items in three aspects, proposing to support foreign investment in new open areas, in-depth implementation of the new version of the Negative List of Foreign Investment Entry, promoting further expansion of the opening up of Hong Kong, Macao and Taiwan’s investment areas, promoting the realization of greater openness in the field of telecommunication, finance, scientific research and technical services and other productive services, promoting the clean-up and abolition of inconsistent management measures for domestic and foreign investment in the areas of access to factors, qualification licensing, business operation, intellectual property protection, standard setting, bidding and bidding, government procurement, etc. Promote the cleanup and elimination of inconsistent management measures for domestic and foreign investment in the areas of factor acquisition, qualification licensing, business operation, intellectual property protection, standardization, bidding and tendering, government procurement, etc.; Encourage foreign investment to focus on the new track and future industries such as integrated circuits, biomedicine, new energy sources, new energy storage, advanced materials, artificial intelligence, and commercial aerospace, etc.; and support foreign investment in the advanced manufacturing industry, etc.

China Releases 24 Measures to Draw More Foreign Investment

On August 13, 2023, the Chinese government released the *Guidelines on Further Optimizing Business Environment and Attracting More Foreign Investment* (the “Guidelines”), which provides 24 guiding measures in six aspects, stressing the need to improve the quality of utilizing foreign investment, ensure national treatment for foreign enterprises, strengthen the protection of foreign investment, improve investment and business facilitation, and increase fiscal and tax support.

The Guidelines clarifies that China will draw more foreign investment in biomedicine, advanced manufacturing, digital economy and other fields, and steadily expand the pilot regions for the opening up of value-added telecom services such as domestic Internet virtual private network services (where the ratio of foreign shares is topped at 50%) and information services (restricted to App stores). China will also accelerate the revision of the Government Procurement Law, improve the mechanism for the resolution of disputes in international investment and the system for administrative adjudication of patent infringement disputes, support cities like Beijing, Tianjin and Shanghai and the Greater Bay Area to explore a convenient and secure management mechanism for cross-border data flows and establish a green channel for qualified foreign-invested enterprises to efficiently carry out security assessments for the export of important data and personal information, and promote the safe, orderly and free flow of data.

GACC Announced the Implementation of China-Serbia Customs AEO Mutual Recognition

On August 22, 2023, the General Administration of Customs of the People's Republic of China (GACC) announced on its website the *Announcement on the Implementation of China-Serbia Customs "Authorized Economic Operator" (AEO) Mutual Recognition* (the "Announcement").

The Announcement specifies that the Chinese and Serbian Customs will grant the following customs clearance facilitation measures to each other's AEO enterprises in the customs clearance of imported and exported goods: applying a lower rate of documentary audit; applying a lower rate of inspection; giving priority to the inspection of goods that need to be physically inspected; designating a customs liaison officer responsible for communicating with and solving problems encountered by the AEO enterprises in the customs clearance; and giving priority to the clearance of goods after the international trade has been interrupted and resumed.

China Extends Preferential Personal Income Tax Policies for the GBA to the End of 2027

On August 25, 2023, the Ministry of Finance ("MOF") issued the *Circular on Continuing the Preferential Personal Income Tax Policies in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA)* (the "Circular"), specifying that the relevant policies will remain in force until December 31, 2027.

The Circular clarifies that Guangdong province and Shenzhen municipality will offer subsidies to overseas (including Hong Kong, Macao, and Taiwan, the same below) high-end talents and talents in high demand who work in the GBA to cover the difference in personal income tax rates between the Chinese mainland and Hong Kong, and such subsidies are exempted from personal income taxes. As for the recognition and subsidy measures for overseas high-end talents and talents in high demand who work in the GBA, the relevant provisions of Guangdong province and Shenzhen municipality shall be implemented. The Circular will apply to the nine cities in the Pearl River Delta region, including Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing.

China Plans for the Shenzhen Park of the Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone

On August 29, 2023, the Chinese government released the Circular of the State Council on Issuing the *Plan for the Shenzhen Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone* (the "Plan").

The Plan has 30 clauses in eight aspects, which clarifies the background, general requirements and overall layout. It proposes to join hands with Hong Kong to advance international technological innovation, set up an international competitive base for industrial pilot-scale tests and transformation, build an international technology innovation mechanism, and make the Shenzhen park a technological cooperation platform that gathers global intelligence. It also pledges efforts to explore and gradually establish a civil and commercial affair system that aligns with the Hong Kong and international systems in the customs

supervision area in the Shenzhen park, prompt breakthroughs for the new generation information technology industry, support innovative application of advanced biomedical technologies, develop artificial intelligence and digital economy, support construction of dedicated channels for international data in the Shenzhen park, and explore to create international information communication facilities such as international communications gateway exchanges.

China Extends Preferential Tax Policies for Returned Goods in Cross-border E-commerce and Imported Exhibits Sold during the CIFTIS

On August 30, 2023, the Ministry of Finance (“MOF”) released the *Announcement on Extending the Preferential Tax Policies for Returned Goods Exported through Cross-border E-commerce* (the “Announcement”), and the *Circular on Extending the Preferential Tax Policies for Imported Exhibits Sold during the China International Fair for Trade in Services* (“CIFTIS”) (the “Circular”).

According to the Announcement, for goods (excluding food) declared for export under the cross-border e-commerce customs regulation codes (1210, 9610, 9710, 9810) within the period from January 30, 2023 to December 31, 2025, and returned to China in their original condition within six months since the date of export due to demurrage or return of goods, they are exempt from import duties, import VAT and consumption tax.

According to the Circular, for imported exhibits sold within the prescribed limits of number or amount during the 2024-2025 CIFTIS, they are exempt from import duties, import VAT and consumption tax.

SSE and SZSE Optimize Arrangement for the Issuance of Public Offered Infrastructure REITs

On August 29, 2023, both Shanghai Stock Exchange (“SSE”) and Shenzhen Stock Exchange (“SZSE”) released the *Circular on Optimizing the Mechanism for the Issuance and Trading of Publicly Offered Real Estate Investment Funds* (REITs) (the “Circular”).

The Circular further optimizes and clarifies the issuance and pricing of infrastructure REITs, as well as enquiry and subscription, secondary market trading, asset evaluation and supporting policies. It said that both SSE and SZSE will further promote the investment of the Fund of Funds (FOF) in infrastructure REITs, cooperate with the China Securities Regulatory Commission to continuously promote the participation of institutional investors such as social security funds, pensions, enterprise annuities and public offered funds in the investment, facilitate the inclusion of infrastructure REITs in the underlying assets for trading under the Stock Connect Programs with the HKEX, and explore to launch infrastructure REITs real-time indexes and ETF products.

Article(s)

China's Legislation Exploration in AIGC Industry

by Ran An

As a new content creation method, artificial intelligence generated content (“AIGC”) uses AI technology algorithms and technologies to generate content and data, including articles, blog posts, product descriptions, social media updates, etc., which is applied in more and more business fields. As this promising technology develops, so do its potential risks, such as intellectual property, security, ethics, and environmental challenges. Hence, it is important for regulatory authorities to promulgate a regulation that not only promotes the healthy development of AIGC, but also prevents its practical risks. On August 15, 2023, the *Provisional Measures for the Administration of Generative Artificial Intelligence Services* (the “Measures”) officially came into force in China and became the world’s first regulation on AIGC.

The Cyberspace Administration of China (“CAC”), China’s leading technology regulatory authority, aims to provide clear guidance and reference for China’s AIGC industry and establish a regulatory framework and principles through innovative regulation. Based on three the *Cyber Security Law* (the “CSL”), the *Data Security Law* (the “DSL”), and the *Personal Information Protection Law* (the “PIPL”) and combined with other internet- related regulations, the Measures build the main legal foundation and regulatory framework to ensure AIGC industry compliance. This regulation applies to research, development and utilization of AIGC technology to provide services for generating text, pictures, sounds, videos and other contents within China. Different from previous AI-related regulations, the Measures apply to all domestic and overseas enterprises that use their AI products to provide services to the Chinese public. These AIGC service providers are required to comply with the Measures even if it is not obvious to benefit from the Chinese market. It is worth mentioning that the use of AIGC services by enterprises is not governed by this regulation and therefore the enterprise AIGC service providers will bear lower compliance requirements.

The Measures stipulate a series of regulatory obligations for AIGC service providers in different stages of digital model development and formulate specific regulatory requirements. For example, in respect to training data processing activities such as pre-training and optimization training, Article 7 of the Measures stipulates that AIGC service providers use data and foundation models from legitimate sources; not infringe others’ legally owned intellectual property; acquire personal information with consent or under circumstances stipulated by laws and administrative measures; and take effective measures to increase the quality of training data, their truthfulness, accuracy, objectivity and diversity. These specific compliance points form important standards for measuring the legitimacy of data collection as well as optimization training activities, and regulatory authorities can also obtain clear guidelines for effective management in practice.

In addition to the established obligations, the Measures also specify the liabilities for breaching the obligations. Violations of the Measures will be punished in accordance with the CSL, the DSL, the PIPL and other relevant laws and regulations. Where there are no relevant provisions in the above-mentioned laws and regulations, the CAC may issue warnings, circulate criticisms, and order corrections within a

time limit. If it refuses to make corrections or the circumstances are serious, it may be ordered to stop or suspend the use of its AIGC products to provide services, and a fine of not less than 10,000 yuan but not more than 100,000 yuan may be imposed. The Measures stipulate that departments of cybersecurity and informatization, development and reform, education, science and technology, industry and informatization, public security, radio and television, press and publication, and other departments shall strengthen the management of generative artificial intelligence services in accordance with the law according to their respective responsibilities. It is foreseeable that a regulatory system for AI will gradually be established.

The Measures also propose diversified and multi-level incentive measures for AIGC services, including the cooperation of different subjects in the application and development of AIGC technology; the independent innovation of basic AIGC technologies; and the promotion of AIGC infrastructure and the construction of public training data resource platforms. These provisions not only reflect China's encouraging attitude towards the development of AIGC industry, but also provide security and stable support for enterprises in the globalized competitive landscape.

In conclusion, the publication and entry into force of the Measures is an important exploration and attempt of AIGC-related legislation. For rapidly developing technologies such as AIGC, the Measures reserved corresponding space for the challenges and problems that may be brought about in the future. to formulate corresponding management standards and regulatory measures to ensure the safe and sustainable development of generative artificial intelligence. Under the guidance of the principles of the Measures, the subsequent detailed regulations will formulate corresponding management standards and regulatory measures according to different application scenarios and technical levels to ensure the safe and sustainable development of AIGC.

Contact Us

davidzou@grandwaylaw.com

www.grandwaylaw.com

23F, S2 Building, Bund Financial Center, 600

Zhongshan No. 2 Road (E), Shanghai, 200010, China

© Grandway Law Offices. All Rights Reserved.