



華東政法大學

East China University of Political Science and Law



Legal Issues of the Economic Development of Business Clusters - China

Dr. Na Li

East China University of Political Science and Law

Ekaterinburg, 8 June 2017



Overview

- **STZs in China: Booming before 2008**
- **STZs in China: Stalling since 2008**
- **Exporting the STZs Concept to Other Countries**



STZs in China: Booming before 2008

- China's policy of attracting FDIs
- Weak control from central government
- Tax competition of local governments
- Tax avoidance activities:
 - Incentives shopping



STZs in China: Stalling since 2008

- **Centralizing tax incentive power, with a few of exceptions**
- **Competitiveness against the neighboring countries**
- **A new trend: business clusters without special tax policy**
 - **Economic and technology development zones (219)**
 - **border economic cooperation zones (16)**
 - **free trade zones (11)**



Exporting the STZs Concept to Other Countries

- **Overseas Economic and Trade Cooperation Zones:**
 - **77 zones in 36 jurisdictions in last 10 years**
 - **various kinds of tax incentives**
- **Doubts on the effectiveness of these tax incentives**
- **Chinese government's support: not tax, but other outbound investment facilities**



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Thank you!

Email: na.li@wu.ac.at