



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**



華東政法大學

East China University of Political Science and Law



**Thank you!**

**Email: [na.li@wu.ac.at](mailto:na.li@wu.ac.at)**