

An Analysis of the Positive Impact of the Implementation of Foreign Investment Law on the Business Environment

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Keywords: Foreign Investment Law of the People's Republic of China; Business Environment; Impact

Abstract: In the business decision of an enterprise's foreign investment, the quality of the business environment has an important impact on it. With the in-depth development of the "Belt and Road", China has continuously boosted its opening to the outside world, enhanced its business environment, vigorously introduced foreign investment, and officially implemented the Foreign Investment Law of the People's Republic of China in 2020. In recent years, there have been relatively many studies on the evaluation of the business environment by scholars. At the same time, a small number of them have been involved in the study of the impact of the foreign investment laws on China's business environment. However, after the implementation of the foreign investment law, the special research on environmental impact is not involved. Therefore, this article analyzes the impact of the implementation of foreign investment laws on the Chinese business environment from four dimensions of the business environment. The study found that the implementation of the Foreign Investment Law has promoted the development of the business environment in the direction of liberalization, convenience, rule of law and internationalization, attracting more enterprises to invest in China, and China will continue to be the most attractive hot spot for foreign investment.

1. Introduction

In the business decision of an enterprise's foreign investment, the quality of the business environment has an important impact on it. With the in-depth development of the "Belt and Road", China has vigorously introduced foreign investment, and in 2020 China officially implemented the "Foreign Investment Law of the People's Republic of China", which is an important manifestation of China's deepening of reform and opening up and continued optimization of the business environment. In order to better study the impact of the implementation of the foreign investment law on China, this article combines the implementation of the foreign investment law with the business environment, and analyzes the impact of the foreign investment law on the Chinese business environment from the four dimensions of the business environment.

In recent years, scholars at home and abroad have paid close attention to the relevant research on the business environment. According to the statistics of CNKI, the number of domestic and foreign academic papers related to the business environment has reached 8953. From the current relevant research at home and abroad, Liu Yingkui summarized the achievements, existing problems and deficiencies of China's business environment through the evaluation of the Chinese business environment by the World Bank and the China Council for the Promotion of International Trade, and proposed countermeasures [1]; Liu Zhiyong and others put forward relevant countermeasures and suggestions through the relevant achievements in the construction of the business environment and the actual development of my country [2]; Farok J. Contractor and others through studying the impact of regulatory variables on attracting or preventing foreign direct investment (FDI), obtained the conclusion that a business environment with more effective international trade regulations will attract

more foreign companies to invest directly [3]. After the promulgation and implementation of the “Foreign Investment Law of the People’s Republic of China”, Liao Fan passed the review of the foreign investment law legislation, the characteristics and innovation of the foreign investment law and its supporting rules, and the future outlook of the foreign investment law [4]; Shi Yanze, through analyzing the background of China’s foreign investment law legislation, it is concluded that the implementation of the foreign investment law will promote China’s opening to the outside world to gradually institutionalize [5]; Zhou Zhi analyzed the various provisions of the foreign investment law and explains the foreign investment law for China The improvement of the business environment [6]; Xu Ping analyzed the impact of the simultaneous implementation of the “Implementation Regulations” and the “People’s Republic of China Foreign Investment Law” and pointed out that the Foreign Investment Law and its implementation regulations will open a new era of foreign investment management [7]. In summary, domestic and foreign scholars have relatively more evaluation research on the business environment, but relatively less research on the business environment impact; at the same time, after the implementation of the Foreign Investment Law, only a small number of scholars’ research has involved foreign investment The effect of the law on the improvement of the business environment is not covered by the special study on the impact of the implementation of the Foreign Investment Law on the business environment. Therefore, this article combines the implementation of the foreign investment law with the business environment, and analyzes the impact of the implementation of the foreign investment law on the Chinese business environment from the four dimensions of the business environment.

2. Impact Analysis

2.1 Construct a fair competition market environment

First of all, the Foreign Investment Law clearly states that the state guarantees that foreign-invested enterprises are equally involved in the formulation and implementation of relevant foreign investment standards. The mandatory foreign investment standards established by the state are equally applicable to all foreign-invested companies, such as clear procurement The equal treatment of services and products produced by foreign-invested enterprises entering China’s territory reflects the formulation and unification of the joint business rules of domestic and foreign-funded enterprises, which greatly promotes the equal and direct participation of various foreign-invested enterprises in China in foreign investment operations. Increasing the international competitiveness of China’s business environment has greatly promoted the transformation of China’s economy from high-speed liquidity growth to high-quality growth, and promoted the optimization of China’s supply-side and structural reforms. Secondly, the Foreign Investment Law clearly states that foreign investors’ capital contributions and capital gains within China can be freely imported and remitted in RMB or foreign exchange according to law, which improves the investment facilitation of foreign companies and European companies do not need to worry about China Whether there are barriers to laws and regulations and ambiguity in the interpretation of laws and regulations, it also makes some unfair treatment problems in the implementation of relevant laws, regulations and policies in the fields of government procurement, scientific research project declaration, high-tech enterprise certification, etc. Different types of enterprises enjoy different advantages and other issues are gradually resolved. In summary, after the implementation of the Foreign Investment Law, China’s business environment has gradually become neutral in competition, and the market environment for fair competition has further improved.

2.2 Construct an efficient and clean government environment

At present, China is at an important historical juncture for reform and foreign investment and opening up. Both developed and developing countries are working hard to increase the attractiveness of foreign investment. China has promulgated the Foreign Investment Law in due course, which has reformed and reformed the party since the 18th National Congress The policies of the foreign

investment system and the positive results of the foreign business management system have further risen to a higher level of foreign investment laws and have been standardized. The objects of its regulation are the actions of all foreign enterprises and foreign investors and their established foreign investment management institutions. This is precisely the issue of fundamental foreign investment policy and management that attaches the highest importance and highest concern to contemporary foreign governments and enterprises and their foreign investors. It is the contemporary all Chinese government and enterprises provide all foreign-invested financial institutions and foreign enterprises A “heart-pill”. To sum up, the implementation of the Foreign Investment Law is a new signal and an important measure. It marks the new orientation and goal pursuit of improving the development environment of the foreign investment market in contemporary China, and reflects China’s strategy of ruling the country by adhering to the rule of law. Highlighting the improvement of China’s social and political affairs will promote China to build an efficient and clean government environment.

2.3 Construct a fair and transparent legal policy environment

Although there are many conditions and factors that constitute a good foreign business environment, it ultimately fulfills its role and effectiveness through an important means of a certain legal system. The “Foreign Investment Law of the People’s Republic of China” establishes in Article 20 A special chapter on the protection of foreign investment rights and interests to protect the legitimate rights and interests of foreign investment. At the same time, the implementation of the Foreign Investment Law has established a mechanism for foreign-invested enterprises to engage in complaint handling, administrative reconsideration and administrative litigation. The effective maintenance and guarantee of the law provide more comprehensive legal relief and channels. In summary, the implementation of the “Foreign Investment Law” is conducive to strengthening and promoting the construction of the legal environment for foreign-invested business enterprises in China, and will lay a solid foundation for the further legalization, transparency, fair competition, and intensive development of the market environment for the Chinese business environment. Solid foundation of legal policy. At the same time, the formulation and implementation of the “Foreign Investment Law” is also related to the overall and vital interests of foreign-invested enterprises in China. It has been unanimously highly recognized and widely praised by foreign-invested enterprises in various countries around the world, which has promoted China’s opening up to business The environment has developed healthily in the direction of trade liberalization, facilitation, rule of law and internationalization of enterprises, building a fair and transparent legal policy environment.

2.4 Construct an open and inclusive humane environment

The countries and regions along the “Belt and Road” have different economic regimes and developed countries. The overall policies and regulations for advancing national economic reform and development and the key stages of advancing economic reform and development are also different, as well as political leadership styles among parties and political and cultural differences between different ethnic groups. Religious beliefs and social life habits of ordinary Han people are different and other prominent practical problems. Therefore, when formulating and studying and implementing the overall economic development strategy of the countries along the “Belt and Road”, it is necessary to adopt a comprehensive strategy that considers the overall situation and considers the correct policy response. The implementation of the Foreign Investment Law, seamlessly interconnected with other international economic, political and trade rules, passes and basic legal rules, provides a strategically important protective body that showcases China’s “business card” or promotes cooperation and mutual benefit in the field of foreign investment. “Shield” will provide a bilateral and multilateral rule of law policy guarantee for the win-win development of the “Belt and Road” cooperation and reduce obstacles to creating a favorable international foreign investment market environment. In summary, the implementation of the Foreign Investment Law embodies China’s advocacy of building a cooperative, co-constructing and sharing community of world economic destiny and interests, and promoting the development of international multilateral trade. This will be widely accepted and recognized by contemporary people as a The people along the

“along the way” benefit the people of the region and the country, creating a more open and inclusive humane environment and a better business environment.

2.5 Construct an open and inclusive humane environment

On January 1, 2020, the Foreign Investment Law was formally implemented, which has attracted great attention from foreign-invested enterprises. As shown in the following Figure 1, the number of newly established foreign-invested enterprises in China in the first 11 months of the past decade has fluctuated and actually operated. The amount of foreign capital has increased rapidly, especially in 2019, China’s actual use of foreign capital has shown a escalating growth. It can be seen that the promulgation of the Foreign Investment Law has a huge effect on China’s attraction of foreign investment. It is expected that the implementation of the Foreign Investment Law will bring it With continued growth, China’s ability to attract foreign investment will be further improved. In summary, the implementation of the Foreign Investment Law fully demonstrates to China and the world that China is a major step forward in creating a world-class business environment and legislation for foreign investment. It conveys the clear economic view and political signal that the Chinese government has always insisted on deepening reform and opening up in recent years, which will further enhance the attractiveness of China’s large market to foreign capital in the future.

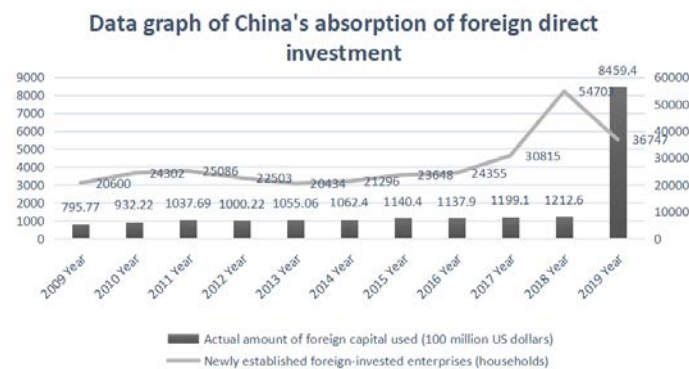


Fig. 1 Data graph of China’s absorption of foreign direct investment.

Data source: Ministry of Commerce Data Center.

3. Conclusion

This article analyzes the impact of the implementation of the foreign investment law on the business environment from the four dimensions of the business environment, research, formulation and implementation of the foreign investment management law, which reflects the continuous improvement of China’s efficient and clean government environment and social governance. China should be better at summing up and drawing on foreign experience to formulate relevant investment rules and regulations. The management of laws, lasting and effective win the Chinese foreign investment market is generally optimistic, and form a long-term foreign investment market and attractiveness for foreign enterprises and investors.

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