



China's Strategic Emerging Industries: Relevant Government Players

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In October 2010, the Chinese central government announced its plans to develop seven strategic emerging industries (SEIs) as a way to reorient the country's economic development model. Central planners are strongly encouraging the development of these specific industries, as outlined in the most recent 12th Five-Year Plan (2011-2015), to upgrade the country's industry structure, and increase the overall competitiveness of Chinese firms in the global market. National plans aim to have SEIs account for 8 percent of China's total gross domestic product (GDP) by 2015 and 15 percent by 2020. The industries classified as SEIs are:

- New energy
- New-energy vehicles
- New materials
- High-end manufacturing
- Pharmaceuticals and biotechnology
- Next-generation information technology (IT)
- Energy-efficient and environmental technologies

On July 20, 2012, the State Council released its first ever [Five-Year Plan \(FYP\) for Strategic Emerging Industries](#). In addition to providing general direction for developing SEIs, the plan outlines key policy measures that will be implemented to support SEI development. These include, establishing specific funds for SEI development, especially in research and development (R&D) and innovation, and encouraging private capital to invest in SEIs.

Key Government Players across SEIs

At the highest level, the State Council sets the general policy trend for SEI development and does not act as an approval body for specific sectors. For example, in addition to the most recent FYP guiding SEIs the State Council also previously issued *the Guiding Opinions on Promoting International Development of SEI*, which outlines the role of foreign investment in the development of SEIs.

While development of many of the SEIs are overseen by a number of government agencies there are some agencies that play a significant role in overseeing and regulating all of the seven SEIs. For example, the recent FYP for SEIs calls for the establishment of an inter-ministerial coordination group spearheaded by the National Development and Reform Commission (NDRC) with additional agency members including the ministries of Commerce (MOFCOM), Science and Technology (MOST), and Industry and Information Technology (MIIT), among other agencies. The purpose of this group will be to coordinate, analyze, and track the SEI policy implementation outlined in the FYP across the spectrum of relevant agencies. Of equal importance, is that the agencies that make of the group also have authority to approve projects at the municipal, provincial, and national level. An overview of some of these agencies involved across the SEI spectrum is below.

Functional Agencies	General Tasks
National Development and Reform Commission (NDRC)	Chief ministry-level economic planning body. Researches and coordinates national economic and social development strategies. Releases annual and long-term development plans in a range of areas including industrial production and output,

Ministry of Industry and Information Technology (MIIT)	Oversees the general development and regulation of industrial investments and projects in specific industries such as information technology, telecommunications, automotive, environmental technologies, and industrial machinery.
Ministry of Commerce (MOFCOM)	Regulates both domestic and foreign trade, works to attract foreign investment, and helps Chinese companies invest abroad. Manages trade policy and administrative functions, particularly regarding implementation of trade agreements.
Ministry of Science and Technology (MOST)	Recommends goals and guiding principles for science and technology development policies, laws, and regulations. Manages government incentive programs that promote and reward S&T activities, such as grants and preferential tax status for companies qualified as "high-tech" enterprises.
Ministry of Finance (MOF)	Responsible for macroeconomic policymaking and administration of the state's budget, drafting of financial and tax policy, and management of funds that would be available to develop the SEIs.
State Intellectual Property Office (SIPo)	Oversees the proposal of patent and intellectual property rights-related legislation and implementation, as well as granting of patents.

Departmental Assignments

Within the government agencies that are broadly involved with SEI planning and implementation, various bureaus and departments have specific responsibility for elements of SEI implementation and for specific SEIs--and different agencies assign SEI-related responsibilities in different ways. For example, NDRC assigns much of its SEI-related oversight to the Department of High-Tech Industry, which maintains a general oversight in the promotion of all SEI industries as it oversees the development of the IT, biotechnology, aerospace, new materials, new energy, marine, and high-tech services industries. Two other departments, the Department of Resource Conservation and Environmental Protection and the Department of Basic Industries handle specialized pieces of the SEI landscape (energy efficiency and environmental protection and high-end manufacturing for transportation). In contrast, MIIT is more specialized, having a number of departments that are responsible for planning, policy, and standards within their respective SEI sectors. These agency departments and the SEI industries they oversee can be found in charts 1 and 2 below.

Sector-Specific Government Agencies Playing a Supporting Role

While in practice there are a few PRC government agencies that oversee the development of a majority of or all SEIs, there are agencies with more narrow missions, which work alongside NDRC, MOFCOM, and MIIT. For example:

- **The Ministry of Railways (MOR)** formulates the development program of the railway industry through policies, standard setting, and establishing management rules regarding railway technology. MOR is directly involved in railway technology development initiatives in the high-end manufacturing industries.

Chart 1: NDRC

Department	SEI Industry
Department of High-Tech Industry	Pharma and biotech; New materials; high-end manufacturing; new energy; new-energy vehicles; next-generation information technology
Department of Resource Conservation and Environmental Protection	Energy-efficient and environmental technologies; new energy
Department of Basic Industries	High-end manufacturing; new energy

- **The Ministry of Health (MOH) and State Food & Drug Administration (SFDA)** are key agencies in the pharmaceutical and biotechnology industry. MOH focuses on health research, education and disease prevention while SFDA directly oversees the manufacture, registration, safety, and inspection of pharmaceutical products.
- **The Ministry of Environmental Protection (MEP)** is a key agency with responsibilities that fall within the energy efficiency and environmental protection category of the SEIs. MEP is responsible for the oversight and implementation of national environmental protection policies and programs. Within this agency the Department of Science, Technology, and Standards plays a key role in organizing and coordinating the scientific research and importation of environmental protection technologies.
- **The Ministry of Transportation (MOT)** develops strategies, guidelines, policies, and regulations for highway and waterway transportation sectors. MOT is also responsible for the development of intelligent traffic, which is linked to next-generation IT and new-energy vehicles.
- **The Ministry of Agriculture (MOA)** is responsible for the administration of the agricultural economy and directs the agricultural industrial structure to ensure smooth allocation of resources. In this role, MOA oversees the development of the bio-agriculture industry, which falls under the pharmaceuticals and biotechnology industry.
- **The Ministry of Land and Resources (MLR)** has some oversight of advancements within the new energy industry as MLR promotes the advancement of science and technology within sectors such as clean coal. Moreover, MLR oversees the regulation and management of land, mineral, and marine resources.

Chart 2: MIIT

Department	SEI Industry
Department of Science and Technology	High-end manufacturing; pharma and biotech; new-energy vehicles; new materials; next-generation information technology
Department of Telecommunication	Next-generation information technology
Department of Energy Conservation and Resources Utilization	New energy; energy-efficient and environmental technologies
Department of Electronic Information	Next-generation information technology
Department of Equipment Industry	High-end manufacturing
Department of Raw and Semi-Finished Materials Industry	New materials
Department of Software Services	Next-generation information technology