

Current Status of Doing Business Assessment Standardization & its Enlightenment to China

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Abstract: With the deepening of economic globalization, the doing business has become increasingly significant for the national or regional development. The conduct of doing business assessment and formulation of the scientific and reasonable assessment standard regarding the doing business, may not only help the investor to accurately select the investee, but also may become an important link in the formulation of policies which intends to improve the national and regional doing business. Based on the analysis of the current status of international and domestic doing business assessment standardization, this paper proposes the advice and measures against China's doing business assessment standardization works, which intends to provide the reference for the enhancement of China's doing business assessment standardization works.

1. Introduction

As "a sort of complicated fusion body that supports the policies, laws, systems, rules and others required by the business activity", the doing business is the soft power of economic development, and also the core element of enhancing the international competitiveness at the national and regional level^[1]. With the deepening of economic globalization, the multinational corporation also attaches great significance to the doing business for the invested state and city during its long-term international investment practice. The quality of doing business determines the capacity of a state and city in attracting the foreign investment, and also indirectly affects its economic development, financial income, social employment and other significant issues related to the national development. As shown by a report released by the World Bank, the good ease of doing business will enhance the investment rate by 0.3%, and the GDP growth rate by 0.36%^[2].

The conduct of doing business assessment, may not only help the investor to accurately select the investee, but also may be an important link for a state and city to improve its regional doing business and a significant basis for a state and region to realize the high quality development. At present, every country in the world, World Bank and other international financial institutions attach the great significance to the doing business assessment work. However, due to the greater variation regarding the political system, economic level, infrastructure construction, development pattern and other fields existing among every country, the research and development of the doing business assessment standard applicable to the state's own national reality, has the much stronger pertinence and applicability in the enhancement of doing business.

2. Current status of overseas doing business assessment standardization

World Bank: Since 2003, the World Bank has adopted the "Distance to Frontier" to conduct the doing business assessment works upon each economy worldwide^[3]. The assessment index has gradually perfected from the previous 5 nos. of first-level index to the present 11 nos. of first-level index, while the involved assessment subjects have increased from 133 to 190, and the assessment scope has also been gradually expanded. Take the *2019 World Bank's Doing Business Assessment Standard* as an example. This standard includes the starting a business, application for construction permit, power availability, property registration, credit obtaining, minority investors protection, taxation, cross-border trade, contract execution, bankruptcy handling, labor market regulation (excluded in the ease of doing business ranking) and other totally 11 nos. of first-level index.

Although this standard has been recognized by and applied in most countries worldwide, it still lacks the protection of intellectual property rights, government intervention, financing complexity and other relevant assessment indexes, which is required to be perfected in the future development^[3]. Besides, most indexes in this assessment standard focus on the formal system. However, when a given country cannot strictly execute such system, the assessment results obtained therefrom will also neither objectively reflect the actual scores of such index, nor make the accurate assessment upon its doing business^[4].

India: India is a federal state, while the ease of doing business in each state is closely related to the specification structure and framework function implemented by each state. Therefore, the Indian Department of Industrial Policy and Promotion (hereinafter referred to as "DIPP") has modified the World Bank's assessment standard, so as to carry out its own doing business assessment works. For example, in 2015, the Indian DIPP totally formulated the doing business assessment standard including the business development, land allocation, obtaining the construction permit, environmental procedures compliance, labor-law compliance, obtaining the infrastructure-related public goods, tax procedure registration & compliance, inspection & implementation, contract execution and other 8 major categories and 285 sub-classes in total. For the doing business assessment, this standard changes from the qualitative assessment to the quantitative assessment, namely, it is required to respond to the questionnaire questions with the answers such as "yes" or "no" or "not applicable" in some cases, and then quantify the foregoing answers as per the specific questions^[5]. Through the modification upon the World Bank's ease of doing business index, the assessment standard developed by the Indian DIPP is more applicable to assess the doing business in each state of India, which is of great significance in the enhancement of its doing business.

Germany: As the world's fourth largest economy and third largest exporter, Germany has the strong economic power, stable political environment and perfect legal system, which ensures that it is the important destination of global investment^[6]. With regard to the doing business assessment, *Economic Comparison between German States* and *Industrial Region Bayern State-Ranking under the International Comparative Perspective* are two representative assessment reports in German. Among them, the *Economic Comparison between German States* includes the cost or production efficiency, infrastructure, human resource, leisure time value, public agency service, population, economy, state, social culture, living standard, labor market, individual taxable capacity, income, GNP, purchasing power, unemployment rate, job density and other 17 indexes in total. The *Industrial Region Bayern State-Ranking under the International Comparative Perspective* includes the indexes of state, infrastructure, knowledge, resources, cost, market and other six fields which are further divided into 14 major categories and then further divided into 61 individual indexes. The *Economic Comparison between German States* attaches great importance to the macro assessment of the economic development level and potential of each state, while the *Industrial Region Bayern State-Ranking under the International Comparative Perspective* considers the doing business from the perspective of the investor, and then further investigates the ease of doing business provided to the enterprises by each state^[7].

3. Current status of doing business assessment standardization in China

3.1 Great significance is attached to the doing business assessment by Chinese Central Government

In recent years, Chinese government has put a new premium on the doing business assessment work. The Premier of the State Council of China Li Keqiang has stressed for many times that it is necessary to construct the international comparative and World Bank benchmarking doing business assessment mechanism with Chinese characteristics. As per the unified deployment of the State Council of China, National Development & Reform Commission preliminarily constructs the international comparative index system with Chinese characteristics from three dimensions, namely, measurement of enterprise's full life circle, reflection of urban investment appeal, and embodiment of urban high quality discovery level, together with the relevant departments and regions.

Meanwhile, it has implemented the trial assessment works in 22 cities nationwide, and planned to carry out the doing business assessment work in the municipalities directly under the Central Government, provincial capitals, municipalities with independent planning status, and some prefecture-level cities in 2019. Meanwhile, it also plans to carry out the doing business assessment work in the prefecture-level and above cities nationwide in 2020. Besides, in 2018, Standardization Administration of the People's Republic of China officially approved the project, while the CNIS took the lead to carry out the preliminary research work of *Cities & Towns Doing Business Assessment*, providing the method and basis for the formulation works of the doing business assessment in cities and towns in future.

3.2 The doing business assessment is steadily promoted by Chinese local government

When the doing business assessment work is carried out at the state level, the government at all levels also acts actively to formulate the locally applicable doing business assessment system. For instance, Beijing city constructs 53 nos. of assessment index system including the internationalization, facilitation, legalization and many other aspects, publicly makes the preferential selection of the third-party social institution, and fairly and independently carries out the assessment work. With reference to the World Bank's doing business standard, Jiangsu province develops the "Jiangsu version" assessment system that takes the "enterprise establishment time", "investment project approval", "complexity for the mass to access government services" and other quantitative indexes as the priority, and includes 20 nos. of contents and 45 nos. of assessment index, and also conducts the assessment works within its territory^[8]. Besides, Shandong province also constructs the doing business assessment system including the enterprise establishment, construction handling, credit obtaining, taxation handling, registration of real estate, power availability and other 6 nos. of first-level indexes and 17 nos. of second-level indexes. Besides, Guangdong, Liaoning, Heilongjiang, Shaanxi and other provinces enact the relevant system and measures to optimize the doing business, which intends to carry out the doing business assessment and actively enhance the ease of doing business.

3.3 The doing business assessment is actively conducted by the scientific research institution

In recent years, some scientific research institutions and social organizations also actively carry out the doing business assessment work, which provides the significant guidance upon the supervision of enterprise investment and enhancement of the ease of doing business for the government. Among them, the Institute of Studies for the Guangdong-Hong Kong-Macao Greater Bay Area constructs the doing business assessment index system that includes the soft environment, market environment, infrastructure environment, social services environment, business cost environment and other 6 nos. of first-level index, 29 nos. of second-level index and 32 nos. of third-level index, and continuously releases *Doing Business Assessment Report of Cities in China* in 2017 & 2018 separately. The CCID Consulting Company Limited under the flagship of China Center for Information Industry Development constructs China's county region doing business assessment index system that includes the openness and transparency, enterprise vitality, element attraction, advanced facilities and ecological friendly and other 6 nos. of first-level index and 13 nos. of second-level index, and officially release the county region doing business top 100 ranking in 2018, which provides the significant reference for directing the enterprises to carry out the investment and economic activities within the county region^[9].

4. Enlightenment

In recent years, with the continuous acceleration of China's internationalization progress, the obvious enhancement of China's international position, and the proposal of "the Belt and Road" strategy, the doing business becomes more and more important for China's future development. The scientific and reasonable doing business assessment index system is the basis for optimizing the ease of doing business, and also the important link in the enhancement of China's international competitiveness.

Therefore, firstly, it is required to strictly implement the relevant requirements of China's Central Government, construct the doing business assessment index system that conforms to China's reality, enhance and improve the pertinence of doing business measures, define the critical links of the reform and continuously improve the ease of doing business. Secondly, the market has the firsthand taste upon the quality of doing business, which requires expanding the scoring indexes that adopt the market and enterprise as the subjects, and further enhancing the scientificity & applicability. Thirdly, it is required to timely promote the constructed doing business assessment index system, make it become the national standard, and expand the coverage & implementation scope of the standard. Fourthly, during the standard implementation process, it is required to develop the authority and responsibility list of the relevant departments as per the standard, further solidify the specific duties of enhancing the ease of doing business, and enhance the effects of issuing the policies that intend to improve the ease of doing business. Finally, it is required to increase the publicity of standards, enhance the standardization awareness of relevant subject, and form the good standardization atmosphere of standard understanding and application, so as to make the full play of the standard.

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