

CHINA BUSINESS REVIEW

THE MAGAZINE OF THE US-CHINA BUSINESS COUNCIL

Report: China Still Falls Short of Its Transparency Commitments

By Shelly Zhao

March 21, 2014



(Photo by Remko Tanis via Flickr)

China continues to significantly lag in its commitments to promote and implement regulatory transparency measures, according to a new US-China Business Council (USCBC) **report**. USCBC analysis of the National People's Congress (NPC), the State Council, and selected Chinese government agencies shows varying levels of compliance with transparency commitments. In particular, key agencies continue fall short of regularly publishing regulations for required public comment periods of 30 days. (USCBC is the publisher of the *China Business Review*.)

Regulatory transparency—including solicitation of public feedback during the creation of new laws and regulations, open government decision-making, and the ability to access information—is consistently cited as a top concern for USCBC member companies in USCBC's **annual survey on the Chinese business environment**. In 2013, transparency ranked eighth as a top operating issue for USCBC members.

USCBC's 2014 transparency report—the sixth since 2009—covers the period of January to December 2013 and monitors the NPC, the State Council Legislative Affairs Office (SCLAO), and selected PRC government agencies' records in increasing transparency in their rule-making processes. This year's report shows that China continues to fall short in meeting its commitments in promoting regulatory transparency.

The NPC's mixed transparency record

The NPC continues to have a mixed, though slightly improved record of posting draft laws and keeping them open for comment for a full 30-day period. Sixty-six percent of laws passed over a recent 12-month period were published to the NPC website for comment at some point during their drafting processes.

Out of nine laws and amendments passed during the 12-month period, six were posted to the NPC website for comment at some point during the drafting or revision process, and all but one—the Amendment to the PRC Consumer Protection Law—were posted for 30 days. Although this is an improvement from the 40 percent compliance during USCBC's previous report, which tracked transparency compliance from mid-March to mid-November 2012, it still falls short of China's own transparency commitments.

State Council, ministries show inconsistent or worsened record

The State Council posted less than 10 percent of its own administrative regulations and departmental rules for public comment through the SCLAO website, and it published fewer regulations than during the previous tracking period.

Key government agencies did not show significant improvement either. During the 12-month period, none of the seven agencies we tracked—the National Development and Reform Commission (NDRC), Ministry of Commerce (MOFCOM), Ministry of Finance (MOF), Ministry of Industry and Information Technology (MIIT), General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), State Administration of Industry and Commerce (SAIC), and Ministry of Human Resources and Social Security (MOHRSS)—posted a significant fraction of relevant documents for comment on either the SCLAO or agency websites. According to USCBC analysis, less than 10 percent of regulations were posted to the SCLAO site and less than 17 percent of additional regulations were posted to agency sites.

In general, agencies posting draft rules and regulations to the SCLAO website also posted them to their own websites, but some posted additional draft regulations to their respective agency websites only, failing to submit them to SCLAO. Compliance worsened overall for NDRC, MIIT, and MOHRSS. These agencies generally posted fewer documents during the current tracking period than in the previous period. While MOFCOM, MOF, AQSIQ, and SAIC also posted fewer documents to the SCLAO website, the documents posted for comment to agency websites remained the same or increased.

ABOUT THE AUTHOR

Shelly Zhao (szhao@uschina.org) is manager of business advisory services at the US-China Business Council's Washington, DC office.

Source: <http://www.chinabusinessreview.com/report-china-still-falls-short-of-its-transparency-commitments/>