



ISBN: 978-1-948012-15-7

Asia-SAME Transactions on Engineering Sciences, ISSN: 2377-8970  
<https://doi.org/10.7508/aste.01.2020.99.124>

# The Development of Private Economy's Business Environment Based on "Cost Reduction" Investigation

Yueting Liu

School of Economics & Management, Northwest University, Xi'an 710069, China

\*Corresponding author: 528118650@qq.com

*From 2020 International Conference on Engineering Research, Beijing, China. 12-14 April 2020, Organized by University of Science and Technology Beijing and International Association of Management Science and Engineering Technology (IAMSET).*

**Abstract:** Cost reduction is one of the five major tasks of the supply-side structural reform of "three to one, one to reduce and one to supplement". In recent years, Zhengzhou municipal party Committee and municipal government, in accordance with the arrangements of the party central Committee and the state Council, have further promoted various work to reduce the costs of real economic enterprises and achieved outstanding results. In order to further grasp the operation of Zhengzhou's real economic enterprises and push forward Zhengzhou's cost reduction work in depth, based on a careful study of the large-scale "cost reduction" survey conducted by the China Institute of Financial Sciences in 2017-2019 and the survey conducted by the Institute of Geography and Resources of the Chinese Academy of Sciences on Zhengzhou's business environment evaluation, this paper conducts a special survey in all development zones, county (city) districts and relevant municipal departments of the city, conscientiously summarizes and analyzes Zhengzhou's cost reduction policies and measures, achievements and difficult challenges, and puts forward relevant countermeasures and suggestions for further cost reduction.

**Keywords:** Cost reduction, business environment, reducing taxes and fees, enterprise.

## Introduction

In December 2015, the Central Economic Work Conference proposed to lead the new normal of economic development with supply-side structural reforms to promote sustained and healthy economic development. Cost reduction is one of the five important tasks of "three to one, one to reduce and one to supplement". The Party Central Committee and the State Council attach great importance to it and have successively formulated a series of cost reduction measures. In August 2016, the State Council issued the "Work Plan for Reducing Costs of Real Economy Enterprises" (State Council Promulgated

[2016] No.48); From 2017 to 2019, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance, the People's Bank of China and other four ministries and commissions issued notices for three consecutive years to do a good job in reducing costs. Henan Province issued 58 measures to support enterprises to reduce costs in August 2018 and 30 policies and measures in June 2019, focusing on optimizing the business environment from the aspects of reducing enterprise tax burden, financing and institutional costs to promote cost reduction and efficiency increase in the real economy. While implementing the central and provincial policies on cost reduction in a unified way, Zhengzhou City has made innovations based on local conditions. In 2016, Zhengzhou City formulated "Several Opinions on Advancing the Sustainable and Healthy Development of the Real Economy through Cost Reduction and Superior Supply" (Zhengzhou Government [2016] No.9), and issued a series of detailed cost reduction policy measures.

In order to deeply understand the implementation of Zhengzhou's cost reduction policy, analyze the difficulties faced by the current cost reduction work, and put forward policy suggestions for further cost reduction. On the basis of careful study of the large-scale research on "cost reduction" conducted by the China Academy of Financial Sciences in 2017-2019 and relevant documents such as "Zhengzhou Business Environment Evaluation Report" by the Institute of Geography and Resources of the Chinese Academy of Sciences, the author has also conducted in-depth research on the cost reduction of Zhengzhou enterprises. The relevant information is summarized as follows:

### **The policy and effect of promoting cost reduction in Zhengzhou city**

In recent years, Zhengzhou has introduced relevant policies and measures based on the full implementation of national and provincial policies on cost reduction and in combination with its own reality. In August 2016, Zhengzhou Municipal People's Government issued "Several Opinions on Reducing Cost and Optimizing Supply to Promote Sustainable, Healthy and Rapid Development of Real Economy in Zhengzhou City" (Zhengzhou Government [2016] No.9), which was a "combined fist" to reduce the burden on real economy enterprises. In August 2018, Zhengzhou municipal party Committee and municipal government issued "opinions on accelerating the construction of an internationalized legal and convenient business environment" (Zhengzhou government issued [2018] No.14), proposing to create a low-cost and efficient business environment in terms of logistics, customs clearance, land use, energy use, employment and financing. In June 2019, Zhengzhou municipal government issued the notice on focusing on the concerns of enterprises and further promoting the implementation of policies to optimize the business environment, further making relevant provisions to reduce the burden on enterprises. On February 12, 2020, Zhengzhou Municipal Party Committee and Municipal Government also issued "Some

Measures of Zhengzhou Municipality on Responding to novel coronavirus Epidemic to Promote Steady and Healthy Economic Development” and issued 30 powerful measures to help enterprises resume work and resume production and promote the smooth and healthy economic development of the whole city.

*In terms of reducing institutional transaction costs*

On the basis of the full implementation of the State Council's Notice on Issuing the Work Plan to Reduce the Cost of Entity Enterprises and other relevant policies, Zhengzhou has put forth efforts to implement the following measures:

The first is to deepen the reform of “putting on control clothing”. Zhengzhou proposed to strictly implement the establishment of a dynamic adjustment mechanism for the negative list of market access, further reduce the negative list of market access, and promote the universal implementation of the “no-ban or no-entry” policy. We will further deepen the streamlining of administration and decentralization, continue to reduce administrative licensing matters, industrial product production licenses and types of mandatory product certification, and optimize the approval process or evaluation and certification process. In the Pilot Free Trade Zone, the “license separation” reform was first implemented for all business license matters involving enterprises. We will implement the model of “one window for acceptance, one form for application, one set of materials, one net for collection and one file for management” and vigorously promote the government service model of “one thing, one net, one run and no meeting”. A large number of events have been “run once at most”, the start-up time of enterprises has been reduced to 3 working days, the approval time of engineering construction projects has been reduced to less than 100 days, a series of convenient measures such as “weekend free” government service have been implemented, and the experience and satisfaction of enterprises and citizens have been greatly improved.

The second is to further promote the reform of the commercial system. Zhengzhou has fully implemented the reform of registered capital registration. Except for the 27 industries that the State Council announced will not implement the subscription registration system for the time being, all other industries will implement the subscription registration instead of the paid-in. The registration conditions for the residence (business premises) of the market main body shall be relaxed, allowing enterprises to register as residence (business premises) with the consent of interested owners. Fully implement the “three certificates in one, one photo and one code”, actively promote the electronic reform of the whole registration process, and gradually realize the electronic application, acceptance, examination, issuance of photos, filing and other links; We will gradually implement a simple cancellation procedure, allowing eligible market players to choose either a general cancellation procedure or a simple cancellation procedure.

The third is to clean up and standardize the charges of enterprises involved.

Clean up and standardize some administrative fees set up by the central government, reduce and exempt real estate registration fees, and adjust the conditions for reducing patent fees. To carry out special management of the charging behavior of subordinate units of government departments, trade associations and chambers of commerce, and intermediary agencies, to effectively regulate the administrative examination and approval of intermediary service charges, and to further clean up and standardize the association's chamber of commerce charges related to enterprises. The list of fees charged by enterprises involved will be adjusted dynamically, with the list of administrative fees charged by Zhengzhou city adjusted to 28 items and the list of administrative fees charged by enterprises involved in Zhengzhou city adjusted to 11 items. A total of 30 items of government funds or administrative fees (involving Zhengzhou city) have been cancelled, suspended or reduced.

Fourth, improve the implementation mechanism of the policy of reducing fees and burdens. Zhengzhou City proposed to carry out a comprehensive clean-up of administrative fees and government funds, and to adopt self-examination and self-correction, in-depth enterprise verification and other methods, focusing on checking the implementation of the clean-up of fees of enterprises involved. The new non-tax revenue collection and management system will be fully operational. Through the network connection between finance and the collecting unit and the collecting bank, the separation of power and money and the separation of collection will be achieved in terms of mechanism and technology. We will establish a dynamic list supervision mechanism and an in-process and ex-post supervision mechanism to realize "no charge for all items entering and leaving the list."

#### *In terms of reducing the tax burden on enterprises*

Since 2016, the state has issued a large number of policies to reduce corporate taxes and fees, especially in 2019, when China implemented "the largest tax cut and fee reduction in history" to reduce the burden of corporate taxes and social security contributions by nearly 2 trillion yuan. After the outbreak of the new crown pneumonia epidemic in 2020, the state has successively issued three more preferential tax policies to support the prevention and control of the epidemic and the resumption of work and production by enterprises, with strong directivity and high gold content, thus lowering a "timely rain" for enterprises. Zhengzhou City earnestly implements various preferential tax policies of the state and the province, reducing the burden on enterprises by 21.54 billion yuan in 2019 to ensure that all enterprises enjoy the policy dividend. Zhengzhou's tax payment index is equivalent to 94th among 190 economies evaluated by the World Bank.

One is to reduce the VAT rate. Earnestly implement the newly issued 17% and 11% VAT rates by one point each, reducing the VAT rate in manufacturing and other industries from 16% to 13%, and reducing the VAT rate in transportation, construction and other industries from 10% to 9%. We will implement policies such as raising the VAT threshold for small-scale

taxpayers from 30,000 yuan to 100,000 yuan per month, so as to ensure that the tax burden in all industries will be reduced but not increased. We will open up the "green channel" for tax rebates, implement the "policy of retaining tax credits for value-added tax in some industries," provide chief services to enterprises that meet the conditions for retaining tax credits and rebates, and provide "one-on-one" and "face-to-face" counseling to solve the urgent needs of enterprises. Since the outbreak of the epidemic in 2020, the Zhengzhou municipal government has issued another policy, stipulating that the income from providing public transportation services and living services to taxpayers, as well as providing residents with necessary living materials express delivery services, shall be exempted from value-added tax, which has been widely praised.

The second is to reduce the income tax rate. Zhengzhou has proposed that on the basis of a 20% reduction in the income tax rate for small and low-profit enterprises, the annual taxable income should not exceed 1 million yuan, 1 million yuan to 3 million yuan, which should be included in the taxable income by 25% and 50%, respectively, to reduce the tax burden to 5% and 10%. Tax exemption standards for small-scale VAT taxpayers have been relaxed, with monthly tax-free sales rising from 30,000 yuan to 100,000 yuan. Since the outbreak of the epidemic in 2020, the municipal government has quickly issued a policy that explicitly allows a one-time deduction of the current cost in the enterprise income tax before tax for the newly purchased relevant equipment for the production enterprises of key materials for epidemic prevention and control to expand production capacity, thus effectively reducing the burden on enterprises.

The third is to implement the inclusive tax relief policy for small and micro enterprises in the province. Within three years starting from 2019, Zhengzhou will reduce the "six taxes and two fees" (resource tax, urban maintenance and construction tax, real estate tax, urban land use tax, stamp tax, farmland occupation tax, education fee surcharge and local education surcharge) of small-scale VAT taxpayers by 50%, and small and micro enterprises will benefit more than 98%.

Fourth, speed up the network and reduce fees. Earnestly implement the state's stipulation that "by 2019, the broadband charges for small and medium-sized enterprises will be reduced by another 15%, and the average charges for mobile network traffic will be reduced by more than 20%.". As of January 2020, Zhengzhou's comprehensive broadband tariffs have dropped by 40%, and Zhengzhou Mobile, Unicom and Telecom's 100M single broadband tariffs have dropped by 38%, 50% and 50% respectively year on year. The unit price of mobile phone Internet traffic of Zhengzhou Mobile, Unicom and Telecom declined 64.6%, 42% and 38% respectively. Mobile Internet traffic charges dropped 71% year on year, 6.8 percentage points higher than the national average.

The fifth is to actively relieve the predicament of enterprise epidemic situation. Since the outbreak of the epidemic in 2020, the Zhengzhou municipal government has quickly issued policies to specify the losses incurred in 2020 by enterprises in transportation, catering, accommodation,

tourism and other difficult industries that are greatly affected by the epidemic, with the maximum carry-over period extended from 5 years to 8 years. Enterprises whose production and operation are greatly affected by the epidemic situation have real difficulties in paying property tax and land use tax. If they meet the conditions for relief, they can apply for relief of property tax and urban land use tax according to law. For small and medium-sized micro-enterprises that have difficulty reporting due to the impact of the epidemic, the enterprise shall apply and apply for deferred tax payment according to law. For small and medium-sized micro-enterprises that lease properties operated by state-owned enterprises, the rent policy of "two exemptions and three reductions" will be implemented. Rent will be reduced for two months and halved for the following three months.

### *Reduce labor costs*

In order to reduce the labor cost of enterprises, Zhengzhou City has actively implemented the subsidy policy of stabilizing posts. For enterprises that participate in unemployment insurance according to law and pay unemployment insurance premiums in full, and the layoff rate is less than 4.5%, they can be given job stabilization subsidies according to a certain proportion of the total amount of unemployment insurance premiums actually paid by the enterprise and its employees last year, with a maximum of not more than 50%. Post stabilization subsidies are used to subsidize the living expenses of employees waiting for posts, pay social insurance premiums, transfer training and skills upgrading training and other related expenses. For insured enterprises that face temporary production and operation difficulties and are expected to resume, and persist in not laying off employees or reducing layoffs, an emergency post stabilization return subsidy shall be granted, which shall be implemented according to the standard of 6-month unemployment benefit per capita. Vigorously promote the "escort action" to assist and stabilize posts. In 2019, the subsidy policy for stabilizing posts will benefit 5002 enterprises, involving 397100 insured employees and 1.4 billion yuan of subsidy. Second, enterprises in need is allowed to suspend the payment of endowment insurance premiums. For enterprises in difficulty that are temporarily unable to pay the endowment insurance premium in full, the enterprise shall apply and provide guarantee and mortgage, and upon the approval of the Provincial Department of People's and Social Affairs, the payment of the payable part of the unit may be suspended for a period not exceeding 1 year, and the overdue fine shall be exempted during the period of suspension. The third is to reduce corporate social insurance premiums. Actively implement the central and provincial social security rate adjustment policies, reduce the social insurance rate, reduce the basic old-age insurance for urban workers from 20% to 16% in 2016, unemployment insurance rate from 2% to 1.0%, unemployment insurance rate from 2% to 1.0%, the base of payment salary from 5873.8 yuan/month to 4106 yuan/month, the three adjustments, the decrease of 20%, 50% and 30% respectively, further reduce the burden of enterprise

expenses. To reduce the proportion of housing provident fund deposit, enterprises in difficulty and enterprises that have legally approved the holdover of pension and unemployment insurance benefits may apply for reducing the proportion of housing provident fund deposit or holdover. The fourth is to support the construction of enterprise talent team. Organization of provincial and municipal "double hundred" enterprises to participate in the "spring breeze action" job fair, held employment recruitment activities in colleges and universities, land-lost migrant workers docking exchange job fair, etc., for enterprise management, marketing planning, professional technicians and other aspects of talent nearly ten thousand people. We will continue to implement Zhengzhou's "Wisdom Gathering Zhengzhou 1125 Talent Gathering Plan" and reward the introduction of innovative and pioneering leading teams, innovative and pioneering leading talents and talents in short supply.

#### *To reduce the financial cost of enterprises*

According to the evaluation of Henan's business environment organized by the Institute of Science and Resources of the Chinese Academy of Sciences in 2019, Zhengzhou ranked first in the province's credit index in 2018, equivalent to 73rd out of 190 economies evaluated by the World Bank. The financing convenience of Zhengzhou enterprises is 4.4 points, ranking second in the province, 0.46 points lower than that of Shanghai, the best city in the country. This is mainly due to Zhengzhou's implementation of the following policies:

One is to reduce the financing cost of enterprises. Urge and guide financial institutions to strictly implement the relevant provisions of the China Banking Regulatory Commission. They are not allowed to transfer loans, link deposits with loans, charge loans, split profits, tie-in loans, float to the top, and transfer costs. Charges that are directly linked to loans and have no substantial service content will be cancelled. Vigorously develop inclusive finance, continuously reduce the financing guarantee fees, notarial fees and other expenses of enterprises, and effectively ease the difficulty of financing for enterprises. A 3-billion-yuan debt financing risk compensation fund pool will be set up to offer discount loans for "first loans" and "first guarantees" of private enterprises in seed and start-up periods. To promote the standardization, transparency and rationalization of banking charges, and to implement preferential interest rates and fee relief for small and medium-sized micro enterprises; Optimize the loan process, handle and simplify the procedures for small and medium-sized micro-enterprises such as loan extension, loan renewal upon maturity and loan renewal. According to the survey, the comprehensive cost rate of enterprise loans in 2019 is 6.9%, down 0.7 percentage points. Since the outbreak of the epidemic in 2020, the Zhengzhou municipal party Committee and the municipal government have also issued policies explicitly stating that individuals and enterprises temporarily losing their sources of income due to the epidemic will not take out loans, continue to take out loans, and do not hold down loans. especially

difficult loans will be extended or renewed, and overdue interest will be exempted. We will support banks in raising or lowering the original loan interest rate by more than 10% for industrial enterprises seriously affected by the epidemic, enterprises in the epidemic prevention and control industry and small and medium-sized micro-enterprises with financial difficulties. Encourage banks to reduce the cost rate and strive to reduce the comprehensive financing cost of inclusive small and micro enterprises by another 0.5 percentage point compared with the same period in 2019. For small and medium-sized micro-enterprises that are temporarily difficult due to the epidemic situation but have good development prospects, the municipal finance will give subsidies at 50% of the benchmark interest rate for the same period.

The second is to broaden financing channels. Zhengzhou has proposed to implement the policy of supporting enterprises before listing, and to award 2 million yuan, 1.5 million yuan and 1 million yuan respectively to enterprises listed on the main board, small and medium-sized board and gem at home and abroad. For enterprises listed on the "New Third Board" and the regional equity exchange market, a one-time bonus of 200,000 yuan and 50,000 yuan will be paid respectively. Set up five industry development funds with a total scale of 3 billion yuan, including e-commerce logistics, small and medium-sized micro enterprises, culture, science and technology, and agriculture, to support the development of related industries through equity investment and other means; For the provincial and municipal industrial development guide funds won by enterprises within the county (city, district) jurisdiction, the municipal finance will give a one-time discount according to 1% of the actual size of the fund. For enterprises that use bonds or notes to raise funds, they will be given a bonus of 1‰ and a maximum of 500,000 yuan.

Third, support the financing of small and medium-sized micro enterprises. Zhengzhou has actively extended the financial discount period for start-up guaranteed loans. For small and micro enterprises that repay in full and on time, the loan discount period has been extended from 2 years to 3 years. Give full play to the amplification effect of the 50 million yuan small and micro enterprise venture capital guiding fund, guide financial institutions and social capital to adopt market-oriented methods such as bond financing, equity investment and bond-stock linkage to support the development of "three highs and six new" enterprises. We will give full play to the role of the 200-million-yuan loan risk compensation fund for small and micro enterprises, take the "co-insurance system" model as the driving force, and explore the formation of a small and micro financial financing guarantee alliance with government financing guarantee companies as the main body. We will implement the "bank + insurance + guarantee", "export + insurance" and "bank + loan guarantee insurance community" and other ways to increase trust, complement each other's advantages and share risks, and provide multi-channel and professional credit enhancement services for small and micro enterprise financing. We will standardize the charging and credit practices of financial institutions, reduce the hidden financing costs of credit, and effectively reduce the financing costs of small and micro enterprises. The



"Detailed Rules for the Implementation of Financial Subsidy to Support Loans to Small and Medium-Sized Micro-Enterprises" was issued to support small and medium-sized micro-enterprises in financing loans at preferential interest rates. In 2019, two batches of loans were organized, involving 85 participating enterprises, of which 8 were granted loans worth 49.18 million yuan. In order to cope with the new crown pneumonia epidemic, a policy was issued in February 2020, explicitly requiring the municipal government guarantee agencies to reduce the comprehensive rate by 0.5% for small and medium-sized micro-enterprises seriously affected by the epidemic. The guarantee rate will be less than 1.5% for relevant enterprises providing life support services during the epidemic period; For enterprises related to epidemic prevention and control, the guarantee rate will be reduced to less than 1% to realize "instant loan guarantee and seamless renewal". For enterprises temporarily facing difficulties due to the epidemic, especially small and medium-sized micro enterprises, the counter-guarantee requirement shall be cancelled, and a guarantee fee shall be charged for the briefing. At the same time, it is required to increase subsidies for all kinds of parks. For the demonstration bases, demonstration parks, science and technology business incubators, mass creation spaces, industrial agglomeration areas and service parks above the municipal level that reduce or exempt the operating expenses of the leased small and medium-sized micro-enterprises during the epidemic period, the subsidy standard is 30% of the total operating expenses and the maximum is 500,000 yuan.

*To reduce the cost of energy use*

In order to reduce the cost of land used by enterprises, Zhengzhou has mainly implemented the following policies:

One is to reduce the cost of electricity for enterprises. Zhengzhou has laid emphasis on four policies to reduce electricity consumption costs, including lowering electricity prices for enterprises, implementing direct electricity transactions in an all-round way, simplifying electricity consumption procedures for enterprises and deepening the reform of the electricity system. The general industrial and commercial electricity price will be reduced twice, starting from January 1, 2016, the general industrial and commercial electricity price will be reduced by 5.57 cents/kWh; Starting from July 1, 2019, the average industrial and commercial electricity price will be reduced by 4.21 cents/kWh, saving 598 million yuan for enterprises in 2019.

The second is to reduce the cost of non-productive use of factor resources. Zhengzhou City has formulated and implemented a plan to adjust the pre-embedding or renovation costs of power supply, water supply, gas supply, heat supply, telecommunications, cable television and other pipelines (lines) of public utility enterprises, effectively reducing the cost of charges. For the consumption of electricity, water, gas, heat, communication network and other essential resources, enterprises will not charge various deposit, security deposit, guarantee fund and other fees, while greatly simplifying the process and reducing the time. Water supply will be compressed to 3 days for

general projects and 1.5 days for small and medium-sized micro enterprises. The thermal report package was compressed from 15 days to 10 days. Gas reporting was compressed from 9 days to 4 days. Since the outbreak of the new crown pneumonia epidemic in 2020, Zhengzhou has implemented a “non-stop supply of arrears” measure for the production and operation of small and medium-sized micro-enterprises identified as severely affected by the epidemic and production enterprises involved in the prevention and control of the epidemic. within 3 months after the end of the epidemic, the enterprises will make up all the expenses. According to the 2019 business environment evaluation report of the Institute of Geography and Resources of the Chinese Academy of Sciences, Zhengzhou obtained 93.75 points in electricity index in 2018, ranking first in the whole province, equivalent to ranking second in the 22 trial evaluation cities in the country, and equivalent to ranking 13th in the 190 global economies evaluated by the World Bank. Zhengzhou City scored 89.45 points in the index of water and gas use, ranking second in the province.

Third, reduce the cost of land for enterprises. Zhengzhou City proposed that, on the premise of meeting the requirements of national laws, regulations and rules, the floor area ratio and height of industrial enterprises within the factory area will no longer be subject to upper limit index limits, and the green space ratio will no longer be subject to lower limit index limits. To encourage the adoption of long-term lease, lease before concession, lease combination and other flexible transfer methods to reduce the cost of land for enterprises. To support the multi-functional use of land, the city and county land and resources in conjunction with the urban and rural planning departments have fully demonstrated that the construction area of new industrial industrial projects, production services, administrative offices and living service facilities accounts for no more than 15% of the total construction area of the project, and the land area does not exceed 5%, which can still be managed according to the industrial use. On the premise of not changing the original use of the land, enterprises will not charge related land transfer fees for the active use of idle factory buildings. At present, our city no longer charges performance bond for transferring industrial land. According to the 2019 business environment evaluation report of the Institute of Geography and Resources of the Chinese Academy of Sciences, Zhengzhou’s real estate registration index scored 79.62 points in 2018, ranking first in the province and equivalent to ranking 34th among 190 economies evaluated by the World Bank.

#### *To reduce logistics costs*

In recent years, Zhengzhou has taken advantage of the great opportunity granted to Zhengzhou airport-type national logistics hub to actively integrate into the national modern logistics operation system of “channel + hub + network” and accelerate the transformation of Zhengzhou from a “medium-transition” hub to a “portal” hub. In 2019, the city’s social logistics totaled 2.7 trillion yuan, up 9.5%. The total cost of social logistics reached 162 billion

yuan, up about 9%. The added value of the logistics industry was 86 billion yuan, up 9.5%, 1.2% over the plan.

First, clean up and standardize logistics charges. Clean up and standardize service charges in logistics parks, ports, road transport and other sectors and import and export sectors, and cancel unreasonable charges. The second is to strengthen the construction of transportation and logistics facilities. Zhengzhou is taking the construction of a modern international comprehensive transportation hub as its guide, relying on strategies such as the "rice" shaped high-speed rail network and the "silk road in the air", and continues to put forward the advantages of a transportation hub of "four ports linkage" and "three networks integration" to vigorously promote the construction of multi-modal transportation service system and intelligent logistics service system. Actively promote the diversified development of aviation logistics, bonded logistics, e-commerce logistics and cold chain logistics, accelerate the construction of a "buy the world, sell the world" business collection and distribution system and an international logistics system "connecting domestic and overseas, radiating east, west and east", and significantly improve the basic support and supporting service capabilities. The third is to support the innovation of urban and rural logistics distribution mode. Guide the traditional circulation enterprises to speed up the information transformation, and carry out the integration of business flow, capital flow and information flow with e-commerce enterprises; We will push third-party e-commerce platforms to conditionally open up data resources and improve the level of business logistics informatization. Fourth, reduce transportation charges. Scientifically and reasonably determine the toll standard for newly-built expressways, optimize the way of traffic flow distribution on expressways, improve differentiated toll collection policies, continue the preferential policy of electronic toll payment for users on expressways thoroughfare cards, and reduce the logistics and transportation costs on expressways. Fifth, reduce the cost of customs clearance. We will improve the application functions of e-port platforms such as customs clearance, logistics, settlement and payment, and implement a "single window" free declaration system for government services. We will implement 7×24 hour customs clearance service, booking customs clearance service and paperless customs clearance, innovate truck flight supervision, and implement the supervision mode of "inward migration of ports and warehouses" to save 40% of logistics costs. Zhengzhou, as a national pilot city for cross-border trade e-commerce services, pioneered the customs clearance supervision mode of "e-commerce + postal supervision + bonded center" (the "1210" customs clearance mode).

### **Existing difficulties and challenges**

*Institutional transaction costs are still barriers to sustainable development of enterprises*

First, the convenience is not high and the service quality is not excellent. As a

whole, the reform of many items in Zhengzhou, such as “running at most once” and “accepting at one window”, is still at the primary stage of physical collection. Such as provident fund management, payment of taxes and fees, access to water and gas, etc., are not convenient enough. Some developed regions, such as Beijing and Shanghai, have already implemented the “one-run maximum” for tax matters, and the non-acceptance of such items as power reporting and installation. In the process of handling affairs between enterprises and the masses, individual departments are both “referees” and “athletes”. They are not divided between government and enterprise, between government and affairs, between competing with the people for profits, between competing with the market players for territory, between those with responsibilities and those with power, and between those serving the masses. The enthusiasm and initiative of individual staff are not strong, especially in the staffing of the service hall. There are problems in coping with the situation. The professional quality of the staff on duty is not good enough, the staff mobility is large, and the work lacks continuity and professionalism. In addition, many enterprises have reported that the tax returns in Zhengzhou are still relatively complicated. It is relatively difficult to handle tax concessions, and the application materials to be submitted are complicated. The payment of the housing accumulation fund has not been handled on line throughout the entire process, and the payment convenience needs to be further improved. According to the evaluation results of Henan’s business environment in 2019, Zhengzhou’s government service index scored 68.85 points in 2018, ranking 17th out of 18 provincial cities in the province, with the latter ranking.

Second, there are too many approval procedures and the approval time is too long. According to the survey, government services need to be further improved, and service matters involving public services and people’s livelihood need to be further integrated. Enterprises still feel that “matters are complicated, links are complicated, and data are too much”. Compared with advanced regions, the online government service capability is far from perfect. The completeness of service methods, coverage of service matters, and maturity of online handling need to be improved. Some departments artificially set up too many links in the approval process, resulting in long approval cycle and low efficiency. For example, it takes Zhengzhou 3 days to start a business, while Beijing, Shanghai, Guangzhou and other cities only need 2 days, and even can be completed on the same day in actual implementation. In terms of building permits, the approval process is complicated and the approval time is long, requiring 22 links, 10 more links than the best Guangzhou city in the country, taking 142.8 days, 21 days more than Anyang city and 94.5 days more than Guangzhou city.

Third, there are too many charges and higher operating costs. In terms of starting a business, the cost of starting a business in Zhengzhou accounts for 0.5% of the local per capita income, of which the price for stamp engraving in our city is over 800 yuan, compared with over 200 yuan in Hangzhou and other places during the same period. Beijing, Tianjin, Guangzhou, Nanning and other cities have already adopted government purchase services for

stamp engraving and started a business at zero cost. In handling construction permits, Zhengzhou's handling cost accounts for 3.7% of the project's investment, far higher than Guangzhou's 1.7%. The audit cost of Zhengzhou export documents was 145.44 US dollars, nearly 80 US dollars higher than that of Shanghai, which had the lowest audit cost in the country. In the aspect of government procurement, the procurement cycle is long and the payment time for procurement is long. The cost of settling commercial disputes is high, accounting for 19% of the amount claimed, 1.2 percentage points higher than that of Sanmenxia, the best city in the province. In addition, due to the long approval period, it increases the time cost and virtually increases the operating cost of the enterprise.

*The policy space for cost reduction is gradually shrinking and the marginal effect is becoming more and more obvious*

With the effective implementation of the national cost reduction policy since 2016, the cost increases in taxes, financing, labor, energy use, logistics and other costs of enterprises have all been eased to varying degrees, and the burden of enterprises has been increasingly reduced. At the same time, it should be noted that the central government has issued more than 200 cost reduction policy documents successively from 2016 to 2019. The "cost reduction" has entered the deep water area, and the policy space for cost reduction is gradually shrinking. Most of the explicit costs have been gradually solved, while the remaining implicit costs are mostly institutional costs. Therefore, it is necessary to speed up the marketization reform of factors. For example, at present, many places have already implemented zero charges for administrative fees of enterprises involved. The space for reducing fees at the provincial and municipal levels is approaching the limit. It is increasingly difficult to introduce new cost reduction measures.

At the same time, the implementation of a larger-scale tax reduction and fee reduction is a major measure to reduce the burden on enterprises and comply with their fervent expectations. It is conducive to stimulating the vitality of market players, enhancing the development momentum of enterprises and helping enterprises to travel lightly. However, after the implementation of the cost reduction policy to a certain stage, the burden reduction effect on enterprises is gradually diminishing and the sense of enterprise acquisition will gradually weaken. According to the 2017 survey results of China's financial science researchers, "about 60% of enterprises approve of the measures issued by the state Council in document [2016] No.48, and only a handful of enterprises disapprove." the 2018 survey results are as follows: "Nearly 40% of the enterprises approve of the cost reduction measures introduced by the central and local governments, with the average effect accounting for more than 50%, and many enterprises still feel less secure." This shows that the enterprise's sense of acquisition is weakening with the implementation of the cost reduction policy. Cost reduction should not be a "one-man show" by the government, which leads enterprises to misunderstand cost reduction as "the government relieves difficulties for

enterprises”, thus misleading enterprises to wait for the government to release the expectation of cost reduction continuously. It is difficult to really enhance the endogenous power of enterprises. At the same time, it should be noted that policy-based cost reduction is not conducive to the construction of a fair and competitive business environment, and cannot stimulate the endogenous power of enterprises to reduce costs. On the contrary, it may distort enterprise behavior. On the basis of the improvement of the profitability of the enterprise, compared with the requirement of “more obvious enhancement of profitability”, the improvement of factors closely related to profitability such as research and development capability, added value and competitiveness of the enterprise is not obvious, which is not conducive to enhancing the endogenous power of the enterprise.

*Private enterprises are still facing the problems of difficult, expensive and slow financing*

At the national level, since the second half of 2017, the Bank and the Third Committee have strengthened supervision in order to implement the requirements of the central government on preventing major risks. They have issued a series of financial supervision documents to rectify financial chaos and shadow banking, focusing on compressing bank and credit channel business and standardizing entrusted loans and asset management business. Under the background of “two-track financial system”, financial deleveraging and strict supervision have led to credit tightening, which has led to the rise and differentiation of overall financing costs. Although the National Development and Reform Commission, the Ministry of Finance and other departments have issued relevant policies to reduce the financing costs of enterprises, and the financial departments have actively cooperated to help enterprises reduce costs, it is difficult to hedge against the rising financing costs. In particular, the financing cost and financing difficulty of small and medium-sized micro-enterprises far exceed those of large enterprises, and even the financing cannot be carried out.

As far as Zhengzhou City is concerned, the capital chain of most enterprises is still tight, mainly due to strict guarantee conditions, narrow financing channels, high financing costs, loan interruption and loan withdrawal, etc. Small and micro enterprises have relatively single financing channels and lack effective collateral, so it is still difficult to obtain loans from financial institutions. According to the 2019 evaluation of Zhengzhou’s business environment by the Institute of Science and Resources of the Chinese Academy of Sciences, Zhengzhou’s banks have high mortgage requirements and it is difficult to obtain bank loans. Financing modes such as government and bank guarantee have not been developed, the scale of tax and bank interactive financing and the scale of risk compensation funds need to be increased, and the financial products launched for various financing needs are not rich enough. The source of funds is single, there is a lack of financial institutions that specialize in small and micro enterprises, and there is a lack of financing methods that adapt to the characteristics of small and medium-

sized enterprises that are light in assets and unsecured.

*Labor, energy and logistics costs of enterprises are on the rise*

In terms of enterprise labor costs, the labor supply-demand relationship in Zhengzhou has changed from long-term oversupply to this year's oversupply, and some industries are short of labor. Enterprise labor costs continue to rise. According to a 2019 survey conducted by the China Academy of Financial Sciences, the average wage of real economy enterprises continued to grow rapidly from 2016 to 2018, with an average annual growth rate of 8.37%. In addition, there are still deficiencies in Zhengzhou's talent flow service. In 2018, Zhengzhou imported 40,000 talents of all kinds, while Wuhan imported 300,000, Tianjin imported 157,000, and Xi 'an imported 386,000.

In terms of enterprise energy consumption costs, according to the survey conducted by the Institute of Geography and Resources of the Chinese Academy of Sciences, Zhengzhou's power supply reliability is relatively low, and the average power outage time of the system is too long, at 2.6 hours/year, far higher than that of Beijing's 0.62 hours/year and Shanghai's 0.77 hours/year. Lack of power outage compensation mechanism for enterprise customers; There are many departments and links involved in the application of water and gas, the time limit for approval and acceptance is long, the external project is borne by the third party, the cost is high and the government has no relevant subsidy. Among them, the cost of obtaining water in Zhengzhou accounts for 92.43% of the per capita income, and the price of water is higher than that of the best Zhumadian in the province by 0.5 yuan/ (10,000 yuan/ton), while the cost of obtaining water in Luoyang, Hebi and Beijing has reached zero. The cost of obtaining gas in Zhengzhou accounts for 124.8% of the per capita income, while Beijing, Chengdu, Hebi and other cities have already achieved zero cost.

In terms of logistics costs, the survey shows that from 2016 to 2018, the average logistics cost of enterprises in the central region increased by 25.90% annually. In addition, although Zhengzhou has planned to build a number of modern logistics parks in recent years, the total amount is still insufficient, especially the comprehensive hub station, large-scale modern storage and transportation facilities. The number of leading and leading logistics enterprises in Zhengzhou is small, and the overall competitiveness needs to be improved. At the same time, the logistics cost is still relatively high due to the lack of unity and coordination of the logistics public information platform and the need to improve the unified process, coordination, scheduling and sharing mechanism.

In addition, in terms of raw material costs, in the past three years, the average annual growth rate of raw material costs per household of real economy enterprises has reached 17.68%. In terms of sub-industries, the average cost of raw materials per household in most industries is on the rise except the warehouse industry.

*Not enough understanding of the importance of business environment, the "information island" still exists*

According to the Zhengzhou Business Environment Assessment Report by the Institute of Geography and Resources of the Chinese Academy of Sciences, Zhengzhou's government service index is 68.85 points, ranking 17th out of 18 provincial cities in the province, 18.82 points different from Kaifeng, the province's top city. The convenience of government service items scored 85 points, which is at a medium level in the whole province. The government service satisfaction score was 84.83 points, and the best Xuchang city in the province was 98.03 points. At the same time, combined with the on-the-spot investigation of the business environment organized by the general office of Zhengzhou municipal party Committee in mid-March 2020, the existing problems can be summarized as follows: first, the ideological understanding is not in place. Some units and comrades do not fully understand the importance of business environment work, and do not reach the designated position. Users' thinking and "shopkeepers" awareness need to be strengthened urgently. The change from management to service has not yet been fully realized. Some units think that business environment work is only a matter for individual functional departments, which has little to do with their own departments and has little enthusiasm for participation. Some Party members and cadres are not emancipated enough and do not have a strong sense of active service. As a result, the construction of the business environment in our city has not yet formed a situation of integrated linkage and joint efforts to overcome difficulties. Second, various departments have not given enough publicity to online applications. People are used to going to the halls of government service entities, and there are fewer applications online. Third, the data between the municipal government service departments are not connected and shared. There are problems of difficult coordination and slow advancement of data interfaces between municipal and provincial departments. There are phenomena of one office in physics and different in practice. There are "middle obstruction" and "isolated information island" phenomena, which affect the efficiency of government services. In the process of pushing forward the "One Netcom Office", it is necessary to strengthen the ideological education and professional training of the staff.

### **Countermeasures and suggestions**

Generally speaking, we should aim at the first-class international and domestic business environment, adhere to the principle of combining government guidance with market leadership, take internationalization, legalization, convenience and marketization as the guidance, and take the reform of "putting on the management service" as the starting point. Taking the satisfaction of the market main body and the people as the starting point, focusing on cost reduction and quality improvement and improving the core competitiveness of enterprises as the core objectives, through a good combination of boxing, the institutional transaction costs and production and operation costs of enterprises can be effectively reduced. Efforts should be made to create a stable, open, transparent and predictable business



environment with low system cost, low business cost, excellent investment environment, excellent government service, excellent public service and high degree of legalization.

*Further deepen the understanding of the essence of "cost reduction" and change the ideological concept*

With the uncertainty of the whole economy and society and the expansion of risks, the cost of an enterprise is no longer limited to the production process itself, but is in the industrial chain and value chain of the whole society and even the whole world. Risk is becoming an obvious feature of modern society and an attribute of cost. In this sense, cost is not the traditional cost in accounting and economics, but the transformation of risk. The focus of cost reduction is to reduce public risks and uncertainties. At the same time, we should go out of misunderstanding and change our ideas.

First, costs cannot be reduced in isolation. Economic operation itself is systematic, and all kinds of costs are interrelated in terms of various cost components in various regions, upstream and downstream enterprises, or the relationship between government, enterprises and residents. Cost reduction is not to reduce one cost while increasing another. Nor is it to reduce costs in one industry or to raise costs in another. Reducing costs in isolation will lead to "grasping one point and ignoring the rest" and will easily lead to new problems.

Second, we cannot reduce costs on the basis of cost theory. Some do not seem to be cost-cutting policies, but they are essentially cost-related. For example, the task of "three cuts, one drop and one supplement" in the structural reform on the supply side will eventually end up reducing costs. The "three cuts" and the "one supplement" are actually "one drop" measures. "De-production" means to reduce the depreciation of fixed assets and related labor costs; "De-stocking" means reducing the storage cost of products and realizing the return of funds; "deleveraging" means reducing financing costs; "Completing the Shortage Board" means improving the management level and core competitiveness, and increasing income and benefits. Therefore, we cannot reduce costs in terms of costs. We should consider them as a whole, consider them as a whole, and strike a "combined fist" to reduce costs.

Third, costs cannot be reduced administratively. Many enterprises simply understand cost reduction as "the government helps enterprises solve their difficulties", hoping to get rid of the current production and operation difficulties faced by enterprises through cost reduction. Some local governments have indeed introduced a "one-to-one" assistance policy. However, the process of cost reduction is the process of optimizing the allocation of resources, and the optimization of resource allocation is to make the market play a decisive role. Therefore, enterprises are the main body to reduce costs. The government can create a good environment and conditions for the effective operation of the market mechanism by better playing its own role. It is absolutely forbidden to reduce costs by administrative means in a "sports" way, resulting in the alienation phenomenon of "the government is

in the front line and enterprises are not in a hurry with the government". Fourth, we must not blindly reduce costs. Lowering costs does not mean that all enterprises should reduce costs in all aspects. It also needs to consider the government's bearing capacity and not just reduce the burden. Reducing taxes and fees is an "addition" to enterprises and the real economy, but a "subtraction" of income to the government. With the implementation of various tax and fee reduction policies, the prominent problem of fiscal revenue and expenditure contradictions at all levels will become more prominent. Therefore, the government should firmly establish the idea of living a tight life, continue to reduce general expenditures, increase revenue and cut expenditure, increase income and cut expenditure.

*Do a good job in "subtraction" of administrative power and "addition" of market vitality to optimize the government environment*

We will continue to deepen the "deregulation" reform, accelerate the transformation of government functions, and speed up the construction of an institutional environment and policy system conducive to the competitive vitality of market players in generate.

One is to simplify the procedures for starting and canceling enterprises. We will push forward the electronic start-up process of enterprises, carry out the registration cancellation procedures recommended by enterprises, and comprehensively improve the convenience level of start-up and cancellation of enterprises. The overall time limit for the start-up of newly-established enterprises is reduced to 4 working days, and the simple cancellation of enterprises will be completed within 2 working days. The five links involved in the whole process of enterprise establishment registration, official seal engraving, tax registration, invoice application and social security registration are integrated into "one thing". The service mode of "one window acceptance, one form registration, one set of materials, one collection, parallel processing and one file management" for enterprise establishment is established. The processing process is optimized and the facilitation measures such as "one audit", residence declaration commitment system and zero-meeting registration are implemented. Reduce the cost of stamp engraving for newly established enterprises and explore providing free stamp engraving services for newly established enterprises. To speed up the promotion and application of electronic business license and electronic seal, and simplify the on-site registration process. Actively connect provincial government service network enterprises to set up "one netcom" online service platform to realize "one-time reporting, one netcom operation, time-limited completion and instant feedback".

The second is to simplify the procedures for handling construction permits. We will reform the approval system for construction projects, optimize the application procedures, streamline the pre-approval procedures and procedures, promote early intervention, integration of multiple reviews, multi-map joint review and parallel approval, reduce the time limit for handling approval items, and reduce the discretion of the approval

department. The whole process of project bidding and trading will be electronic. building construction permits will implement online application, time-limited approval and online certification. Applicants will handle the whole process online. We will complete the preparation of a territorial spatial plan that covers the whole city and "integrates multiple regulations" so as to realize the transformation of "a blueprint for the long term" from "project-led planning" to "planning-led projects". In the whole area of Zhengzhou in Henan free trade zone, the newly-built areas in the four development zones, and the core areas in the newly-built areas in counties and cities, the "overall regional assessment and enterprise sharing" will be fully realized, the project approval will be accelerated, and the project will be started as soon as it is determined. We will accelerate the implementation of joint surveying and mapping involving planning, land, real estate, civil air defense and other aspects of construction projects, and speed up the implementation of joint inspection and acceptance. Simplify the EIA approval process, shorten the EIA approval time, and start the EIA "agency" business. The construction unit does not need to run away from government departments and environmental impact assessment agencies and does not have to bear any costs.

Third, we will further promote the reform of facilitating approval services. Continue to carry out the action of "reducing certificates for the convenience of the people". Full implementation of the examination and approval service "immediately, online, nearby, once". Implementation of the approval service "three centralized, three in place" and "one window through the office" to deepen and expand the pilot reform of relatively centralized administrative licensing rights. Fully implement the "One Netcom Office", strengthen the information infrastructure construction of "internet plus Government Affairs", deeply develop the application of online examination and approval services, speed up the improvement of Zhengzhou's "Online Office Hall" and realize that government affairs services "should be done on top of one netcom office". We will innovate measures to promote the convenience of approval services, focus on key issues in key areas such as real estate registration, market access, enterprise investment, construction projects, and people's livelihood affairs, crack the difficult problem of facilitating approval services, introduce a third-party evaluation mechanism, and carry out special evaluation activities on the convenience reform of approval services around the main contents such as the construction of government service halls, the service quality of window personnel, the level of online approval services, and the satisfaction of enterprises and the masses.

The fourth is to promote deep sharing of basic information. Focus on strengthening top-level design, and establish a complete standard system from top to bottom, including directory listing, data sharing, information exchange, electronic identification, system docking, etc. We will strengthen cooperation among various departments, break down data barriers, further improve the population information base, legal person information base, electronic license information base, social credit information base, government service material base, etc., and realize the sharing and business coordination of basic enterprise information and related credit information

among departments through service innovations such as “information sharing + license liaison office”. To speed up the data connection between departments, break the isolated island of information, promote the data opening and information sharing among government departments, promote the realization of homologous and synchronous updating of government service data issued by regions, levels and channels, reduce the repeated submission of the same or common materials and certificates by enterprises, realize the “one-time collection and one-file management” of the same information, and improve the efficiency of government service.

*Focus on reducing costs and improving quality to promote market-oriented reform of factors and reduce factor costs*

“Three Going, One Falling, One Supplement” is a phased task. Finally, all should return to the reform track to prevent costs from rising instead of falling. Fundamentally speaking, we must actively promote the relevant market-oriented system reform, reduce the mismatch and irrational use of factor resources, optimize the allocation of resources, and promote the reduction of factor costs.

As far as reducing the cost of taxes and fees is concerned, the first is to ensure that various universal policies to reduce fees and charges take root. Charges that have been cancelled will no longer be levied, and the reduced charges will be implemented in place. To further clean up and standardize administrative fees, improve the government funds, administrative fees directory list system, the directory list outside shall not be levied. The second is to establish a long-term mechanism to retain, offset and refund VAT. According to the situation of fiscal revenue, the scale of tax rebate will be determined and the share ratio between the central and local governments during the “Fifth Five-Year Plan” will remain unchanged. We will work together to determine the tax rebate sharing mechanism, merge the tax rates, and effectively reduce the financial pressure at the grassroots level. The third is to standardize the operation of service charges. We will investigate and deal with all kinds of illegal and illegal fees charged by enterprises involved, further clean up and standardize the deposits of enterprises involved and fees charged by trade associations and chambers of commerce, clean up unreasonable fees charged in key areas such as finance, construction, energy and training, urge relevant departments, counties and urban areas to further publicize the fees charged, and resolutely curb all kinds of arbitrary fees. Fourth, implement preferential tax policies for small and micro enterprises. We will further implement the policy of accelerating depreciation of fixed assets and deducting enterprise income tax from investment, and implement preferential tax policies for small and medium-sized micro-enterprises, small and medium-sized science and technology enterprises and high-tech enterprises. Fifth, it is necessary to fully combine the “Three Delivers and One Strong” activities currently under way, publicize and implement the policies, promote enterprises to resume production and reach production, do a good job in project construction, and do a good job in attracting investment.

In terms of reducing labor costs, the key is to optimize the social security system. It is suggested to further reduce the nominal rate of social insurance premiums, implement relevant national policies on fee reduction, steadily push forward the reform of the social insurance fee collection system, and realize a substantial reduction in the burden of corporate social insurance premiums. Continue to reduce the proportion of basic old-age insurance units for employees, unemployment insurance and industrial and commercial insurance rates; Reduce the proportion of housing provident fund deposit by enterprises; Reduce the standard of employment security fund for the disabled paid by enterprises, reduce the proportion of housing provident fund paid by enterprises in stages, etc. In addition, the minimum wage should be adjusted reasonably. Strengthen the implementation of post stabilization subsidies to help enterprises to extricate themselves from difficulties and develop. We will intensify training of skilled personnel, implement welfare programs for training skilled personnel, and support vocational colleges, enterprises and social training institutions to carry out vocational skills training through government purchase of services and other means to provide skilled personnel support for industrial transformation and upgrading of enterprises.

As far as reducing the cost of land use is concerned, it is suggested that: first, efforts should be made to solve the problems of difficulty in landing and starting projects for enterprises. In terms of land expropriation, approval of agricultural land for exclusive use and unused land, etc., efforts have been made to exercise the power of provincial administration, and the approval time has been shortened to 3 months. There will be no transfer of "rough land" agreement in the whole city, enterprises will not be allowed to undertake the construction of municipal facilities that should be invested by the government, enterprises will not be allowed to advance a large amount of funds for preliminary demolition, undertake the task of land demolition, and enterprises will not be allowed to get land and cannot work for a long time. Vigorously push forward the "standard land" reform, so that the land will be sold with "seven connections and one leveling" and other perfect infrastructure and public service facilities, and with investment, energy consumption, environment, construction and other standards, so that enterprises can really start taking the land immediately. We will fully implement land supply methods such as leasing industrial land before leasing, flexible term leasing, combination of leasing and leasing, and long-term leasing. We will promote the mode of transferring land with construction drawings, reduce the system cost for optimal allocation of land, and avoid idle land or land hoarding and reselling. The second is to actively push forward the reform of the real estate registration system. By optimizing the work flow, adding service windows, increasing staff and innovating information service measures, we will further streamline the work links and reduce the processing time limit for registration. At the same time, we will establish and improve the real estate registration, land rights registration, surveying and mapping complaint mechanism and land dispute related information disclosure system, and carry out seamless connection between the real estate

registration system and other departments' information platforms. The third is to carry out trust preparation service. Before the land is delivered to the enterprise, do a good job in regional evaluation, land leveling, topographic map survey, pay-off service, etc.; After the land is delivered to the enterprise, it will provide approval, mobilization, construction, adherence to the whole process of trust preparation services, allowing the enterprise to carry out geological exploration, involvement, mobilization and enclosure, earthwork outward transportation, declaration of water and electricity, etc. At the stage of strict completion, the "one-list docking and one-time acceptance service" will be implemented.

In terms of reducing energy consumption costs, suggestions are as follows: First, effectively reduce electricity consumption costs. We will accelerate the direct purchase of electricity by large users, reduce the electricity price for industry and commerce, clean up and standardize the charging behavior at related points, improve the convenience of electricity access, improve the power outage compensation mechanism, provide timely response services for mobile operation terminals receiving electricity from customers, standardize market transactions, and further reduce the burden of electricity charges on enterprises by market-oriented means. The second is to improve the quality and efficiency of the city's water and gas services. Learning from Zhejiang's experience, the application materials for water and gas filling should be reduced to 1 (inclusive); The number of links has been reduced to below 3 (inclusive); The time from the user application to water supply and ventilation shall not exceed 4 working days (excluding the administrative examination and approval such as outside line project planning and construction permit, supporting internal project construction and air tightness test, etc.); The administrative examination and approval time for water and gas outside line project planning and construction permits shall not exceed 10 workers. The third is to establish a platform for the joint construction of water and electricity reporting and installation outside line projects to reduce the cost of reporting and installation projects. All kinds of approval and management procedures, such as planning permission for pipeline projects, approval for occupying and digging roads, etc., shall be handled in parallel and continuously compressed. The total time limit for the whole process of administrative approval for joint construction shall be kept constant. At the same time, as far as possible, the water supply and gas supply official website will be connected to the municipal pipe network. According to the financial reality, it will gradually reduce until it no longer charges the enterprises for water and gas installation.

In terms of reducing logistics costs, it is suggested that besides strengthening the improvement of logistics infrastructure to make up for the shortage of logistics boards, the logistics organization mode should be further optimized, for example, the Internet of Things should be used to improve the marketization degree of logistics transportation mode, to promote the optimal connection of different logistics modes, and to form a fair, open and orderly competitive logistics market system. To reduce the cost of cross-border trade, the customs will be publicized to guide the price standard for

freight forwarders, shipping agents, customs declaration agencies and other related expenses, and will not charge for hitchhiking or raising fees. We will strengthen multimodal transport, accelerate the optimization of customs clearance procedures, vigorously promote the implementation of pilot business reforms such as “declare in advance” for import and “two-step declaration and two-step access”, promote the construction of a “single window” for international trade, further improve the efficiency of customs clearance for import and export of goods, and reduce customs clearance costs. In terms of reducing financing costs, suggestions are as follows: First, promote financial innovation, set up small and micro enterprise development funds, explore the management mode of small and micro enterprises to purchase such funds to offset part of the tax instead of the simple preferential subsidy policy, support the development and growth of more small and micro enterprises with (low-interest) fund credit, and feedback the interests of small and micro enterprises holding funds for rolling development. The second is to give full play to the guiding role of the government's incentive funds, establish and improve the four-party joint participation, risk compensation and risk sharing mechanism of “government, bank, undertaking and enterprise”, promote the implementation of the loan guarantee risk compensation policy for small and micro enterprises, appropriately reduce the bank loan interest and guarantee rate, reduce the non-performing loan rate and reduce the financing cost for small and micro enterprises. Third, implement the policy of linking financial deposits with bank credit to support small and medium-sized enterprises, build more “bank-enterprise” cooperation platforms, guide bank financial institutions to innovate financing and credit service mechanisms, innovate credit products and services, and increase lending to enterprises. Fourth, we will comprehensively push forward the action plan of “thousand enterprises and wings”, adhere to high standards and strict requirements, dynamically screen the reserve forces of high-quality quasi-listed enterprises, and implement and improve the green channel for enterprises to go public. The fifth is to give full consideration to the characteristics and financing needs of the high-tech industry and increase the financial support for leading enterprises in the high-tech field. The sixth is to actively encourage enterprises to carry out direct financing through shareholding system reform, listing, issuing bonds and other means.

*The government and enterprises are “driven by two wheels”, especially to stimulate the endogenous power of enterprises*

The cost involved in the enterprise includes two aspects: one is the enterprise cost decided by the government or related to the government, such as the enterprise tax cost, social insurance premium, water and electricity price, etc.; The second is the enterprise cost determined by the market, such as wage cost, raw material cost, logistics cost, etc. “Cost reduction” is mostly related to government costs, so cost reduction needs government to promote. However, cost reduction cannot allow the government to sing “one-man show”

and ignore the role of enterprises themselves, especially the part of the cost determined by the market, which can only be determined by the market. The first essence of cost reduction should start from the enterprise itself, strengthen the management construction of the enterprise itself, improve the production efficiency, improve the production process and strengthen the management innovation, so as to continuously enhance the core competitiveness of the enterprise. Therefore, cost reduction requires “two-wheel drive” by the government and enterprises.

One is to handle the relationship between the government and the market. To break the expectations of some enterprises of “waiting, relying and demanding” and the dependence on preferential policies, to enhance the endogenous power of enterprises to reduce costs, and to realize the change from “asking me to reduce” to “asking me to reduce”. Only through the government’s cost reduction policies and measures, the establishment of incentive mechanisms, the promotion of enterprises to take the initiative to enhance the ability to reduce costs, the independent increase of various innovative investment, and constantly improve the added value and competitiveness of products, can we achieve twice the result with half the effort.

The second is to encourage enterprises to reduce procurement costs. In the procurement and bidding of energy and raw materials, enterprises are encouraged to make good use of two markets and two resources at home and abroad to reduce procurement costs through centralized procurement and long-term contracts.

Third, support enterprises to strengthen target cost management. To carry out the special work of cost control in key industries, and vigorously reduce the “two gold” occupation. To guide enterprises through technological transformation and internal tapping of potential, reduce energy consumption, water consumption and various expenses, and continuously reduce enterprise operating costs.

Fourth, vigorously carry forward the entrepreneurial spirit. The majority of entrepreneurs should enhance their confidence, strive for continuous self-improvement, improve their management and internal skills, be honest and law-abiding, develop steadily, grasp the good opportunities brought about by economic transformation and development, make great efforts in developing new products and technologies, introducing new formats, opening up new markets, and innovating management mechanisms, so as to push forward the healthy development of enterprises in a down-to-earth manner.

*We will earnestly implement the cost reduction policy and improve the long-term mechanism*

Although the national and local governments have formulated a large number of policies and measures to reduce costs, the implementation of policies is the core element to reduce the burden on enterprises, and corresponding systems and mechanisms need to be formulated to ensure that the expected burden reduction in costs can be truly realized and avoid being reduced to



paper.

Reducing the institutional transaction cost involves all aspects of interests. In the process of carrying out, implementing and implementing cost reduction policies and measures, we must firmly establish the city's "one game" idea, and make overall plans for the "three big dishes" of general public budget funds, land transfer fees, and revenues and expenditures of state-owned functional platforms. We will use multiple channels to revitalize all kinds of funds and assets, scientifically allocate financial resources, strengthen coordination, information communication, coordination and consultation among departments and regions, and jointly promote cost reduction to avoid the tendency of departments to divide themselves into separate departments and policies into pieces.

Supervision and inspection are the key measures to promote the implementation of the work. For the policies, detailed rules and plans for cost reduction and environmental excellence that have been issued, the supervision, inspection, guidance and assessment of governments at all levels and relevant functional departments should be strengthened, with emphasis on process supervision. First, for each cost reduction measure, the specific responsible department and person should be defined. The second is to formulate specific operational performance evaluation standards; Three is to strengthen business guidance and training in the implementation process, and to implement regular and irregular supervision and inspection; Fourth, formulate specific assessment, reward and punishment measures and time node requirements; Fifth, a regular supervision mechanism should be established to carry out special supervision and daily supervision of key areas, key departments and window units in combination with departmental functions and commitments. Six is to establish and perfect the rewards and punishment mechanism, to put in place the work, positive as the advanced model, timely notification of praise; If the implementation of the policy is ineffective, prevarication and wrangling, negative response and serious consequences are caused, the responsibility shall be severely investigated to ensure that various cost reduction policies and measures really "benefit" taxpayers.

We should pay special attention to the implementation of various policies and measures to reduce costs. We should also keep a close eye on formalism and bureaucracy. We should focus on strengthening the supervision of key posts and key personnel. We should also find and investigate outstanding problems such as Party members and cadres' failure to take responsibility, inaction, disorderly conduct, slow conduct, false conduct, dereliction of duty, laziness and laziness in administration. We should ensure that the implementation of policies will not be shelved, obstructed, inflexible or distorted. We should improve the evaluation mechanism, set up an evaluation mechanism and assessment methods by comparing the national business environment index system with the World Bank's business environment evaluation index system, and by comparing various policies and measures on cost reduction in recent years at the national, provincial and municipal levels, taking into account the whole life cycle of enterprises and their investment environment. In

combination with the business environment assessment, a third party should be introduced to carry out the assessment, and the comprehensive measurement and regular ranking of municipal departments, counties, cities, districts and development zones should be strengthened and included in the performance assessment scope of the municipal Party committee and the municipal government.

In addition, relevant policies and measures to reduce costs are part of temporary measures and part of long-term policies. For example, in the enterprise tax policy, it should not only be a phased and temporary relief policy, but also establish a long-term mechanism for tax control to avoid the rebound of some enterprise costs, and also to avoid the constant changes in policies affecting the stability expectations of enterprises.

### References

- [1] Cheng, T.L. 2016. Inspiration of the state council's work plan to reduce costs in real economy enterprises to local governments-based on the situation in Suzhou city, *Fiscal Science*, 10.
- [2] Thoughts and suggestions on "Cost Reduction" research in Anhui, Henan and Hebei Provinces. 2016. Research Group of China Academy of Financial Sciences, *Financial Science*, 11.
- [3] Evaluation and analysis of cost reduction policies in central China, Central Research Group of "Cost Reduction" of China Academy of Financial Sciences in 2017, No.10 (Total No.22) of *Financial Research* in 2017.
- [4] Cost reduction: survey and analysis in 2017, research group of "cost reduction" of China Institute of Financial Sciences, No.10, 2017, *Financial Research*.
- [5] Investigation on cost reduction of real economy enterprises in Henan, Jiangxi and Hunan, Central Research Group of "Cost Reduction" of China Institute of Finance and Science in 2017, *Economic Research Reference*, (43).
- [6] Zhang, Q., Liu M.H., Wang, B. 2018. Cost reduction: internal logic and strategic measures. *Journal of Beijing University of Technology (Social Science Edition)*, 33(1).
- [7] Qian, J.Q., Xu, Y. 2018. Report on the implementation of cost reduction in Suzhou City. *Financial Science*, (1).
- [8] Cost reduction: investigation and analysis in 2018, Comprehensive Research Group of "Cost Reduction" in 2018, China Institute of Fiscal Science, (10).
- [9] Zhengzhou Business Environment Assessment Report, Institute of Science and Resources, China Academy of Sciences, October 2019.