

# **Qingdao Municipal Policies on the Promotion of Development of the Outsourcing Industry**

## **1. Target organizations**

(1) Professional organizations for outsourcing training. It refers to those non-governmental agencies, who have been legally registered and established in Qingdao with relevant training qualifications and undertake training programs intended to provide outsourcing enterprises with talents; and professional agencies affiliated to universities and large-sized outsourcing enterprises, who are eligible for training provision to outside participants.

(2) Outsourcing Enterprises. It refers to those service providers, who have been registered and established in Qingdao and provide outsourcing business under medium- and long-term contracts.

(3) Outsourcing Parks. It refers to those areas where outsourcing enterprises, specialized in providing offshore outsourcing business and having noticeable business returns and a potential to guide their neighboring areas and areas further out for outsourcing provision, are densely located.

## **2. Details**

(1) Introduction and training of outsourcing professions

a. Those senior professionals under a two-year or longer labor contract with their outsourcing employers, who have made remarkable contributions, will be granted annual awards.

b. Those outsourcing enterprises which have newly recruited graduates from universities and colleges (including junior colleges), will be entitled to a financial aid of no more than 2,000 RMB per graduate, earmarked as training funds for these graduates when they enter into a two-year or longer labor contract and engage in outsourcing business.

c. Those professional training agencies, which provide outsourcing training courses to trainees (with college and junior college diplomas), are eligible for a lump-sum training grant of no more than 1,000 RMB per trainee, as long as their trainees have passed relevant knowledge and skill examinations and concluded a two-year or longer labor contract with outsourcing enterprises; the grant for each training agency, of which 70% goes to the benefit of those trainees and 30% is earmarked for training facility improvement, amounts up to an annual total of 800,000 RMB.

d. Those software colleges (with an on-campus student population exceeding 1,000), which are affiliated to Qingdao-located universities, will be subsidized for 3 consecutive years, at a proportion of no more than 50% of the total expenses employed for experts introduction and teaching facility procurement in the process of course optimization; the annual subsidy is maximized at 1,000,000 RMB.

(2) Introduction and cultivation of outsourcing enterprises and training agencies

- a. Those new domestic and foreign investors, who have invested in outsourcing enterprises in Qingdao, employing more than 100 people, will be granted a lump-sum award of 100,000 RMB per hundred employees; the ceiling of the award is 1,000,000 RMB.
- b. Those new domestic and foreign investors, who have invested in outsourcing training agencies, in Qingdao, with an annual training capacity of more than 1,000 people, will be awarded 500,000 RMB in lump sum.
- c. New outsourcing enterprises and training agencies, from home and abroad, will be aided with rental subsidy for 3 consecutive years, calculated on half of the rental area, while an annual sum of 300,000 RMB is set as the upper limit; if the market rental price is higher than a guidance price, the rental subsidy is granted according to the latter.
- d. Those outsourcing enterprises, which have an annual turnover surpassing 5 million RMB, over 50% of which derives from offshore business, will be entitled to financial award for 3 consecutive years, pursuant on the local revenue from their newly-added tax payments.
- e. Those key outsourcing training agencies from home and abroad, which have an annual training capacity exceeding 1,000 trainees, will be financially awarded for 3 consecutive years, in terms of the local revenue from their newly-added tax payments.
- f. Outsourcing enterprises, renting special communication lines, will be eligible for an annual subsidy, at a rate of 50% of their communication fees but limited to a maximum of 200,000 RMB.
- g. Outsourcing enterprises, when engaged in promotion conferences, advertisement documents printing, website establishment and overseas market investigation will be granted financial aid at 50% of the expenses incurred; the annual grant ranges up to 200,000 RMB.
- h. Special activities for outsourcing investment promotion should be carried out at home and broad and special funds should be established, in a growing effort to collect information on major outsourcing projects and key outsourcing enterprises and to introduce them to Qingdao.

### (3) Innovation, brand development and standardization of outsourcing enterprises

- a. To encourage outsourcing enterprises for brand cultivation. Outsourcing providers are encouraged to develop their brands. Those that meet relevant provisions of the State and Qingdao may enjoy financial aids from the national and local funds for the promotion and development of brands.
- b. To encourage outsourcing enterprises to carry out their standardization work. Outsourcing enterprises that have obtained an certification for the development of the Capability Maturity Model (CMM), Capability Maturity Model Integration (CMMI), People Capability Maturity Model (PCMM), Service Provider Environment Security (SAS70), Information Security Management (ISO27001/BS7799), IT Service Management (ISO20000) and other relevant international certification of the specific management system of an multinational company will be granted a subsidy in the amount of 100,000 RMB, 150,000 RMB, 200,000 RMB and 300,000 RMB, according to the certification level respectively. The total amount of subsidies granted to those

that have obtained more than one international certifications and upgrades in a year must not exceed 500,000 RMB.

#### (4)Public services for outsourcing

a. To encourage the construction of a public personnel training and communications platform. Costs and expenses needed for the recruitment of qualified professionals for outsourcing organized by relevant departments, for the implementation of policies on the provision of qualified professionals for outsourcing enterprises, personnel training, communications and services will be given a subsidy not more than 50% of the total amount of the project expense, up to 1,000,000 RMB.

b. To encourage the construction of public technological platforms in outsourcing parks. The procurement of equipment, software and other things necessary for the construction of a outsourcing park's public technological platform and for its operation will get a subsidy of 20% of the total investment amount, up to 1,000,000 RMB in total for each platform.

c. To encourage the construction of a public information platform for outsourcing. A Qingdao outsourcing portal will be launched to systematically promote the outsourcing in Qingdao and provide various information for outsourcing businesses on such issues as personnel, market and technology.

d. To encourage the construction of an intellectual property protection mechanism for outsourcing. Outsourcing businesses will be provided with convenient, expedite and professional services in the creation, protection, management and application of their intellectual property. They will also get legal aid and subsidies for the protection of their intellectual properties and their expenses on taking actions against any infringements.

e. To grant special funds for the publicity of outsourcing. The main media inside and outside China will be used to introduce and promote the outsourcing sector of Qingdao. Focus will be on its outsourcing environment, major outsourcing parks and clusters to attract more outsourcing enterprises to Qingdao.

#### (5)Construction of outsourcing parks

a. To reward national-level pilot outsourcing parks. Outsourcing parks that have successfully passed the assessment by the relevant departments of the Central Government and have received a national title will be given a reward of one million RMB.

b. To subsidize bank loan-supported infrastructural construction projects in outsourcing parks. The bank loan used for the construction of infrastructural facilities of outsourcing parks will get a discount equivalent to 50% of three years' interests on the loan at the benchmark interest rate publicized by the People's Bank of China, up to 5 million RMB for each year.

c. To subsidize the construction of supporting facilities in outsourcing parks. The construction of supporting facilities for outsourcing parks including double-circuit power supply and double backup network systems, access to international data ports and procurement of equipment to

international standards will get a subsidy equivalent to 50% of the total effected investment of individual projects, up to one million RMB for each project. Parks that have more than one project under construction in a year may submit two applications at most.

### **3. Miscellaneous**

These policies take effect as from the date when it is officially promulgated. It is valid until December 31, 2010. The detailed rules for its implementation will be enacted separately. Based on these policies, each city or district may make policies of their own to support the development of the local outsourcing industry.