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Special Issue: Deepen Reform to Promote Transformation of S&T Achievements

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Implementation of Amended Law on Promoting S&T Achievements Transformation

On August 29, 2015, the 12th National People's Congress adopted the amended Law on Promoting the Transformation of Scientific and Technological Achievements effective as of October 1, 2015.

A big highlight of the amended law is encouraging state-maintained R&D institutions and higher education institutions to transfer S&T achievements to enterprises or other organizations by assignment, license, investment as a trade-in, and other means, with the proceeds from S&T achievements transformation belonging entirely to the institutions themselves and, after being deducted the amounts of remunerations and awards to the personnel with important contributions to the completion and transformation of job-related S&T achievements, being mainly used for activities of research, development and transformation of S&T achievements. In other words, state-maintained R&D institutions and higher education institutions now have full title to and disposal of their S&T achievements and the proceeds from S&T achievements transformation.

In response to the lack of initiative of researchers regarding market-oriented R&D and achievements transformation and the low transformation rate of patented research results, the amended law provides a "priority of agreement and legal protection" mechanism which is more in line with the laws of the market economy. Meanwhile, the percentage of reward is increased from no less than 20% to 50%. It is expressly stated that the

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rewards, methods of compensation determination and amounts of compensation provided by state-maintained R&D institutions and higher education institutions or agreed upon with researchers shall be in compliance with the above-mentioned standard.

The amended law also clarifies equity and income sharing incentives. The state encourages R&D institutions and higher education institutions to transfer S&T achievements to enterprises or other organizations by assignment, license, investment as a trade-in, and other means.

Regarding the provisions of current pay systems on researchers' pay and rewards to researchers for their contributions to S&T achievements transformation, the amended law expressly states that state-owned enterprises and institutions shall include the expenditure on the rewards and compensations provided to personnel for their important contributions to the completion and transformation of job-related S&T achievements in the enterprise's or institution's payroll, provided that the awards and compensations shall neither be limited by any total income limit nor included in the enterprise's or institution's payroll base.

The law also stipulates that state-maintained R&D institutions and higher education institutions shall establish systems of professional title appraisal, post management and performance evaluation according to the characteristics of S&T achievements transformation. There is also a requirement to make relevant S&T achievements information available and accessible to the public.

The amended law also introduces an important institutional arrangement, stipulating that “the state shall establish and improve S&T reporting rules and S&T achievements information systems, announce the implementation of S&T projects, S&T achievements, and relevant intellectual property right information to the public, and provide S&T achievements information inquiry, screening, and other public services”.

(Source: Science and Technology Daily, September 2, 2015)

S&T Minister Wan Gang on Amended Law on Promoting S&T Achievements Transformation

Prior to the implementation of the amended Law of the People's Republic of China on Promoting the Transformation of Scientific and Technological Achievements (“Law on Promoting S&T Achievements Transformation”) as of October 1, CPPCC Vice Chairman and S&T Minister Wan Gang gave an interview with Science and Technology Daily on the amendment.

Speaking of the necessity of the amendment, Wan Gang cited a set of data: In 2014, the contract value of China’s technology market in 2014 reached RMB 857 billion, equivalent to the business sector’s total R&D expenditure in the year. Although the sheer size is already very impressive, universities and research institutes, which have a lot of high-level talent, undertake many national research projects and own a large amount of S&T achievements, have featured insignificantly. How to unleash the enthusiasm of universities and research institutes for S&T achievements transformation and development potential is a pressing issue that needs to be solved in the amendment to the Law on Promoting S&T Achievements Transformation.

According to Wan Gang, while research projects have mostly well met their goals, they leave a lot to be desired in terms of conversion of research results. Research projects should not be confined to meeting individual goals but be geared to boosting industrial and economic development. In this perspective, rather than confining their research results to specific fields, researchers should explore their application in other fields.

On the other hand, as China comprehensively implements the innovation-driven development strategy accompanied by industry upgrading and restructuring,

there is a strong need for new technologies and products based scientific research and technology development. Therefore, it is necessary to remove barriers to the conversion of research results.

Before the amendment, the Law on Promoting S&T Achievements Transformation, which started implementation in 1996, had become increasingly outdated with the rapid S&T development in recent years. Many mechanisms within the framework of the law had affected the transformation of S&T achievements at research institutions, including excessive and time-consuming administrative approvals required for S&T achievements transformation, proceeds being turned over to the treasury, and rewards paid from the budgeted overall payroll, which undermine researchers' enthusiasm for S&T achievements transformation.

Wan Gang said that this amendment is problem-oriented and serves several key purposes: 1) strengthen S&T achievements information release at the levels of the central government and local governments to keep the public informed of the country's S&T progress; 2) transform government functions, cancel unnecessary approval procedures, and grant research institutions the right to use and dispose of their research results; 3) establish an incentive mechanism that enable research institutions and researchers to benefit from and become more motivated for S&T achievements transformation; 4) strengthen the dominant role of enterprises in S&T achievements transformation; and 5) establish public service platforms, foster the market and create a supportive taxation and policy environment for S&T achievements transfer and transformation.

"A main problem facing S&T achievements transformation in the past was that some research results lay idle in laboratories and universities, unknown to others, not to speak of converting them into specific products and applications," said Wan Gang. In his view, the amendment will play an important role in removing institutional barriers of S&T achievements transformation, facilitating conversion of research results into productivity and effectively mobilizing the large amount of S&T resources at universities and research institutions and provide a continuous driving force for mass entrepreneurship and innovation, especially innovation and entrepreneurship among researchers.

The amended Law on Promoting S&T Achievements Transformation improves and promotes the evaluation orientation of S&T achievements transformation from the three dimensions of "administrative authorities of research institutions and universities", "research institutions and universities", and "researchers".

It merits mentioning that the amended law increases compensation for researchers for S&T achievements transformation by raising the minimum percentage of cash and equity rewards from 20% to 50%.

Wan Gang explained that as a product or service often requires a lot of technologies and likewise a product can be applied to many products and services, S&T achievements transformation is a process of redevelopment. If researchers actively respond to market demand by converting technologies into products needed in the market, scientific research will generate additional value and lead to greater productivity, thus creating a virtuous cycle. The benefits received by researchers also demonstrate the value of and respect for knowledge.

In the opinion of Wan Gang, what's even more important is that researchers will draw inspirations from the market information they obtain in the process of S&T achievements transformation and the information and inspirations will spur them to make new research explorations.

The life of law as well as the authority of law lies in implementation. Wan Gang said that the Ministry of Science and Technology will, with the implementation of the amended law as an opportunity, formulate and implement a full range of supportive policies and measures to comprehensively promote S&T achievements transformation.

According to him, in order to carry out publicity and training on the law, the Ministry of Science and Technology is working with the Committee of Legal Affairs of the NPC Standing Committee to draft the interpretation of the Law on Promoting S&T Achievements Transformation. Besides, the ministry will strengthen evaluation and inspection on the implementation of the law. Specific activities

include strengthening monitoring and evaluation of S&T achievements transformation activities through various means such as the submission of annual S&T achievements reports, promoting the NPC Standing Committee post-legislation evaluation, and promoting the NPC Standing Committee inspection of law enforcement.

Meanwhile, the Ministry of Science and Technology is preparing an action plan of S&T achievements transformation and leading the formulation of a series of supportive policies, including regulations on market-based pricing listing and announcement of S&T achievements transformation, regulations on submission of annual S&T achievements transformation reports by higher education institutions and research institutions, regulations on transfer of transfer of S&T achievements of S&T programs, regulations on strengthening management and supervision of S&T achievements transformation of applied S&T programs, and regulations on national S&T reporting.

(Source: Science and Technology Daily, September 30, 2015)