Construction Law of the People’s Republic of China

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of strengthening the supervision and administration of construction activities, maintaining the order of the construction market, ensuring the quality and safety of construction works, and promoting the healthy development of the construction industry.

Article 2 — This Law shall apply to construction activities conducted within the territory of the People’s Republic of China. For the purposes of this Law, “construction activities” means the construction, renovation, expansion, and demolition of various types of buildings and their auxiliary facilities, as well as the installation

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of supporting lines, pipelines, and equipment.

Article 3 — Construction activities shall comply with the laws and regulations of the State on construction project quality and safety, and shall ensure the quality and safety of construction works. In construction activities, the State shall encourage the adoption of advanced technology, advanced equipment, advanced processes, new building materials, and modern management methods.

Article 4 — The State shall support the development of the construction industry and support scientific and technological research in construction, improve the design level of building houses, encourage energy conservation and environmental protection, advocate the adoption of advanced technology and equipment, and encourage the use of new building materials by construction enterprises.

Article 5 — All entities and individuals engaged in construction activities shall abide by the laws and regulations on construction and shall not harm the public interest or the lawful rights and interests of others. No entity or individual may obstruct or disrupt construction activities conducted in accordance with the law.

Article 6 — The administrative department of housing and urban-rural development under the State Council shall exercise unified supervision and administration over construction activities throughout the country. The administrative departments of housing and urban-rural development of local people's governments at or above the county level shall exercise unified supervision and administration over construction activities within their respective administrative regions. Other relevant departments under the State Council shall, in accordance with the division of responsibilities prescribed by the State Council, be responsible for the supervision and administration of relevant professional construction activities.

Article 7 — Construction activities shall comply with the national land use planning, urban and rural planning, and environmental protection requirements. The State shall encourage the conservation of energy and resources and the protection of the environment in construction activities.

Chapter II — Construction Permits

Article 8 — Before the commencement of construction of a construction project, the project owner shall, in accordance with the relevant State regulations, apply to the administrative department of housing and urban-rural development of the people's government at or above the county level for a construction permit. However, this requirement shall not apply to small-scale projects below the limit prescribed by the administrative department of housing and urban-rural development under the State Council. Construction projects for which the commencement of construction is approved in accordance with the authority and procedures prescribed by the State Council shall no longer require a construction permit.

Article 9 — An application for a construction permit shall meet the following conditions: (1) the land use formalities for the construction project have been completed; (2) the construction project planning permit has been obtained for the construction project within the urban planning zone; (3) the demolition works have been completed in accordance with the construction schedule, where demolition is required; (4) the construction enterprise has been determined; (5) the construction drawings and technical data, together with the construction organization design, are available; (6) the quality and safety supervision procedures have been completed; (7) the construction funds have been secured; (8) other conditions provided for by laws and administrative regulations.

Article 10 — The administrative department of housing and urban-rural development shall make a decision within 15 days from the date of receipt of the application. If the conditions are met, a construction permit shall be issued. If the conditions are not met, the applicant shall be notified in writing with reasons stated.

Article 11 — Construction shall commence within three months from the date of issuance of the construction permit. If construction cannot commence on schedule for any reason, the project owner shall apply for an extension with the issuing authority before the expiration of the time limit. The extension shall be limited to

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two times, each not exceeding three months. If construction neither commences nor an extension is applied for, or if the extension period expires, the construction permit shall automatically cease to be valid.

Article 12 — Where a construction project under construction is suspended for any reason, the project owner shall, within one month from the date of suspension, report to the issuing authority and properly maintain and manage the construction project in accordance with regulations. Where construction is to be resumed, the project owner shall report to the issuing authority. Where the suspension of a construction project with a construction permit exceeds one year, the project owner shall report to the issuing authority for verification before construction resumes.

Chapter III — Qualifications of Construction Enterprises

Article 13 — Construction enterprises, survey and design units, project supervision units, and other entities engaged in construction activities shall meet the following conditions in accordance with the provisions of the State: (1) having registered capital that meets the requirements; (2) having professional and technical personnel with statutory practice qualifications commensurate with the scope of their construction activities; (3) having technical equipment commensurate with the scope of their construction activities; (4) other conditions prescribed by laws and administrative regulations. After passing the qualification examination, the entity shall be issued a qualification certificate of the corresponding grade. An entity may engage in construction activities within the scope permitted by its qualification grade only after obtaining the qualification certificate.

Article 14 — Professional and technical personnel engaged in construction activities shall obtain the corresponding practice qualifications in accordance with the law and shall engage in construction activities within the scope permitted by their practice qualification certificates.

Article 15 — Construction enterprises, survey and design units, project supervision units, and other entities engaged in construction activities shall engage in business within the scope permitted by their respective qualification grades. No entity may engage in construction activities beyond the scope permitted by its qualification grade. No entity may engage in construction activities in the name of another entity. No entity shall allow another entity to engage in construction activities in its name.

Article 16 — The qualification certificates of construction enterprises, survey and design units, and project supervision units shall be subject to regular inspection by the qualification examination and approval authority.

Article 17 — Entities responsible for survey, design, construction, and project supervision shall establish and improve their quality assurance systems and implement a project responsibility system.

Article 18 — The qualification grades and standards for construction enterprises, survey and design units, and project supervision units shall be formulated by the administrative department of housing and urban-rural development under the State Council.

Chapter IV — Contracting and Subcontracting

Article 19 — Contracts for construction projects shall be concluded in accordance with the law, and the rights and obligations of the contracting parties shall be clearly defined in written form. The general contractor and subcontractor shall conclude subcontracts in accordance with the law to clarify the rights and obligations of both parties.

Article 20 — Public bidding shall be adopted for the contracting of construction projects, unless otherwise provided for by laws and administrative regulations. The tender and bid activities of construction projects shall follow the principles of openness, fairness, impartiality, and good faith.

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Article 21 — The tenderee and the successful bidder shall conclude a written contract within 30 days from the date of issuance of the notice of award. The tender and bid documents and the notice of award shall be integral parts of the contract.

Article 22 — For construction projects, general contracting, specialized contracting, or labor subcontracting may be adopted. The tenderee may entrust the survey, design, construction, and procurement of equipment of a construction project to one entity for general contracting, or may entrust one or more items to different entities.

Article 23 — The general contractor of a construction project may subcontract part of the contracted project to a subcontractor with the corresponding qualifications. However, the general contractor shall not subcontract the entire project, nor shall the general contractor break up the project and subcontract the parts separately in the name of subcontracting. The subcontractor shall not subcontract the project again.

Article 24 — The general contractor and the subcontractor shall bear joint and several liability to the project owner with respect to the subcontracted project.

Article 25 — The project owner and the general contractor shall strictly comply with the contract and shall not alter or terminate the contract without authorization.

Article 26 — The State shall implement a project cost consulting system. Entities engaged in construction project cost consulting activities shall meet the conditions prescribed by the State and obtain the corresponding qualifications.

Article 27 — The project owner shall provide the survey and design unit, construction enterprise, and project supervision unit with authentic, accurate, and complete original data and information relating to the construction project.

Article 28 — The project owner shall not break up a construction project that should be contracted as a whole into parts for separate contracting. The project owner shall not require the survey and design unit or the construction enterprise to violate the provisions of laws, administrative regulations, or the mandatory standards for construction project quality and safety, reduce the quality of the project, or arbitrarily compress the construction period.

Article 29 — The project cost of a construction project shall be determined through consultation between the project owner and the general contractor in accordance with the relevant State regulations. The project owner shall not reduce the project cost below the cost.

Chapter V — Construction Supervision

Article 30 — The State shall implement a construction project supervision system. The State Council may prescribe the scope of construction projects subject to compulsory supervision. Project supervision units shall be entrusted by the project owner to supervise the quality, construction period, and use of construction funds on behalf of the project owner in accordance with laws, administrative regulations, relevant technical standards, design documents, and construction project contracts.

Article 31 — A project supervision unit shall carry out supervision within the scope of entrustment and shall bear the corresponding supervision responsibility objectively and impartially.

Article 32 — A project supervision unit shall appoint a chief supervision engineer and supervision engineers to the construction site. The project supervision unit shall not have a subordinate relationship or any other interest relationship with the general contractor or the suppliers of building materials, building components and fittings, and equipment of the supervised project.

Article 33 — In the course of supervision, if a project supervision unit discovers that the construction is not in compliance with the design requirements, the mandatory standards for construction quality, or the contract, it

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shall have the right to require the construction enterprise to make corrections. If a project supervision unit discovers that there are safety hazards during the construction process, it shall require the construction enterprise to make corrections. If the circumstances are serious, it shall require the construction enterprise to suspend construction and report to the project owner in a timely manner.

Article 34 — A project supervision unit shall not transfer its supervision business. Where part of the supervision business needs to be sub-entrusted, the consent of the project owner shall be obtained. The project supervision unit shall be responsible for the supervision work of the sub-entrusted unit.

Article 35 — Where a project supervision unit fails to perform its supervision duties, fails to inspect and accept in accordance with regulations, or issues false certificates, it shall bear corresponding liability. Where a project supervision unit causes losses to the project owner through its fault, it shall bear the corresponding liability for compensation.

Chapter VI — Construction Safety Management

Article 36 — The safety management of construction project construction must adhere to the principle of safety first and prevention first, and a safety production responsibility system and a group prevention and control system shall be established and improved.

Article 37 — When preparing the construction organization design of a construction project, the construction enterprise shall formulate corresponding safety technical measures according to the characteristics of the construction project. For highly specialized engineering items, special safety construction organization designs shall be prepared.

Article 38 — The construction enterprise shall take measures to control and deal with the various types of dust, waste gas, waste water, solid waste, noise, and vibration generated at the construction site that cause environmental pollution and hazards.

Article 39 — The project owner shall provide the construction enterprise with relevant data on the underground pipelines and structures at the construction site and the adjacent buildings and structures, and the construction enterprise shall take measures to protect them.

Article 40 — The construction enterprise shall establish a safety production responsibility system, a safety production education and training system, and a safety production rules and regulations system, and shall increase investment in safety production to improve safety production conditions.

Article 41 — The construction enterprise shall establish a safety production management institution and be staffed with full-time safety production management personnel. The main person in charge of the construction enterprise, the project leader, and the full-time safety production management personnel shall pass the examination of the relevant competent department before assuming their posts.

Article 42 — Construction enterprises shall provide safety education and training to their employees and management personnel. Personnel working at specific posts shall first receive training and pass the examination before assuming their posts.

Article 43 — Construction enterprises must provide workers with labor protection articles that meet the national standards or industry standards, and shall supervise and educate workers to wear and use them in accordance with the regulations.

Article 44 — The construction enterprise shall purchase work injury insurance for its employees and pay work injury insurance premiums in accordance with the law. The construction enterprise shall encourage the purchase of accident injury insurance for workers engaged in hazardous operations and pay the insurance premiums.

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Article 45 — During the construction process, the construction enterprise shall, in accordance with the mandatory standards for construction safety, inspect the safety conditions of the construction site on a regular basis or whenever necessary. When safety hazards are discovered, they shall be eliminated in a timely manner.

Article 46 — The construction enterprise shall take corresponding safety construction measures at the construction site, including safety protection, fire safety, and environmental protection. The construction site shall be managed in a closed manner.

Article 47 — The construction enterprise shall establish an emergency rescue system for safety production. For projects with major hazards, emergency rescue plans shall be formulated and regular drills shall be conducted.

Article 48 — The project owner and the construction enterprise shall obtain insurance for the construction project in accordance with the law. The insurance scope shall cover the construction project itself, on-site personnel, and third-party liability.

Article 49 — Where a production safety accident occurs at a construction site, the construction enterprise shall immediately organize rescue and treatment, and shall report to the relevant competent department. The relevant competent department shall investigate and handle the accident in accordance with the law.

Article 50 — The State shall implement an occupational health management system for the construction industry. Construction enterprises shall provide workers with an operating environment that meets the national occupational health standards.

Article 51 — The administrative departments of housing and urban-rural development shall strengthen the supervision and inspection of construction safety production, and shall promptly investigate and deal with illegal acts.

Chapter VII — Construction Quality Management

Article 52 — The quality of construction projects shall comply with the national mandatory standards for construction project quality. The survey, design, and construction of construction projects must comply with the national and industry standards for construction project quality and safety. The survey, design, and construction entities shall bear responsibility for the quality of the survey, design, and construction within their respective scope of business.

Article 53 — The project owner shall not, under any pretext, require the survey and design unit or the construction enterprise to violate the provisions of laws, administrative regulations, or the mandatory standards for construction project quality and safety, reduce the quality of the project, or arbitrarily compress the construction period.

Article 54 — The survey and design unit shall carry out survey and design of the construction project in accordance with the mandatory standards for construction project quality and safety and the survey and design contract. The documents of the survey and design unit shall comply with the provisions of the relevant laws and administrative regulations and the mandatory standards for construction project quality and safety.

Article 55 — No entity may modify the survey and design documents without authorization. Where any modification is necessary, the consent of the original survey and design unit shall be obtained, or a qualified survey and design unit shall be entrusted to make the modification.

Article 56 — The construction enterprise shall carry out construction in accordance with the engineering design drawings and construction technical standards, and shall not cut corners, use substandard building materials, building components and fittings, or equipment, or commit other acts that fail to comply with the design documents and the mandatory standards for construction project quality.

Article 57 — The construction enterprise shall inspect the building materials, building components and fittings, and equipment in accordance with the engineering design requirements, construction technical standards, and contract stipulations. Without inspection or where the inspection fails, they shall not be used.

Article 58 — Without the signature of the supervision engineer, building materials, building components and fittings, and equipment shall not be used or installed on the project, and the construction enterprise shall not proceed to the next construction procedure.

Article 59 — The project owner shall, in accordance with the relevant State regulations, organize relevant entities to conduct completion acceptance of the construction project. Only those projects that pass the completion acceptance may be delivered for use. Without completion acceptance or where the completion acceptance fails, the project shall not be delivered for use.

Article 60 — The construction enterprise shall bear the warranty responsibility for the construction project within the warranty period. The warranty period for construction projects shall not be less than the minimum warranty period prescribed by the State. The warranty period shall be calculated from the date the construction project passes the completion acceptance.

Article 61 — Where a quality accident occurs in a construction project, the relevant entities shall, in accordance with the relevant State regulations, promptly report to the relevant competent department and take measures to prevent the accident from expanding.

Article 62 — The State shall implement a quality certification system for the construction industry. Enterprises engaged in the survey, design, construction, and supervision of construction projects shall establish a quality assurance system and implement a project quality responsibility system.

Article 63 — The administrative departments of housing and urban-rural development shall strengthen the supervision and inspection of construction project quality, and shall promptly investigate and deal with illegal acts. Any entity or individual shall have the right to report and accuse quality problems in construction projects.

Chapter VIII — Legal Liability

Article 64 — Where a project owner fails to obtain a construction permit, or where the construction permit becomes invalid, the construction shall be ordered to stop, and corrections shall be made within a specified time limit. A fine of not less than 1% but not more than 2% of the project contract price may be imposed.

Article 65 — Where a project owner breaks up a construction project that should be contracted as a whole into parts for separate contracting, it shall be ordered to make corrections and a fine of not less than 0.5% but not more than 1% of the project contract price shall be imposed.

Article 66 — Where a survey and design unit, construction enterprise, or project supervision unit engages in construction activities beyond the scope permitted by its qualification grade, it shall be ordered to cease the illegal activities and a fine shall be imposed. If the circumstances are serious, its qualification certificate shall be revoked.

Article 67 — Where an entity engages in construction activities in the name of another entity, or allows another entity to engage in construction activities in its name, it shall be ordered to make corrections, the illegal income shall be confiscated, and a fine shall be imposed. If the circumstances are serious, its qualification certificate shall be revoked.

Article 68 — Where the general contractor subcontracts a project to a subcontractor without the corresponding qualifications, or subcontracts the project in violation of the provisions of this Law, it shall be ordered to make corrections, the illegal income shall be confiscated, and a fine shall be imposed. Its qualification certificate may be ordered to be suspended for rectification, and if the circumstances are serious, its qualification certificate shall be revoked.

Article 69 — Where a project supervision unit colludes with the project owner or the construction enterprise and commits fraud to reduce the quality of the project, it shall be ordered to make corrections and a fine shall be imposed. Its qualification certificate shall be downgraded or revoked. Where there is illegal income, it shall be confiscated. Where losses are caused, joint and several liability for compensation shall be borne.

Article 70 — Where a survey and design unit fails to carry out survey and design in accordance with the mandatory standards for construction project quality and safety, it shall be ordered to make corrections and a fine shall be imposed. Where a quality accident is caused, it shall be ordered to suspend business for rectification, its qualification certificate shall be downgraded or revoked, and a fine shall be imposed. Where there is illegal income, it shall be confiscated.

Article 71 — Where a construction enterprise violates the provisions of this Law by failing to carry out construction in accordance with the engineering design drawings and construction technical standards, cutting corners, using substandard building materials, building components and fittings, or equipment, it shall be ordered to make corrections and a fine shall be imposed. If the circumstances are serious, it shall be ordered to suspend business for rectification, its qualification certificate shall be downgraded or revoked. Where a quality accident is caused, criminal liability shall be pursued in accordance with the law.

Article 72 — Where a construction enterprise fails to take safety protection measures, it shall be ordered to make corrections within a specified time limit and may be ordered to suspend construction for rectification. A fine shall be imposed. Where an accident is caused, criminal liability shall be pursued in accordance with the law.

Article 73 — Where a project owner, in violation of the provisions of this Law, requires the survey and design unit or the construction enterprise to violate the mandatory standards for construction project quality and safety, reduce the quality of the project, or arbitrarily compress the construction period, it shall be ordered to make corrections and a fine shall be imposed. Where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 74 — Where a construction enterprise fails to carry out warranty in accordance with the provisions of this Law within the warranty period, it shall be ordered to make corrections and a fine shall be imposed.

Article 75 — Where a construction project fails to pass the completion acceptance and is delivered for use without authorization, the project owner shall be ordered to make corrections and a fine shall be imposed. Where losses are caused, the project owner shall bear the liability for compensation in accordance with the law.

Article 76 — Where a violation of the provisions of this Law constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 77 — Where a violation of the provisions of this Law causes losses to others, civil liability shall be borne in accordance with the law.

Article 78 — Functionaries of the relevant competent departments who commit malpractices for personal gain, abuse their powers, or neglect their duties in the supervision and administration of construction activities shall be subject to administrative sanctions in accordance with the law. Where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 79 — Where an entity’s qualification certificate is revoked in accordance with the provisions of this Law, the administrative department for industry and commerce shall revoke its business license in accordance with the law.

Article 80 — The administrative department of housing and urban-rural development under the State Council may formulate specific measures for the implementation of administrative penalties in accordance with this Law.

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Chapter IX — Supplementary Provisions

Article 81 — The renovation and decoration of existing buildings that involve the alteration of the main structure or load-bearing structure shall be governed by the provisions of this Law. The specific scope and standards shall be formulated by the administrative department of housing and urban-rural development under the State Council.

Article 82 — The construction activities of specialized construction projects such as railways, highways, water conservancy, electric power, and communications shall be governed by the provisions of this Law, unless otherwise provided for by laws or administrative regulations.

Article 83 — Small-scale housing construction by rural residents shall not be subject to the provisions of this Law. The specific administrative measures shall be formulated by the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.

Article 84 — The administrative department of housing and urban-rural development under the State Council may formulate implementation rules in accordance with this Law and submit them to the State Council for approval before implementation.

Article 85 — This Law shall take effect as of March 1, 1998. The amendment to this Law shall take effect as of the date of promulgation.

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