Hainan Free Trade Port Law of the People's Republic of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1. This Law is enacted for the purpose of building a high-level free trade port with Chinese characteristics, promoting the formation of a new pattern of comprehensive reform and opening-up, establishing an open economy system, and achieving high-quality development of Hainan.

Article 2. The State establishes the Hainan Free Trade Port on the entire island of Hainan Province. The construction and administration of the Hainan Free Trade Port shall be governed by this Law. Where provisions of other laws conflict with this Law, the provisions of this Law shall prevail within the Hainan Free Trade Port, unless otherwise provided by the State.

Article 3. The Hainan Free Trade Port shall be built in phases, with clear timelines. By 2025, the institutional framework focusing on trade and investment liberalization and facilitation shall be preliminarily established.

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By 2035, the free trade port institutional system and operational mode shall be more mature. By the middle of this century, a high-level free trade port with strong international influence shall be fully developed.

Article 4. The Hainan Free Trade Port shall implement the principles of achieving liberalization and facilitation of trade, investment, cross-border capital flows, personnel entry and exit, transport, and secure and orderly data flows.

Article 5. Hainan Province shall exercise autonomous economic and social management authority within the scope authorized by the State, and may formulate regulations to implement this Law and relevant national laws and administrative regulations in light of the actual conditions of the free trade port.

Article 6. The State establishes a Hainan Free Trade Port work coordination mechanism to coordinate major matters relating to the construction of the free trade port. Relevant departments of the State Council, Hainan Province, and other relevant parties shall participate in the coordination mechanism.

Article 7. The State supports the Hainan Free Trade Port in developing a governance model that aligns with international high-standard economic and trade rules, and in building a law-based, international, and convenient business environment.

Article 8. The Hainan Free Trade Port shall establish a risk prevention and control system that meets its needs, effectively guard against and defuse major risks, and ensure national security and social stability.

Chapter II — Trade Liberalization and Facilitation

Article 9. The State establishes a special customs supervision zone across the entire island of Hainan. Goods shall flow freely between the Hainan Free Trade Port and overseas destinations, with the customs supervision regime transitioning from “first-line” liberalization to “second-line” control between the free trade port and the rest of mainland China.

Article 10. Upon approval by the relevant State authorities, the Hainan Free Trade Port may independently adjust the catalogue of goods subject to import and export control, and implement a management regime of “liberalization of the first line and efficient control of the second line” for goods entering and leaving the island.

Article 11. Goods entering the Hainan Free Trade Port from overseas shall be exempted from customs duties, unless otherwise provided by laws and administrative regulations. Goods transported from the Hainan Free Trade Port into other parts of mainland China shall go through customs formalities and be subject to duties in accordance with relevant provisions, unless otherwise provided by the State.

Article 12. The Hainan Free Trade Port shall implement a negative list management regime for trade in services. Trade in services outside the negative list shall be accorded national treatment. Cross-border trade in services such as shipping, telecommunications, computer and information services, financial services, and professional services shall be further liberalized.

Article 13. The Hainan Free Trade Port shall promote innovation in customs supervision modes, apply information technology to improve customs clearance efficiency, and implement pre-ruling, authorized economic operator (AEO) mutual recognition, and other trade facilitation measures.

Article 14. The Hainan Free Trade Port shall establish a port supervision and service information platform to realize information sharing and joint supervision among port management departments. Enterprises shall enjoy one-stop customs clearance services.

Article 15. Goods stored, exhibited, processed, assembled, or manufactured within the Hainan Free Trade Port shall be exempt from value-added tax and consumption tax, unless otherwise provided.

Article 16. Vessels and aircraft entering the Hainan Free Trade Port from overseas may be eligible for relevant fee reductions and exemptions in accordance with regulations. The Hainan Free Trade Port shall

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implement a more open shipping system and aviation rights arrangement.

Chapter III — Investment Liberalization and Facilitation

Article 17. The Hainan Free Trade Port shall fully implement the management regime of pre-establishment national treatment plus a negative list for foreign investment. The negative list for foreign investment access in the free trade port shall be separately formulated by the State and shall be shorter than the national negative list.

Article 18. The Hainan Free Trade Port shall relax market access restrictions. Unless otherwise provided by the State mandatory standards and prohibitions, no separate approval shall be required for market access within the free trade port, and the commitment-pledge system shall be implemented.

Article 19. Investment activities within the Hainan Free Trade Port shall be protected by law. The State shall not expropriate or requisition investments made by foreign investors within the free trade port, unless under special circumstances for public interest purposes, in which case fair and reasonable compensation shall be provided in accordance with legal procedures.

Article 20. The Hainan Free Trade Port shall simplify and optimize the approval and filing procedures for foreign investment projects, and shall implement a filing system for foreign investment projects outside the negative list.

Article 21. The Hainan Free Trade Port shall protect the intellectual property rights of investors, establish a punitive damages system for intentional intellectual property infringement, and improve mechanisms for rapid rights protection, mediation, and arbitration of intellectual property disputes.

Article 22. The Hainan Free Trade Port shall implement a fair competition review system, strengthen and standardize post-investment regulation, maintain fair market competition order, and shall not impose discriminatory or additional obligations on enterprises within the free trade port without legal basis.

Article 23. Foreign-invested enterprises within the Hainan Free Trade Port may freely remit abroad their capital contributions, profits, capital gains, asset disposal income, intellectual property royalties, lawfully obtained compensation or indemnity payments, and proceeds from liquidation.

Chapter IV — Cross-Border Capital Flows

Article 24. The Hainan Free Trade Port shall establish a cross-border capital flow management system that adapts to the high-level openness of trade and investment, and shall promote the free and convenient flow of funds between the free trade port and overseas destinations in phases.

Article 25. Upon approval by the financial administration authorities, the Hainan Free Trade Port shall implement a separate accounting system for cross-border funds, whereby funds within the separate account shall flow freely between the free trade port and overseas destinations.

Article 26. Financial institutions in the Hainan Free Trade Port may, in accordance with regulations, provide financial services directly to non-residents, including but not limited to cross-border lending, cross-border issuance of bonds, and cross-border asset management.

Article 27. Qualified financial institutions within the Hainan Free Trade Port may conduct offshore financial business upon approval by financial regulatory authorities. Offshore financial activities shall be accounted for and managed separately.

Article 28. The Hainan Free Trade Port shall support the establishment of a foreign exchange market that meets the needs of free trade port development. Approved financial institutions may engage in foreign exchange derivatives business.

Article 29. Enterprises within the Hainan Free Trade Port may borrow foreign debts independently within the limits set by regulatory authorities. Foreign debt registration procedures shall be simplified, and the macro-prudential management framework shall be applied to foreign debt.

Article 30. The State supports the Hainan Free Trade Port in exploring more liberal and convenient cross-border financial services, including but not limited to cross-border trade settlement, cross-border investment and financing, and cross-border mobile payment facilitation.

Chapter V — Data Flows

Article 31. The Hainan Free Trade Port shall implement a data flow management system that ensures both secure and orderly data flows and the full protection of data rights and interests. The free trade port shall be permitted to independently formulate data export catalogues and management measures in accordance with national data security requirements.

Article 32. The State supports the Hainan Free Trade Port in exploring and establishing rules for cross-border data flow that are compatible with international prevailing practices, and in carrying out pilot programs for the secure and orderly export of data.

Article 33. Data generated within the Hainan Free Trade Port, other than that classified as state secrets, important data, and personal information subject to export control, may be transferred abroad in accordance with management measures formulated by Hainan Province.

Article 34. The Hainan Free Trade Port shall strengthen the development of a data security protection system, implement data classification and graded protection measures, and ensure the security and controllability of critical information infrastructure.

Chapter VI — Taxation System

Article 35. The Hainan Free Trade Port shall establish a tax regime that adapts to high-level opening-up, and shall implement competitive tax policies and simplified tax administration procedures in phases.

Article 36. The enterprise income tax rate for encouraged industries in the Hainan Free Trade Port shall be 15 percent. The scope of encouraged industries shall be specified in a catalogue separately formulated by relevant State authorities.

Article 37. Individual income tax for high-end and urgently needed talent working in the Hainan Free Trade Port shall not exceed 15 percent of the taxable income. The scope of high-end and urgently needed talent shall be determined by Hainan Province in accordance with relevant national provisions.

Article 38. Goods entering the Hainan Free Trade Port from overseas for final consumption within the island shall be eligible for duty-free treatment. A separate catalogue and annual quota shall be specified by the relevant State authorities.

Article 39. For goods manufactured by enterprises within the Hainan Free Trade Port that contain imported materials and are sold to other parts of mainland China after processing with value-added exceeding a specified threshold, customs duties shall be exempted on the imported materials.

Article 40. The Hainan Free Trade Port shall simplify and optimize the tax collection and administration system, improve tax services, and reduce the tax compliance burden for enterprises and individuals.

Article 41. Additional value-added from processing in the Hainan Free Trade Port shall be exempted from customs duties where the value added exceeds 30 percent, subject to catalogue restrictions specified by relevant departments.

Chapter VII — Industrial Development and Talent Support

Article 42. The Hainan Free Trade Port shall focus on developing tourism, modern services, and high-tech industries, and shall promote the deep integration of the digital economy with the real economy.

Article 43. The State supports the Hainan Free Trade Port in building an international shipping hub, developing modern shipping services, bonded fuel oil supply, ship registration, ship leasing, and other shipping-related businesses.

Article 44. The Hainan Free Trade Port shall support the development of headquarters economy, and shall encourage multinational corporations and domestic leading enterprises to establish headquarters or regional headquarters institutions within the free trade port.

Article 45. The Hainan Free Trade Port shall establish a more open and flexible talent introduction and employment mechanism. Measures shall be implemented to facilitate the entry, exit, residence, and permanent residency of high-level foreign talent and their accompanying family members.

Article 46. Foreigners working in the Hainan Free Trade Port may be exempted from work permit requirements for short-term business visits and certain professional services, as specified in a catalogue to be separately formulated.

Article 47. The Hainan Free Trade Port shall support innovation in educational models, encourage internationally renowned universities, vocational education institutions, and research institutes to establish campuses or branches through various forms of cooperation, and shall promote talent training with international competitiveness.

Article 48. The Hainan Free Trade Port shall foster science and technology innovation, support the construction of a global entrepreneurship hub, promote technology transfer, the transformation of scientific and technological achievements, and innovation in intellectual property financing.

Chapter VIII — Comprehensive Regulation

Article 49. The Hainan Free Trade Port shall establish a regulatory system that integrates oversight into services, combining prior national treatment commitments, ongoing real-time monitoring during the process, and post-event accountability through effective enforcement mechanisms.

Article 50. The Hainan Free Trade Port shall build a comprehensive law enforcement system that integrates administrative law enforcement across multiple fields, reducing overlapping law enforcement and enhancing regulatory efficiency.

Article 51. The Hainan Free Trade Port shall strengthen the development of a social credit system, establish and improve credit information recording, disclosure, sharing, and application mechanisms, and implement differentiated regulatory measures based on credit ratings.

Article 52. The Hainan Free Trade Port shall establish an international commercial dispute resolution mechanism, support international commercial arbitration and mediation institutions in setting up representative offices within the free trade port, and shall develop diversified mechanisms for resolving commercial disputes.

Article 53. The Hainan Free Trade Port shall implement an ecological and environmental protection system aligned with the highest international standards, establish and improve a system for the paid use of environmental resources and ecological compensation, and enforce the strictest ecological protection measures.

Article 54. The Hainan Free Trade Port shall establish a risk prevention and control system, including but not limited to financial risk monitoring and early warning mechanisms, trade remedy mechanisms, anti-money laundering, counter-terrorism financing, and anti-tax avoidance mechanisms.

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Article 55. The State may, where necessary for national security, lawfully suspend or adjust the application of certain provisions of this Law within the Hainan Free Trade Port.

Article 56. Hainan Province shall formulate specific measures for the implementation of this Law and report them to the Standing Committee of the National People's Congress and the State Council for filing.

Article 57. This Law shall come into effect on the date of its promulgation.

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