Private Economy Promotion Law of the PRC (Draft)

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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 in accordance with the Constitution for the purposes of optimizing the development environment for the private economy, ensuring fair participation of all types of economic

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organizations in market competition, promoting the sound development of the private economy and the healthy growth of private business people, building a high-standard socialist market economy system, and giving play to the important role of the private economy in national economic and social development.

Article 2 — Work to promote the development of the private economy shall adhere to the leadership of the Communist Party of China, remain people-centered, and uphold the system of socialism with Chinese characteristics, so as to ensure the correct political direction of the development of the private economy.

The state upholds and improves the basic socialist economic systems, including public ownership as the mainstay with diverse forms of ownership developing side by side, distribution according to work as the mainstay with multiple forms of distribution coexisting, and the socialist market economy system; unswervingly consolidates and develops the public sector of the economy and unswervingly encourages, supports, and guides the development of the non-public sector; and fully leverages the decisive role of the market in resource allocation and better plays the role of the government.

Article 3 — The private economy is an important component of the socialist market economy, a vital force in advancing Chinese modernization, an important foundation for high-quality development, and an important force in building China into a great modern socialist country in all respects and realizing the rejuvenation of the Chinese nation. Promoting the sustained, sound, and high-quality development of the private economy is a major policy and principle long upheld by the state.

The state upholds encouraging, supporting, and guiding the development of the private economy in accordance with the law, and better leverages the fundamental, stabilizing, and long-term safeguard role of the rule of law.

The state upholds the principles of equal treatment, fair competition, equal protection, and common development, and promotes the development and growth of the private economy. Private economic organizations and other types of economic organizations enjoy equal legal status, market opportunities, and development rights.

Article 4 — The State Council and local people's governments at or above the county level shall incorporate work to promote the development of the private economy into national economic and social development plans, establish coordination mechanisms for such work, formulate and improve policies and measures, and coordinate the resolution of major issues in the development of the private economy.

The development and reform department of the State Council shall be responsible for overall coordination of work to promote the development of the private economy. Other relevant departments of the State Council shall, within the scope of their respective duties, be responsible for work related to promoting the development of the private economy.

Relevant departments of local people's governments at or above the county level shall carry out work to promote the development of the private economy in accordance with laws and regulations and the division of duties determined by the people's government at the corresponding level.

Article 5 — Private economic organizations and their operators shall support the leadership of the Communist Party of China, uphold the system of socialism with Chinese characteristics, and actively devote themselves to building China into a great modern socialist country.

The state strengthens the building of the contingent of operators of private economic organizations, strengthens political and ideological guidance, and gives play to their important role in economic and social development; fosters and promotes entrepreneurship, and guides operators of private economic organizations to practice core socialist values, love the country and devote themselves to their work, operate in compliance with the law, pursue innovation and entrepreneurship, and give back to society, firmly acting as builders of socialism with Chinese characteristics and promoters of Chinese modernization.

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Article 6 — Private economic organizations and their operators shall, in production and business activities, comply with laws and regulations, observe social ethics and business morality, be honest and trustworthy, compete fairly, fulfill social responsibilities, protect the lawful rights and interests of workers, safeguard national interests and public interests, and accept supervision by the government and society.

Article 7 — Federations of industry and commerce shall play an important role in promoting the sound development of the private economy and the healthy growth of private business people, strengthen political and ideological building of operators of private economic organizations, guide private economic organizations to operate in accordance with the law, and improve the level of services for the private economy.

Article 8 — Publicity and reporting of advanced deeds such as innovation and creation by private economic organizations and their operators shall be strengthened; participation of private economic organizations and their operators in selection and commendation activities shall be supported; and guidance shall be given to foster a social environment that respects labor, respects creation, and respects entrepreneurs, creating an atmosphere in which the whole of society cares about, supports, and promotes the development of the private economy.

Article 9 — The state shall establish and improve a statistical system for the private economy, conduct statistical analysis of the development of the private economy, and regularly publish relevant information.

Chapter II — Fair Competition

Article 10 — The state implements a unified national negative list system for market access. In areas outside the negative list for market access, all types of economic organizations, including private economic organizations, may enter equally in accordance with the law.

Article 11 — People's governments at all levels and their relevant departments shall implement the fair competition review system; policy measures formulated that involve the production and business activities of market entities shall undergo fair competition review and be regularly evaluated; and policy measures containing content that impedes a unified national market and fair competition shall be promptly cleaned up and abolished, so as to ensure fair participation of private economic organizations in market competition.

The market regulation departments shall be responsible for accepting reports of policy measures that violate the fair competition review system and shall handle them in accordance with the law.

Article 12 — The state ensures that private economic organizations equally use, in accordance with the law, various factors of production and public service resources such as capital, technology, human resources, data, land, and other natural resources, and equally apply, in accordance with the law, policies supporting national development.

Article 13 — People's governments at all levels and their relevant departments shall, within their statutory powers and when formulating and implementing policy measures concerning government fund arrangements, land supply, pollution discharge indicators, public data openness, qualification licensing, standard setting, project application, professional title evaluation, selection of advanced models, human resources, and other matters, treat private economic organizations equally.

Article 14 — Transactions of public resources shall be open, transparent, fair, and impartial, and all types of economic organizations, including private economic organizations, shall be treated equally in accordance with the law.

Except as otherwise provided by law, transactions of public resources such as bidding and tendering and government procurement shall not contain conduct that restricts or excludes private economic organizations.

Article 15 — Anti-monopoly and anti-unfair competition enforcement authorities shall, in accordance with their duties and powers, prevent and stop monopoly and unfair competition in market economic activities,

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handle in accordance with the law conduct that abuses administrative power to exclude or restrict competition, and provide a favorable market environment for private economic organizations.

Chapter III — Promotion of Investment and Financing

Article 16 — Participation of private economic organizations in major national strategies and major national projects shall be supported. Private economic organizations shall be supported in investing and starting businesses in strategic emerging industries, future industries, and other fields, encouraged to carry out technological transformation, upgrading, and transformation of traditional industries, and supported in participating in the investment in and construction of modern infrastructure.

Article 17 — Relevant departments of the State Council shall, in accordance with major national development strategies, development plans, industrial policies, and other considerations, coordinate research on and formulate policies and measures to promote private economic investment, publish information encouraging private economic investment in major projects, and guide private economic investment into key areas.

Fixed asset investment projects constructed by private economic organizations that conform to the strategic direction of the state shall enjoy state support policies in accordance with the law.

Article 18 — Private economic organizations shall be supported in revitalizing existing assets through multiple means, improving their reinvestment capacity, and enhancing asset quality and efficiency.

People's governments at all levels and their relevant departments shall support private economic organizations in participating in public-private partnership projects. In public-private partnership projects, the rights and obligations of both parties shall be reasonably defined, and matters such as the method of obtaining investment returns, the risk-sharing mechanism, and the method of dispute resolution shall be clearly specified.

Article 19 — People's governments at all levels and their relevant departments shall provide standardized, efficient, and convenient services for investment by private economic organizations in project promotion and matchmaking, preliminary work and construction application and approval procedures, access to factors of production, government investment support, and other respects.

Article 20 — Relevant departments of the State Council shall, in accordance with their duties, give play to the incentive and constraint roles of monetary policy instruments and macro credit policies, and, in accordance with market-oriented and rule-of-law principles, implement differentiated policies for financial institutions providing financial services to small and micro private economic organizations, urge and guide financial institutions to reasonably set tolerance for non-performing loans, establish and improve mechanisms for exemption from liability for due diligence, enhance professional service capabilities, and improve the level of financial services provided to private economic organizations.

Article 21 — Banking financial institutions and others shall, in accordance with laws and regulations, accept security methods that meet the needs of loan business, and provide private economic organizations with loans secured by pledges of rights such as accounts receivable, warehouse receipts, equity interests, and intellectual property.

People's governments at all levels and their relevant departments shall provide support and convenience for the registration, valuation, trading and circulation, and information sharing of pledges of movable property and rights.

Article 22 — The state shall promote the establishment and improvement of a market-based sharing mechanism for financing risks of private economic organizations, and support banking financial institutions and financing guarantee institutions in expanding business cooperation in an orderly manner to jointly serve private economic organizations.

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Article 23 — Financial institutions shall, on the premise of compliance with laws and regulations and in accordance with market-oriented and sustainable development principles, develop and provide financial products and services suited to the characteristics of the private economy, provide convenience for financing by creditworthy private economic organizations, enhance the adaptability of credit supply and loan cycles to the financing needs and capital use cycles of private economic organizations, and improve the availability and convenience of financial services.

Article 24 — Financial institutions shall treat private economic organizations equally in credit granting, credit management, risk control management, service charges, and other respects.

Where a financial institution violates its agreement with a private economic organization as borrower and unilaterally adds conditions for loan disbursement, suspends loan disbursement, or recalls the loan in advance, it shall bear liability for breach of contract in accordance with the law.

Article 25 — The multi-tiered capital market system shall be improved, and qualified private economic organizations shall be supported in obtaining direct financing equally through the issuance of stocks, bonds, and other means.

Article 26 — Mechanisms for the collection and sharing of credit information shall be established and improved; credit reporting institutions shall be supported in providing credit reporting services for financing by private economic organizations; and credit rating institutions shall be supported in optimizing rating methods for private economic organizations and increasing the effective supply of credit ratings, so as to facilitate access to financing by private economic organizations.

Chapter IV — Scientific and Technological Innovation

Article 27 — The state encourages and supports private economic organizations in playing an active role in promoting scientific and technological innovation, fostering new quality productive forces, and building a modern industrial system. Private economic organizations shall be guided, in accordance with national strategic needs, industry development trends, and the frontiers of world science and technology, to strengthen basic and frontier research, develop key core technologies, generic basic technologies, and frontier interdisciplinary technologies, promote the integrated development of technological innovation and industrial innovation, and foster new industries, new models, and new drivers.

Non-profit funds shall be guided to support, in accordance with the law, basic research, frontier technology research, and socially beneficial technology research conducted by private economic organizations.

Article 28 — Participation of private economic organizations in national science and technology research projects shall be supported; capable private economic organizations shall be supported in taking the lead in undertaking major national technological research tasks; major national scientific research infrastructure shall be opened to private economic organizations; open sharing of public research and development platforms and generic technology platforms shall be supported; equal services shall be provided for technological innovation by private economic organizations; and innovation and cooperation mechanisms between various enterprises, institutions of higher learning, scientific research institutes, vocational schools, and private economic organizations shall be encouraged, to carry out technological exchange and transfer and transformation of achievements, and promote deep integration of industry, academia, and research.

Article 29 — Private economic organizations shall be supported in participating, in accordance with the law, in the research and development of digital and intelligent generic technologies and the building of data factor markets, in reasonably using data in accordance with the law, and in developing and utilizing open public data resources in accordance with the law, so as to enhance the shareability, inclusiveness, and security of data factors and give full play to the empowering role of data.

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Article 30 — The state ensures that private economic organizations participate in standard-setting work in accordance with the law, and strengthens information disclosure and social supervision of standard setting.

The state provides private economic organizations with services and conveniences in scientific research infrastructure, technology verification, standards and specifications, quality certification, inspection and testing, intellectual property, demonstration applications, and other respects.

Article 31 — Private economic organizations shall be supported in strengthening the application of new technologies and carrying out application trials of new technologies, new products, new services, and new models; the roles of technology markets and intermediary service institutions shall be leveraged; and the application and promotion of scientific and technological achievements shall be promoted through multiple means.

Private economic organizations shall be encouraged to voluntarily engage in technological cooperation based on commercial rules in the course of investment. The conditions of technological cooperation shall be determined through consultation among the investing parties following the principle of fairness.

Article 32 — Private economic organizations shall be encouraged to actively cultivate and employ knowledgeable, skilled, and innovative talents, cultivate and employ highly skilled talents in key positions and key processes, and promote the building of the industrial workforce.

Article 33 — The state shall strengthen the protection of original innovation by private economic organizations and their operators. Protection of intellectual property rights in innovative achievements shall be intensified; a punitive damages system for intellectual property infringement shall be implemented; and illegal acts such as infringement of exclusive trademark rights, patent rights, and copyrights, infringement of trade secrets, and counterfeiting and passing-off shall be investigated and dealt with in accordance with the law.

Regional and departmental coordination in intellectual property protection shall be strengthened, and private economic organizations shall be provided with services such as rapid coordinated intellectual property protection, diversified dispute resolution, rights protection assistance, and guidance and risk warnings for overseas intellectual property disputes.

Chapter V — Regulated Operations

Article 34 — Party organizations of the Communist Party of China within private economic organizations and Party members shall carry out Party activities in accordance with the Constitution of the Communist Party of China and relevant internal Party regulations, and play the political guiding role of Party organizations and the exemplary and vanguard role of Party members in promoting the sound development of private economic organizations.

Article 35 — Private economic organizations shall, centering on the overall work of the state, actively play their role in developing the economy, expanding employment, improving people's livelihood, scientific and technological innovation, and other respects, and contribute to meeting the people's ever-growing needs for a better life.

Article 36 — Private economic organizations shall, in production and business activities, comply with laws and regulations on labor and employment, work safety, occupational health, social security, ecological environment, quality standards, intellectual property, network and data security, public finance and taxation, finance, and other matters; they shall not seek improper benefits through bribery, fraud, or other means, and shall not impair market and financial order, damage the ecological environment, or harm the lawful rights and interests of workers and public interests.

State organs shall, in accordance with the law, exercise supervision and administration over the production and business activities of private economic organizations.

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Article 37 — Private capital shall be supported in serving economic and social development; rules for capital conduct shall be improved; the healthy development of private capital shall be regulated and guided in accordance with the law; and the order of the socialist market economy and public interests shall be safeguarded. Private economic organizations shall be supported in strengthening risk prevention management, and encouraged to strengthen their principal business and build solid operations, and enhance core competitiveness.

Article 38 — Private economic organizations shall improve their governance structures and management systems, regulate the conduct of operators, strengthen internal supervision, and achieve standardized governance; and shall establish and improve, in accordance with the law, democratic management systems based on the workers' congress as the basic form. Private economic organizations with the conditions shall be encouraged to establish and improve a modern enterprise system with Chinese characteristics.

Trade unions and other mass organizations within private economic organizations shall carry out activities in accordance with the law and their charters, strengthen political and ideological guidance for employees, safeguard the lawful rights and interests of employees, play their role in democratic enterprise management, promote the improvement of the enterprise wage collective consultation system, and foster the building of harmonious labor relations.

The organizational form, organizational structure, and rules of conduct of private economic organizations shall be governed by the provisions of the Company Law of the People's Republic of China, the Partnership Enterprise Law of the People's Republic of China, the Sole Proprietorship Enterprise Law of the People's Republic of China, and other laws.

Article 39 — The state shall promote the establishment of systems and mechanisms for preventing and addressing corruption at the source in private economic organizations, support and guide private economic organizations in establishing and improving internal audit systems, strengthen integrity risk prevention and control, promote the improvement of private economic organizations' level of compliant operation and management in accordance with the law, and promptly prevent, detect, and address problems such as violations of laws and regulations in operations.

Private economic organizations shall strengthen legal education for their staff and create a cultural atmosphere of integrity, honesty, and lawful compliance.

Article 40 — Private economic organizations shall, in accordance with laws, administrative regulations, and the unified national accounting system, strengthen financial management, standardize accounting, prevent financial fraud, and distinguish the production and business income and expenditure of the private economic organization from the personal income and expenditure of its operators, so as to separate the property of the private economic organization from the personal property of its operators.

Article 41 — Private economic organizations shall be supported in promoting the sharing of development gains by employees through strengthening skills training, expanding employment absorption, improving wage distribution systems, and other means.

Article 42 — A social responsibility evaluation system and incentive mechanisms for private economic organizations shall be explored and established, and private economic organizations shall be encouraged and guided to actively fulfill social responsibilities and voluntarily participate in public welfare and charity undertakings, emergency rescue and disaster relief, and other activities.

Article 43 — Private economic organizations and their operators shall, in overseas investment and operations, comply with the laws of the host country or region, respect local customs and cultural traditions, uphold the image of the state, and shall not engage in activities that harm national security and national interests.

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Chapter VI — Service Support

Article 44 — State organs and their staff shall perform their duties in accordance with the law in work to promote the development of the private economy. Staff of state organs shall, in work-related interactions with operators of private economic organizations, abide by the law and discipline and maintain integrity and honesty.

People's governments at all levels and their relevant departments shall establish smooth and effective government-enterprise communication mechanisms, promptly listen to the opinions and suggestions of all types of economic organizations, including private economic organizations, and resolve reasonable problems raised by them.

Article 45 — When state organs formulate laws, regulations, rules, and other normative documents closely related to the production and business activities of market entities, and when the Supreme People's Court and the Supreme People's Procuratorate issue interpretations concerning the specific application of law in adjudication and procuratorial work or make major decisions, they shall pay attention to hearing the opinions and suggestions of all types of economic organizations, including private economic organizations, and industry associations and chambers of commerce; and shall reserve a necessary adaptation and adjustment period before implementation based on actual circumstances.

In accordance with the provisions of the Legislation Law of the People's Republic of China, laws, regulations, rules, and other normative documents closely related to the production and business activities of market entities, and interpretations concerning the specific application of law in adjudication and procuratorial work, shall not have retroactive effect, except for special provisions made for better protecting the rights and interests of citizens, legal persons, and other organizations.

Article 46 — People's governments at all levels and their relevant departments shall promptly disclose to the public the scope of application, standards, conditions, and application procedures of preferential policies involving market entities, and provide convenience for private economic organizations applying for relevant preferential policies.

Article 47 — People's governments at all levels and their relevant departments shall formulate policies to encourage business startups by private economic organizations, provide public services, and encourage business startups to drive employment.

Article 48 — Registration authorities shall provide all types of economic organizations, including private economic organizations, with lawful, standardized, unified, open, transparent, convenient, and efficient registration services for establishment, change, deregistration, and other matters, so as to reduce the costs of market entry and exit.

Individual industrial and commercial households may voluntarily transform into enterprises in accordance with the law. Registration authorities, tax authorities, and relevant departments shall provide guidance and convenience for the transformation of individual industrial and commercial households into enterprises.

Article 49 — Institutions of higher learning, scientific research institutes, vocational schools, public training bases, and various vocational skills training institutions shall be encouraged and supported in innovating talent training models, strengthening vocational education and training, and cultivating professional talent and industrial workers that meet the needs of high-quality development of the private economy.

Human resources and social security departments shall establish and improve human resources service mechanisms, build platforms for matching employment and job-seeking information, and provide convenience for private economic organizations in recruiting and employing workers.

People's governments at all levels and their relevant departments shall improve incentive and service guarantee policies and measures for talent, smooth the channels for professional title evaluation of private

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economic organizations, and provide support for private economic organizations in introducing and cultivating high-level and urgently needed talent.

Article 50 — Administrative organs shall administer in accordance with the law. In carrying out law enforcement activities, administrative organs shall avoid or minimize the impact on the normal production and business activities of private economic organizations, and promptly respond to and handle their reasonable and lawful demands.

Article 51 — Administrative penalties imposed on private economic organizations and their operators for illegal acts shall be implemented in accordance with the same principles as those applied to other economic organizations and their operators. Where administrative penalties need to be imposed or other measures taken in accordance with the law for illegal acts, they shall be commensurate with the facts, nature, and circumstances of the illegal acts and the degree of social harm. Where an illegal act falls under the circumstances for lighter or mitigated punishment or exemption from punishment as provided in the Administrative Penalty Law of the People's Republic of China, lighter or mitigated punishment shall be imposed or punishment shall be exempted in accordance with its provisions.

Article 52 — People's governments at all levels and their relevant departments shall promote the sharing and mutual recognition of regulatory information, implement tiered and categorized regulation based on the credit status of private economic organizations, and improve regulatory effectiveness.

Except for full-coverage key regulation implemented in accordance with laws and regulations for special industries and key areas directly involving public safety and people's lives and health, administrative inspections by relevant departments in the market regulation field shall be conducted by randomly selecting inspection targets and randomly assigning law enforcement inspection personnel, and the matters subject to random inspection and the results of investigation and handling shall be promptly disclosed to the public. Where multiple inspection matters target the same inspection object, they shall be combined as far as possible or included in the scope of cross-departmental joint inspections.

Article 53 — People's governments at all levels and their relevant departments shall establish and improve mechanisms for handling complaints and reports of illegal administrative law enforcement acts, promptly accept and handle complaints and reports in accordance with the law, and protect the lawful rights and interests of private economic organizations and their operators.

Judicial administrative departments shall establish communication mechanisms for enterprise-related administrative law enforcement demands, organize administrative law enforcement inspections, strengthen supervision over administrative law enforcement activities, and promptly correct improper administrative law enforcement conduct.

Article 54 — The systems for punishment for breach of trust and credit repair shall be improved. The imposition of punishment for breach of trust shall comply with laws, regulations, and relevant provisions, and appropriate punishment measures shall be taken based on the facts, nature, and severity of the breach-of-trust conduct.

Where a private economic organization or its operator has corrected the breach-of-trust conduct, eliminated adverse effects, and meets the conditions for credit repair, it may file an application for credit repair. Relevant state organs shall, in accordance with the law, promptly lift the punishment measures, remove or terminate the publication of breach-of-trust information, and achieve coordinated repair on relevant public credit information platforms.

Article 55 — Diversified mechanisms for resolving conflicts and disputes shall be established and improved to provide convenience for private economic organizations in safeguarding their lawful rights and interests.

Judicial administrative departments shall organize and coordinate lawyers, notaries, forensic appraisal, grassroots legal services, people's mediation, commercial mediation, arbitration, and other relevant

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institutions and legal advisory experts to participate in resolving disputes involving private economic organizations, and provide targeted legal services for private economic organizations.

Article 56 — Relevant industry associations and chambers of commerce shall, in accordance with laws, regulations, and their charters, play a coordinating and self-regulatory role, promptly reflect industry demands, and provide private economic organizations and their operators with services in information consultation, publicity and training, market expansion, rights protection, dispute handling, and other respects.

Article 57 — The state adheres to high-level opening up, accelerates the building of a new development paradigm with the domestic circulation as the mainstay and domestic and international circulations reinforcing each other; supports and guides private economic organizations in expanding international exchanges and cooperation and conducting investment and business activities overseas in compliance with laws and regulations; strengthens overseas comprehensive services in law, finance, logistics, and other fields; improves mechanisms for safeguarding overseas interests; and protects the lawful overseas rights and interests of private economic organizations and their operators.

Chapter VII — Protection of Rights and Interests

Article 58 — The personal rights, property rights, operational autonomy, and other lawful rights and interests of private economic organizations and their operators are protected by law and shall not be infringed upon by any entity or individual.

Article 59 — The name rights, reputation rights, and honor rights of private economic organizations, and the reputation rights, honor rights, privacy rights, personal information, and other personality rights and interests of their operators are protected by law.

No entity or individual may use the internet or other dissemination channels to maliciously infringe upon the personality rights and interests of private economic organizations and their operators by insult, defamation, or other means. Internet service providers shall, in accordance with relevant laws and regulations, strengthen the management of online information content, establish and improve complaint and reporting mechanisms, promptly handle illegal information that maliciously infringes upon the lawful rights and interests of parties, and report to the relevant competent departments.

Where the personality rights and interests of a private economic organization or its operator are maliciously infringed upon, the private economic organization or its operator shall have the right, in accordance with the law, to apply to the people's court for measures ordering the actor to stop the relevant conduct. Where the malicious infringement of the personality rights and interests of a private economic organization or its operator causes actual losses to the production and business operations, investment and financing, and other activities of the private economic organization, the infringer shall bear liability for compensation in accordance with the law.

Article 60 — When state organs and their staff conduct investigations in accordance with the law or request assistance with investigations, they shall avoid or minimize the impact on normal production and business activities. Coercive measures restricting personal freedom shall be implemented strictly in accordance with statutory powers, conditions, and procedures.

Article 61 — Expropriation and requisition of property shall be carried out strictly in accordance with statutory powers, conditions, and procedures.

Where property is expropriated or requisitioned in accordance with the law for the needs of the public interest, fair and reasonable compensation shall be provided.

No entity may collect fees from private economic organizations in violation of laws or regulations, impose fines without a basis in laws or regulations, or apportion property or goods to private economic organizations.

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Article 62 — Sealing up, seizing, and freezing of property involved in cases shall comply with statutory powers, conditions, and procedures; illegal gains, other property involved in cases, and lawful property shall be strictly distinguished; property of private economic organizations and personal property of their operators shall be distinguished; and property of persons involved in cases and property of persons not involved shall be distinguished. Property shall not be sealed up, seized, or frozen beyond the authority, scope, amount, or time limit. Property sealed up or seized in cases shall be properly kept.

Article 63 — In handling cases, economic disputes and economic crimes shall be strictly distinguished, and the provisions of law on limitation periods for prosecution shall be observed; production and business activities that do not violate the provisions of the Criminal Law shall not be treated as crimes; and where the facts are unclear, the evidence is insufficient, or criminal liability shall not be pursued in accordance with the law, the case shall be dismissed, no prosecution shall be initiated, the trial shall be terminated, or the defendant shall be acquitted in accordance with the law.

The use of administrative or criminal means to illegally interfere in economic disputes is prohibited.

Article 64 — Cross-regional law enforcement shall be regulated, and mechanisms for assistance in cross-regional law enforcement shall be established and improved. Where cross-regional law enforcement is needed in handling a case, statutory powers, conditions, and procedures shall be observed. Where state organs have disputes over jurisdiction of a case, they may negotiate; where negotiation fails, the matter shall be submitted to the common organ at the next higher level for decision, unless otherwise provided by law.

The abuse of authority to carry out cross-regional law enforcement for economic benefits or other purposes is prohibited.

Article 65 — Where a private economic organization or its operator has objections to whether its production and business activities are illegal or to coercive measures implemented by state organs, it may, in accordance with the law, report the situation to the relevant organs, appeal, apply for administrative reconsideration, or initiate litigation in accordance with the law.

Article 66 — Procuratorial organs shall, in accordance with the law, exercise legal supervision over litigation activities involving private economic organizations and their operators, and promptly accept and review relevant appeals and complaints. Where illegal circumstances are found, they shall, in accordance with the law, lodge protests, issue correction opinions, and make procuratorial recommendations.

Article 67 — State organs, public institutions, and state-owned enterprises shall promptly pay accounts due to private economic organizations in accordance with the law or contractual agreements, and shall not refuse or delay payment of accounts due to private economic organizations on the grounds of personnel changes, performance of internal payment procedures, or, where the contract contains no such agreement, waiting for approval of completion acceptance or final settlement audit; and except as otherwise provided by laws or administrative regulations, they shall not forcibly require audit results to be used as the basis for settlement.

Audit organs shall, in accordance with the law, conduct audit supervision over the payment of accounts due to private economic organizations by state organs, public institutions, and state-owned enterprises.

Article 68 — Large enterprises purchasing goods, projects, services, or the like from small and medium-sized private economic organizations shall reasonably agree on payment periods and pay accounts promptly, and shall not make payment to small and medium-sized private economic organizations conditional on receiving payment from third parties.

People's courts shall, in accordance with the law, promptly file, hear, and enforce cases involving arrears owed to small and medium-sized private economic organizations, and may conduct mediation in accordance with the principles of voluntariness and legality, so as to safeguard the lawful rights and interests of small and medium-sized private economic organizations.

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Article 69 — Local people's governments at or above the county level shall strengthen work to guarantee account payment, and prevent and clear arrears owed to private economic organizations; strengthen budget management, and government procurement projects shall be implemented strictly in accordance with approved budgets; strengthen overall guidance on the handling of arrears, encourage all parties to resolve disputes through consultation where disputes exist, and organize consultation and mediation where major disagreements exist. In consultation and mediation, the roles of federations of industry and commerce, lawyers associations, and other organizations shall be brought into play.

Article 70 — Local people's governments at all levels and their relevant departments shall honor policy commitments made to private economic organizations in accordance with the law and contracts concluded with private economic organizations, and shall not breach or repudiate contracts on the grounds of adjustments of administrative divisions, changes of government, adjustments of institutions or functions, replacement of relevant personnel, or other grounds.

Where policy commitments or contractual agreements need to be changed for the needs of national interests or public interests, such change shall be made in accordance with statutory powers and procedures, and the losses suffered by private economic organizations as a result shall be compensated.

Chapter VIII — Legal Liability

Article 71 — Where, in violation of the provisions of this Law, any of the following circumstances exists, the competent organ shall order correction; where adverse consequences or effects are caused, leading persons and directly responsible persons shall be given sanctions in accordance with the law:

(1) issuing policy measures without fair competition review or without passing fair competition review; or

(2) restricting or excluding private economic organizations in transactions of public resources such as bidding and tendering and government procurement.

Article 72 — Where expropriation, requisition, or measures such as sealing up, seizing, or freezing are implemented in violation of the law, the competent organ shall order correction; where losses are caused, compensation shall be made in accordance with the law; where adverse consequences or effects are caused, leading persons and directly responsible persons shall be given sanctions in accordance with the law.

Where cross-regional law enforcement is implemented in violation of the law, the competent organ shall order correction; where adverse consequences or effects are caused, leading persons and directly responsible persons shall be given sanctions in accordance with the law.

Article 73 — Where state organs, public institutions, or state-owned enterprises refuse or delay payment of accounts due to private economic organizations in violation of laws, administrative regulations, or contractual agreements, or where local people's governments at all levels and their relevant departments fail to honor policy commitments made to private economic organizations in accordance with the law or contracts concluded in accordance with the law, the competent organ shall make corrections; where losses are caused, compensation shall be made in accordance with the law; where adverse consequences or effects are caused, leading persons and directly responsible persons shall be given sanctions in accordance with the law.

Where large enterprises refuse or delay payment of accounts due to small and medium-sized private economic organizations in violation of laws, administrative regulations, or contractual agreements, they shall bear legal liability in accordance with the law.

Article 74 — Where the lawful rights and interests of private economic organizations and their operators are infringed upon in violation of the provisions of this Law, and other laws and regulations provide for administrative penalties, such provisions shall prevail; where personal injury or property losses are caused,

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civil liability shall be borne in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 75 — Where the production and business activities of private economic organizations and their operators violate the provisions of laws or regulations, the competent organ shall order correction and impose administrative penalties in accordance with the law; where personal injury or property losses are caused, civil liability shall be borne in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 76 — Where private economic organizations and their operators obtain commendations, honors, preferential policies, or the like by fraud or other improper means, the commendations and honors obtained shall be revoked, the policy benefits enjoyed shall be canceled, and penalties shall be imposed in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Chapter IX — Supplementary Provisions

Article 77 — For the purposes of this Law, "private economic organizations" means for-profit legal persons, unincorporated organizations, and individual industrial and commercial households established within the territory of the People's Republic of China in accordance with the law that are controlled by shareholding or actually controlled by Chinese citizens, as well as for-profit legal persons and unincorporated organizations controlled by shareholding or actually controlled by the aforesaid organizations.

Where private economic organizations involve foreign investment, the relevant provisions of foreign investment laws and regulations shall apply simultaneously.

Article 78 — This Law shall come into force on May 20, 2025.

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