

Private Economy Promotion Law of the PRC

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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 environment for the development of the private economy, ensuring that economic organizations of all types participate fairly in market competition, promoting the sound development of the private economy and the

healthy growth of individuals engaged in the private economy, 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 — The work of promoting the development of the private economy shall adhere to the leadership of the Communist Party of China, remain committed to a people-centered approach, 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 modes 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 while better enabling the government to play its role.

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 for building China into a great modern socialist country in all respects and realizing the great rejuvenation of the Chinese nation. Promoting the sustained, sound, and high-quality development of the private economy is a major long-term state policy.

The state encourages, supports, and guides the development of the private economy in accordance with the law, and better leverages the rule of law to consolidate foundations, stabilize expectations, and deliver long-term benefits.

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

Article 4 — The State Council and the local people's governments at or above the county level shall incorporate the work of promoting the development of the private economy into national economic and social development plans, establish coordination mechanisms for promoting the development of the private economy, 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 the overall coordination of the work of promoting the development of the private economy. Other relevant departments of the State Council shall be responsible for related work within the scope of their respective duties.

The relevant departments of local people's governments at or above the county level shall carry out the work of promoting 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 participate in building China into a great modern socialist country.

The state shall strengthen the development of the ranks of operators of private economic organizations, reinforce political guidance, and give play to their important role in economic and social development; cultivate and promote the spirit of entrepreneurship, and guide operators of private economic organizations to practice the core socialist values, remain patriotic and devoted to their work, operate in compliance with the law, pursue entrepreneurship and innovation, and give back to society, so as to be steadfast builders of socialism with Chinese characteristics and promoters of Chinese modernization.

Article 6 — In conducting production and business operations, private economic organizations and their operators shall abide by laws and regulations, observe social ethics and business ethics, act with honesty, integrity, and fair competition, fulfill social responsibilities, safeguard the lawful rights and interests of workers, uphold the interests of the state and the public interest, and accept supervision by the government and society.

Article 7 — Federations of industry and commerce shall give play to their important role in promoting the sound development of the private economy and the healthy growth of individuals engaged in the private economy, strengthen the political education of operators of private economic organizations, guide private economic organizations to operate in accordance with the law, and improve the standard of services provided to the private economy.

Article 8 — Publicity of and reporting on exemplary deeds of private economic organizations and their operators in innovation and creation shall be strengthened; private economic organizations and their operators shall be supported in participating in commendation and award selection; a social environment that respects labor, respects creation, and respects entrepreneurs shall be fostered; and an atmosphere in which the whole of society cares for, supports, and promotes the development of the private economy shall be created.

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

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, economic organizations of all types, including private economic organizations, may enter on an equal basis in accordance with the law.

Article 11 — The people's governments at all levels and their relevant departments shall implement the fair competition review system; policies and measures concerning the production and business operations of market entities shall be subject to fair competition review and periodic evaluation; and policies and measures containing content that impedes the unified national market or fair competition shall be promptly reviewed, cleaned up, and abolished, so as to ensure that private economic organizations participate fairly in market competition.

The market regulation authorities shall be responsible for accepting reports of policies and measures that violate the fair competition review system, and for handling such matters in accordance with the law.

Article 12 — The state shall ensure that private economic organizations may, in accordance with the law, use on an equal basis production factors of all types, including capital, technology, human resources, data, and land and other natural resources, as well as public service resources, and may benefit on an equal basis under state policies supporting development.

Article 13 — When formulating and implementing policies and measures concerning government fund arrangements, land supply, pollution discharge quotas, opening of public data, qualification and licensing, standard-setting, project applications, professional title evaluation, commendation and award selection, human resources, and other matters, the people's governments at all levels and their relevant departments shall, within their statutory authority, treat private economic organizations equally.

Article 14 — Public resource trading activities shall be open, transparent, fair, and impartial, and economic organizations of all types, including private economic organizations, shall be treated equally in accordance with the law.

Unless otherwise provided by law, public resource transactions such as bidding and tendering and government procurement shall not contain acts that restrict or exclude private economic organizations.

Article 15 — The anti-monopoly and anti-unfair competition enforcement agencies shall, in accordance with their duties and authority, prevent and stop monopolistic and unfair competition conduct in market economic activities, handle in accordance with the law acts that abuse administrative power to exclude or restrict competition, and provide a sound market environment for private economic organizations.

Chapter III — Investment and Financing Promotion

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

Article 17 — The relevant departments of the State Council shall, in light of major national development strategies, development plans, and industrial policies, coordinate the research and formulation of policies and measures for promoting private economic investment, release information on major projects that encourage private economic investment, and guide private economic investment toward key areas.

Fixed-asset investment projects built by private economic organizations that conform to national strategic directions 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 capacity for reinvestment, and enhancing the quality and efficiency of their assets.

The 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 the parties shall be reasonably defined, and matters such as the means of obtaining investment returns, the risk-sharing mechanism, and the methods of dispute resolution shall be clearly specified.

Article 19 — The people's governments at all levels and their relevant departments shall provide standardized, efficient, and convenient services for private economic investment in project promotion and matchmaking, handling of preliminary work and construction filing and approval procedures, acquisition of production factors, and government investment support.

Article 20 — The relevant departments of the State Council shall, in accordance with their duties, leverage the incentive and constraint functions of monetary policy tools and macro credit policies, implement differentiated policies, in accordance with market-oriented and rule-of-law principles, for financial institutions providing financial services to small and micro private economic organizations, and urge and guide financial institutions to reasonably set tolerance levels for non-performing loans, establish and improve due-diligence exemption mechanisms, and enhance their professional service capabilities, so as to raise the standard of financial services provided to private economic organizations.

Article 21 — Banking financial institutions and other institutions shall, in accordance with laws and regulations, accept security methods that meet the needs of lending business, and provide pledge loans on accounts receivable, warehouse receipts, equity, intellectual property, and other rights to private economic organizations.

The 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 mechanism for sharing the financing risks of private economic organizations, and support banking financial institutions and financing guarantee institutions in expanding their business cooperation in an orderly manner to jointly serve private economic organizations.

Article 23 — On the premise of lawful compliance, financial institutions shall, in accordance with market-oriented principles and the principle of sustainable development, develop and provide financial products and services suited to the characteristics of the private economy, facilitate financing for private economic organizations with good credit standing, enhance the compatibility of credit supply and loan terms with the financing needs and capital utilization cycles of private economic organizations, and improve the accessibility and convenience of financial services.

Article 24 — Financial institutions shall treat private economic organizations equally in matters such as credit granting, credit management, risk control management, and service fees.

Where a financial institution violates its agreement with a private economic organization borrower by unilaterally adding conditions for loan disbursement, suspending loan disbursement, or recalling loans ahead of schedule, it shall bear liability for breach of contract in accordance with the law.

Article 25 — The multi-tier capital market system shall be improved, and qualified private economic organizations shall be supported in obtaining direct financing on an equal basis by issuing stocks, bonds, and other instruments.

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

Chapter IV — Scientific and Technological Innovation

Article 27 — The state encourages and supports private economic organizations in actively playing their 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 light of national strategic needs, industry development trends, and the frontiers of global 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 business models, and new growth drivers.

Non-profit foundations shall be guided to fund, in accordance with the law, basic research, frontier technology research, and research on technologies for public welfare undertaken by private economic organizations.

Article 28 — Private economic organizations shall be supported in participating in national key science and technology research programs; capable private economic organizations shall be supported in taking the lead in undertaking major national technological research tasks; major national research infrastructure shall be opened to private economic organizations; the opening and sharing of public research and development platforms and generic technology platforms shall be supported, and equal services for the technological innovation of private economic organizations shall be provided; and enterprises of all types and institutions of higher education, scientific research institutes, and vocational schools shall be encouraged to innovate cooperation mechanisms with private economic organizations, carry out technology exchanges and the transfer and transformation of research results, and promote the 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 generic technologies for digitalization and intelligentization and in the development of the data factor market, using data in a lawful and reasonable manner, developing and utilizing open public data resources in accordance with the law, enhancing the shareability, inclusiveness, and security of data factors, and fully leveraging the empowering role of data.

Article 30 — The state shall ensure that private economic organizations participate in standard-setting work in accordance with the law, and strengthen the disclosure of information in standard-setting and public supervision thereof.

The state shall provide private economic organizations with services and conveniences in respect of research infrastructure, technology validation, standards and specifications, quality certification, inspection and testing, intellectual property, and demonstration applications.

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 business models; the role of technology markets and intermediary service agencies shall be leveraged; and the application and promotion of scientific and technological achievements shall be advanced through multiple means.

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

Article 32 — Private economic organizations shall be encouraged to actively cultivate and employ knowledge-based, skilled, and innovative personnel, cultivate and employ highly skilled personnel in key positions and key processes, and promote the development of the industrial workforce.

Article 33 — The state shall strengthen the protection of original innovation by private economic organizations and their operators. Intellectual property protection for innovative achievements shall be strengthened; the 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 confusion shall be investigated and dealt with in accordance with the law.

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

Chapter V — Regulated Business Operations

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

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

Article 36 — In conducting production and business operations, private economic organizations shall abide by laws and regulations concerning labor and employment, work safety, occupational health, social security, the ecological environment, quality standards, intellectual property, cybersecurity and data security, public

finance and taxation, and finance; shall not seek improper benefits through bribery, fraud, or other means; and shall not disrupt market and financial order, damage the ecological environment, or harm the lawful rights and interests of workers or the public interest.

State organs shall, in accordance with the law, supervise and regulate the production and business operations of private economic organizations.

Article 37 — Private capital shall be supported in serving economic and social development; institutional rules on the conduct of capital shall be improved; the sound development of private capital shall be regulated and guided in accordance with the law; and the order of the socialist market economy and the public interest shall be safeguarded. Private economic organizations shall be supported in strengthening risk prevention and management, and encouraged to strengthen and optimize their core businesses and enhance their core competitiveness.

Article 38 — Private economic organizations shall improve their governance structures and management systems, regulate the conduct of their operators, strengthen internal oversight, and achieve regulated governance; and shall, in accordance with the law, establish and improve democratic management systems centered on the workers' congress. Private economic organizations with the requisite 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 their activities in accordance with the law and their charters, strengthen political guidance for workers, safeguard the lawful rights and interests of workers, play their role in democratic enterprise management, promote the improvement of the collective wage consultation system, and foster harmonious labor relations.

The organizational forms, organizational structures, and rules of operation of private economic organizations shall be governed by 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 its source within private economic organizations, support and guide private economic organizations in establishing and improving internal audit systems and strengthening integrity risk prevention and control, and promote private economic organizations in raising their standards of lawful and compliant operation and management and in promptly preventing, discovering, and addressing violations of laws and regulations in their operations.

Private economic organizations shall strengthen rule-of-law education for their staff and foster a culture 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, regulate accounting and bookkeeping, prevent financial fraud, separate the production and business income and expenditure of the organization from the personal income and expenditure of its operators, and separate the property of the organization from the personal property of its operators.

Article 41 — Private economic organizations shall be supported in enabling employees to share the fruits of development by strengthening skills training, expanding employment, and improving wage distribution systems.

Article 42 — The establishment of a social responsibility evaluation system and incentive mechanisms for private economic organizations shall be explored, and private economic organizations shall be encouraged and guided to actively fulfill their social responsibilities and voluntarily participate in public welfare and charitable activities, emergency response and disaster relief, and other activities.

Article 43 — In their overseas investment and operations, private economic organizations and their operators shall abide by the laws of the countries or regions where they operate, respect local customs and cultural traditions, safeguard the image of the state, and shall not engage in activities that jeopardize national security or national interests.

Chapter VI — Services and Safeguards

Article 44 — State organs and their staff shall perform their duties in accordance with the law in the work of promoting the development of the private economy. In their work-related dealings with operators of private economic organizations, staff of state organs shall observe law and discipline and remain clean and honest.

The 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 economic organizations of all types, 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 operations 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 or procuratorial work or make major relevant decisions, they shall pay attention to listening to the opinions and suggestions of economic organizations of all types, including private economic organizations, and industry associations and chambers of commerce; and a necessary period for adaptation and adjustment shall be reserved before implementation in light of actual circumstances.

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

Article 46 — The 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 concerning market entities, and provide convenience for private economic organizations applying to enjoy the relevant preferential policies.

Article 47 — The people's governments at all levels and their relevant departments shall formulate policies encouraging private economic organizations to start businesses, provide public services, and encourage entrepreneurship to drive employment.

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

Individually-owned businesses may voluntarily transform into enterprises in accordance with the law. Registration authorities, tax authorities, and relevant departments shall provide guidance and convenience for individually-owned businesses transforming into enterprises.

Article 49 — Institutions of higher education, scientific research institutes, vocational schools, public training bases, and vocational skills training institutions of all types shall be encouraged and supported in innovating their talent training models, strengthening vocational education and training, and cultivating professional talent and industrial workers that meet the needs of the 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 recruitment and employment.

The people's governments at all levels and their relevant departments shall improve policies and measures for talent incentives and service guarantees, open up channels for private economic organizations in professional title review, and provide support for private economic organizations in introducing and cultivating high-level and urgently-needed talent.

Article 50 — Administrative organs shall adhere to law-based administration. When carrying out law enforcement activities, administrative organs shall avoid or minimize the impact on the normal production and business operations of private economic organizations, and respond to and handle their reasonable and lawful demands in a timely manner.

Article 51 — Administrative penalties imposed on private economic organizations and their operators for illegal acts shall be implemented on the same principles as those applicable to other economic organizations and their operators. Where administrative penalties are imposed or other measures are taken for illegal acts in accordance with the law, 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 lenient, mitigated, or no punishment provided for in the Administrative Penalty Law of the People's Republic of China, lenient, mitigated, or no punishment shall be imposed in accordance with its provisions.

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

Except for full-coverage key regulation of special industries and key areas directly involving public safety and the life and health of the people, which shall be carried out in accordance with laws and regulations, administrative inspections by relevant departments in the field of market regulation shall be conducted by randomly selecting inspection targets and randomly assigning law enforcement inspectors, with the matters inspected and the results of handling promptly disclosed to the public. Multiple inspection items concerning the same inspection target shall be combined or included in cross-department joint inspections to the extent possible.

Article 53 — The people's governments at all levels and their relevant departments shall establish and improve mechanisms for handling complaints and reports concerning 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 appeals, organize administrative law enforcement inspections, strengthen oversight of administrative law enforcement activities, and promptly correct improper administrative law enforcement acts.

Article 54 — The systems of credit sanctions for dishonest conduct and credit repair shall be improved. Credit sanctions shall be implemented in accordance with laws, regulations, and relevant provisions, with appropriate measures taken in light of the facts, nature, and severity of the dishonest conduct.

Where private economic organizations and their operators have corrected their dishonest conduct, eliminated the adverse effects, and meet the conditions for credit repair, they may apply for credit repair. The relevant state organs shall, in accordance with the law, promptly lift the sanction measures, remove or terminate the publication of dishonest information, and achieve coordinated repair on relevant public credit information platforms.

Article 55 — A diversified mechanism for resolving disputes and conflicts 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 institutions, grassroots legal service institutions, people's mediation, commercial mediation, arbitration, and other relevant institutions and legal advisory experts to participate in the resolution of disputes involving private economic organizations and provide targeted legal services to them.

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 consulting, publicity and training, market expansion, rights protection, and dispute handling.

Article 57 — The state adheres to high-standard opening up, accelerates the building of a new development pattern with 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 in carrying out lawful and compliant investment, operations, and other activities overseas; and strengthens comprehensive overseas services in law, finance, and logistics, 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 shall be protected by law and shall not be infringed upon by any organization or individual.

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

No organization or individual may use the internet or other communication channels to maliciously infringe upon the personality rights and interests of private economic organizations and their operators through insults, 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 the parties concerned, and report to the relevant competent authorities.

Private economic organizations and their operators whose personality rights and interests have been maliciously infringed upon shall have the right to apply to the people's courts in accordance with the law for measures ordering the infringer to cease 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, business operations, investment, or financing of the organization, the infringer shall bear compensation liability in accordance with the law.

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

Article 61 — The expropriation or requisition of property shall be carried out strictly in accordance with statutory authority, conditions, and procedures.

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

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

Article 62 — The sealing, seizure, and freezing of property involved in a case shall comply with statutory authority, conditions, and procedures; illegal gains, other property involved in the case, and lawful property shall be strictly distinguished, as shall the property of a private economic organization from the personal property of its operators, and the property of persons involved in the case from the property of persons not involved in the case; and property shall not be sealed, seized, or frozen beyond the scope of authority, beyond the scope of the case, in excess of the amount, or beyond the time limit. Property sealed or seized in connection with a case shall be properly preserved.

Article 63 — In handling cases, economic disputes shall be strictly distinguished from economic crimes, and the provisions of law on limitation periods for prosecution shall be observed; where production and business operations do not violate the provisions of the criminal law, they 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 withdrawn, a decision not to prosecute shall be made, the trial shall be terminated, or the person shall be declared not guilty, in accordance with the law.

It shall be prohibited to unlawfully interfere in economic disputes through administrative or criminal means.

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

It shall be prohibited to abuse power to carry out cross-regional law enforcement for economic benefits or other purposes.

Article 65 — Where private economic organizations and their operators have objections as to whether their production and business operations are illegal, or to compulsory measures taken by state organs, they may report the matter to the relevant organs, appeal, and apply for administrative reconsideration or file lawsuits 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 discovered, they shall file protests, issue correction opinions, or make procuratorial recommendations in accordance with the law.

Article 67 — State organs, public institutions, and state-owned enterprises shall promptly pay accounts owed to private economic organizations in accordance with the law or with their contractual agreements, and shall not refuse or delay payment on the grounds of personnel changes, internal payment procedures, or, where not agreed in the contract, waiting for completion acceptance approvals or final accounts audits; and shall not compel the use of audit results as the basis for settlement unless otherwise provided by laws or administrative regulations.

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

Article 68 — Where large enterprises purchase goods, projects, services, or other items from small and medium-sized private economic organizations, they shall reasonably agree on payment deadlines and promptly pay the accounts, and shall not make receipt of third-party payments a condition for paying accounts owed to small and medium-sized private economic organizations.

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

Article 69 — Local people's governments at or above the county level shall strengthen the work of safeguarding account payments, prevent and clear overdue accounts owed to private economic organizations; strengthen budget management, with government procurement projects implemented strictly in accordance with approved budgets; and strengthen overall guidance for the handling of overdue accounts, encouraging the parties to resolve disputed accounts through consultation and organizing consultation and mediation where major differences exist. Federations of industry and commerce, lawyers' associations, and other organizations shall play their role in such consultation and mediation.

Article 70 — Local people's governments at all levels and their relevant departments shall fulfill the policy commitments lawfully made to private economic organizations and the contracts concluded with them, and shall not breach or repudiate such contracts on the grounds of administrative division adjustments, changes of government, institutional or functional adjustments, replacement of relevant personnel, or other reasons.

Where policy commitments or contractual agreements need to be changed in the interests of the state or the public interest, this shall be carried out in accordance with statutory authority 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 occurs, the competent organ shall order correction, and where adverse consequences or effects are caused, the responsible leading personnel and directly responsible personnel shall be given disciplinary sanctions in accordance with the law:

- (1) introducing policies and measures without fair competition review or failing to pass fair competition review;
- (2) restricting or excluding private economic organizations in public resource transactions such as bidding and tendering and government procurement.

Article 72 — Where expropriation, requisition, sealing, seizure, freezing, or other measures are implemented in violation of the law, the competent organ shall order correction, and where losses are caused, compensation shall be provided in accordance with the law; where adverse consequences or effects are caused, the responsible leading personnel and directly responsible personnel shall be given disciplinary sanctions in accordance with the law.

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

Article 73 — Where state organs, public institutions, or state-owned enterprises refuse or delay payment of accounts owed 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 fulfill policy commitments lawfully made to private economic organizations or contracts lawfully concluded with them, the competent organ shall order correction, and where losses are caused, compensation shall be provided in accordance with the law; where adverse consequences or effects are caused, the responsible leading personnel and directly responsible personnel shall be given disciplinary sanctions in accordance with the law.

Where large enterprises refuse or delay payment of accounts owed 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, in violation of the provisions of this Law, the lawful rights and interests of private economic organizations and their operators are infringed upon, and other laws or regulations provide for

administrative penalties, those provisions shall prevail; where personal injury or property losses are caused, civil liability shall be borne in accordance with the law; and where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 75 — Where the production and business operations of private economic organizations or their operators violate 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; and 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 other benefits 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 individually-owned businesses that are established in accordance with the law within the territory of the People's Republic of China and are controlled or actually controlled by Chinese citizens, as well as for-profit legal persons and unincorporated organizations controlled or actually controlled by the aforementioned organizations.

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

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

Disclaimer: This is an unofficial English translation of the Private Economy Promotion Law of the People's Republic of China (2025), provided by Dan Young Business Consultancy for reference purposes only. While every care has been taken to ensure accuracy, the official Chinese text as published by the Standing Committee of the National People's Congress shall prevail in all matters of interpretation and legal effect. This translation does not constitute legal advice.