

Provisions on the Administration of Foreign-Invested International Shipping Agencies of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com
Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents	1
Chapter I — General Provisions	1
Chapter II — Establishment Conditions	2
Chapter III — Approval Procedures	2
Chapter IV — Operation and Management	2
Chapter V — Supplementary Provisions	3

Promulgated by the Ministry of Foreign Trade and Economic Cooperation on January 28, 2000
Effective: January 28, 2000

Table of Contents

- Chapter I — General Provisions
- Chapter II — Establishment Conditions
- Chapter III — Approval Procedures
- Chapter IV — Operation and Management
- Chapter V — Supplementary Provisions

Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the laws and regulations on foreign investment enterprises and the relevant provisions on international shipping agency management, for the purpose of regulating the establishment and operations of foreign-invested international shipping agency enterprises, promoting the sound development of the international shipping agency industry, and safeguarding the lawful rights and interests of the parties involved.

Article 2 — For the purposes of these Provisions, a "foreign-invested international shipping agency enterprise" means an international shipping agency enterprise established within the territory of China through joint venture or cooperative joint venture by a foreign investor and a Chinese investor, which engages in the business of acting as an agent for international shipping matters. The term "international shipping agency business" means the activities of accepting the entrustment of a principal in the international shipping business and providing agency services and collecting agency fees on behalf of the principal.

Article 3 — The establishment of a foreign-invested international shipping agency enterprise shall be subject to the examination and approval of the Ministry of Foreign Trade and Economic Cooperation (hereinafter

referred to as "MOFTEC") and its authorized agencies, and the relevant business shall be administered by the competent department of communications.

Chapter II — Establishment Conditions

Article 4 — To apply for the establishment of a foreign-invested international shipping agency enterprise, the Chinese investor and the foreign investor shall meet the following conditions: (1) the Chinese investor shall be an enterprise or other economic organization legally established within the territory of China; (2) the foreign investor shall be an enterprise or other economic organization legally established outside China with a good business reputation and economic strength; (3) the foreign investor shall have at least three years of experience in the international shipping agency business; (4) the registered capital shall meet the minimum capital requirements prescribed by the State.

Article 5 — The Chinese party shall hold the controlling interest in a foreign-invested international shipping agency enterprise. The proportion of capital contribution by the foreign investor in a joint venture enterprise shall not exceed 49 percent.

Article 6 — A foreign-invested international shipping agency enterprise shall have a fixed business place and the necessary operational facilities. It shall also have professional personnel who are familiar with the international shipping agency business.

Chapter III — Approval Procedures

Article 7 — To apply for the establishment of a foreign-invested international shipping agency enterprise, the Chinese investor and the foreign investor shall jointly submit an application to MOFTEC or its authorized agency, presenting the following documents: (1) the project proposal and the feasibility study report; (2) the joint venture contract and articles of association signed by the legal representatives of the parties to the joint venture; (3) the list of candidates for the chairperson, vice-chairperson, and directors of the board of directors of the joint venture enterprise and the list of candidates for the general manager and deputy general manager; (4) the certificate of legal establishment and creditworthiness certification of the foreign investor; (5) the business license of the Chinese investor.

Article 8 — MOFTEC or its authorized agency shall complete the examination and approval within 45 days from the date of receipt of all prescribed documents. Where approval is granted, an Approval Certificate for a Foreign-Invested Enterprise shall be issued.

Article 9 — After obtaining the approval, the investor shall proceed with the business registration formalities with the administrative department for industry and commerce within 30 days, and shall thereafter handle the tax registration, foreign exchange registration, and customs registration formalities.

Chapter IV — Operation and Management

Article 10 — A foreign-invested international shipping agency enterprise shall engage in the agency business for international shipping matters within the approved scope of business, which includes: (1) handling the formalities for vessels entering and leaving ports; (2) arranging cargo space bookings, consolidation and deconsolidation, and the carriage of goods; (3) signing contracts of carriage, issuing bills of lading, and handling shipment formalities on behalf of shippers; (4) collecting freight and agency service fees on behalf of the principal; (5) handling maritime claims and maritime insurance matters on behalf of the principal; (6) arranging the supply of fuel, fresh water, provisions, and other materials to vessels; (7) handling other international shipping agency business.

Article 11 — A foreign-invested international shipping agency enterprise shall engage in business in accordance with the law and shall not engage in unfair competition. It shall submit its business operation reports to the competent department of communications on a regular basis.

Article 12 — Where a foreign-invested international shipping agency enterprise intends to establish a branch, it shall file an application with the original approving authority for approval.

Chapter V — Supplementary Provisions

Article 13 — The establishment of foreign-invested international shipping agency enterprises by investors from the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region shall be handled with reference to these Provisions.

Article 14 — MOFTEC and the Ministry of Communications shall be responsible for the interpretation of these Provisions in accordance with their respective functions and duties.

Article 15 — These Provisions shall take effect as of January 28, 2000.

Disclaimer: This English translation is provided for reference and informational purposes only. It is not an official translation and has no legal force. In the event of any discrepancy between this translation and the original Chinese text, the Chinese text shall prevail. Users should consult qualified legal professionals for advice on specific legal matters. The publisher makes no warranty, express or implied, as to the accuracy, completeness, or fitness for a particular purpose of this translation. Note: Certain provisions regarding foreign ownership caps may have been further liberalized by subsequent policies and the Foreign Investment Law (2019).