Regulation on the Implementation of the Foreign Investment Law of the PRC

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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 — These Regulations are formulated in accordance with the Foreign Investment Law of the People’s Republic of China for the purposes of ensuring the effective implementation of the Foreign Investment Law.

Article 2 — The State shall encourage and promote foreign investment, protect the lawful rights and interests of foreign investors, regulate the administration of foreign investment, and continuously optimize the business environment for foreign investment. These Regulations shall apply to foreign investment within the territory of China.

Article 3 — The State shall implement the management systems of pre-establishment national treatment plus a negative list for foreign investment. The negative list shall be issued by or upon approval of the State Council. The negative list shall specify the fields in which foreign investment is prohibited or restricted. Fields not included in the negative list shall be administered under the principle of equal treatment for domestic and foreign investment.

Chapter II — Investment Promotion

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Article 4 — The State shall protect the intellectual property rights of foreign investors and foreign-invested enterprises in accordance with the law. No administrative organ or its functionaries may compel the transfer of technology by administrative means. Disputes over technology cooperation between foreign investors, foreign-invested enterprises, and Chinese partners shall be resolved through consultation between the parties under the principle of equality.

Article 5 — Foreign-invested enterprises shall participate in the formulation and revision of standards on an equal footing in accordance with the law. The State shall formulate and publish standards in an open and transparent manner.

Article 6 — Foreign-invested enterprises may lawfully participate in government procurement activities through fair competition. Government procurement shall treat products produced and services provided by foreign-invested enterprises within the territory of China equally in accordance with the law.

Article 7 — Foreign-invested enterprises may raise funds through public offerings of stocks, corporate bonds, and other securities, or through other financing channels, in accordance with the law.

Article 8 — Local people's governments at all levels may, within their statutory authority, formulate policies to promote foreign investment and provide facilitation and services to foreign-invested enterprises within their respective administrative regions.

Chapter III — Investment Protection

Article 9 — The State shall not expropriate any investment made by foreign investors. Under special circumstances, the State may expropriate or requisition the investment of foreign investors for public interest in accordance with the law. Such expropriation or requisition shall be conducted under statutory procedures and fair and reasonable compensation shall be provided in a timely manner.

Article 10 — Foreign investors may freely transfer inward and outward their capital contributions, profits, capital gains, income from asset disposal, royalties of intellectual property rights, lawfully obtained compensation or indemnity, and income from liquidation within the territory of China in Renminbi or a foreign currency in accordance with the law.

Article 11 — Administrative organs and their functionaries shall keep confidential the trade secrets of foreign investors and foreign-invested enterprises that they become aware of in the course of performing their duties, and shall not divulge or illegally provide such secrets to others.

Article 12 — Local people's governments at all levels and their relevant departments shall honor their policy commitments made to foreign investors and foreign-invested enterprises in accordance with the law and perform various contracts concluded in accordance with the law.

Article 13 — Foreign-invested enterprises shall have the right to establish and join chambers of commerce or associations in accordance with the law. Chambers of commerce or associations shall carry out activities in accordance with relevant laws, regulations, and their articles of association to safeguard the lawful rights and interests of their members.

Chapter IV — Investment Management

Article 14 — For foreign investment projects that require approval, the relevant provisions of the State shall apply. The approval authorities shall examine the negative list and other requirements and make a decision within the statutory time limit.

Article 15 — For foreign investment that does not involve any special administrative measure for foreign investment access as set forth in the negative list, the registration authority shall handle the registration formalities in accordance with the principle of equal treatment for domestic and foreign investment.

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Article 16 — Foreign investors and foreign-invested enterprises shall submit investment information through the enterprise registration system and the enterprise credit information publicity system in accordance with the relevant provisions of the State. The contents of the investment information report shall be true, accurate, and complete.

Article 17 — Where the State implements a safety review system for foreign investment, the relevant provisions of the State shall apply. Foreign investments that affect or may affect national security shall be subject to a safety review.

Article 18 — Where foreign investors merge with or acquire enterprises within the territory of China, or participate in business concentration in other ways, they shall comply with the relevant provisions of the State on concentration of business operators. Where a merger or acquisition triggers a national security review, the relevant State provisions shall apply.

Chapter V — Supplementary Provisions

Article 19 — Where enterprises established by foreign investors within the territory of China prior to the implementation of the Foreign Investment Law are governed by the laws and administrative regulations previously in force, they may retain their original organizational forms and other structures within five years after the implementation of the Foreign Investment Law. The specific measures shall be prescribed by the State Council.

Article 20 — Where investment by investors from the Hong Kong Special Administrative Region or the Macao Special Administrative Region within the mainland, or investment by Taiwan region investors within the mainland, is involved, the relevant laws, administrative regulations, or provisions of the State Council shall apply by reference. Where there are otherwise provisions in the relevant State regulations, such regulations shall prevail.

Article 21 — These Regulations shall become effective as of January 1, 2020.

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