

Special Administrative Measures for Foreign Investment Access in Pilot Free Trade Zones of the PRC

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Issued by the National Development and Reform Commission and the Ministry of Commerce on September 6, 2024

NDRC & MOFCOM Order [2024] No. 23

Effective: November 1, 2024

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Chapter I — General Provisions

Article 1 — These Special Administrative Measures are formulated in accordance with the Foreign Investment Law of the People's Republic of China and the relevant provisions of the State Council, for the purpose of implementing the pre-establishment national treatment plus negative list management system for foreign investment in Pilot Free Trade Zones, further opening up to foreign investment, and promoting high-quality development of Pilot Free Trade Zones.

Article 2 — These Measures apply to foreign investment in Pilot Free Trade Zones established by the State Council. Foreign investment in these zones shall be subject to pre-establishment national treatment, meaning that foreign investors and their investments shall, at the stage of establishment and acquisition, be accorded treatment no less favorable than that accorded to domestic investors and their investments, except for sectors set forth in these Special Administrative Measures.

Article 3 — For foreign investment in sectors not listed in these Special Administrative Measures, the filing-for-record administration system shall apply, and no special access restrictions shall be imposed on foreign investment beyond those applicable to domestic investment under the Market Access Negative List.

Article 4 — Foreign investment in a restricted sector listed in these Special Administrative Measures shall comply with the specific restrictive conditions prescribed for that sector, including the foreign ownership cap, the requirement for a Chinese party to hold a controlling interest or a relative majority interest, or the requirement to operate in the form of an equity joint venture or cooperative joint venture.

Article 5 — Foreign investment in a prohibited sector listed in these Special Administrative Measures shall not be permitted. Where a foreign investor intends to invest in a prohibited sector, it shall be required to restructure the investment to remove the prohibited element before proceeding.

Chapter II — Restricted Sectors

Article 6 — Agriculture, Forestry, Animal Husbandry, and Fisheries:

(1) The development, cultivation, and breeding of new varieties of genetically modified organisms in agriculture, forestry, animal husbandry, and fisheries shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(2) The fishing of marine fishery resources shall be limited to equity joint ventures or cooperative joint ventures.

Article 7 — Mining:

(1) The exploration and exploitation of petroleum and natural gas shall be limited to equity joint ventures or cooperative joint ventures.

(2) The exploration and exploitation of special and scarce coal types shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(3) The exploration and exploitation of strategic mineral resources, including tungsten, rare earth, and radioactive minerals, shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(4) The smelting and separation of rare earth shall be prohibited. The smelting and processing of tungsten shall be limited to equity joint ventures or cooperative joint ventures.

Article 8 — Manufacturing:

(1) The printing of publications shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(2) The production of nuclear power equipment shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(3) The production of certain key components for urban rail transit equipment shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Article 9 — Electricity, Heat, Gas, and Water Production and Supply:

(1) The construction and operation of nuclear power plants shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(2) The construction and operation of urban gas, heat, and water supply and drainage networks in cities with a population of 500,000 or more shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Article 10 — Transportation, Warehousing, and Postal Services:

(1) Domestic water transport services shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(2) Air traffic control shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest. General aviation services shall be limited to equity joint ventures or cooperative joint ventures.

(3) The construction and operation of civil airports shall be open to foreign investment, subject to the Chinese party holding a relative majority interest.

(4) Postal services for domestic express delivery of correspondence shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Article 11 — Information Transmission, Software, and Information Technology Services:

(1) Basic telecommunications services, with the exception of value-added telecommunications services, shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest and the foreign ownership cap at 49%, subject to specific liberalization measures implemented in the Pilot Free Trade Zones.

(2) Value-added telecommunications services shall be open to foreign investment, provided that the foreign ownership cap for services such as information services, Internet data center services, and content distribution network services shall be 50%, except as otherwise provided for foreign investors from Hong Kong or Macao and except where higher caps are permitted under the opening-up measures of the Pilot Free Trade Zones.

(3) Internet news information services, Internet publishing services, Internet audio-visual program services, and Internet cultural operations shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Article 12 — Financial Services:

(1) The establishment of securities companies shall be limited to equity joint ventures or cooperative joint ventures with the foreign ownership cap at 51%, subject to the phase-in of full foreign ownership as implemented in specific Pilot Free Trade Zones.

(2) The establishment of futures companies shall be open to foreign investment, with the foreign ownership cap at 51%, subject to further liberalization.

(3) The establishment of life insurance companies shall be limited to equity joint ventures or cooperative joint ventures with the foreign ownership cap at 51%, subject to phase-in of full foreign ownership. The foreign ownership cap for non-life insurance companies shall not apply under the liberalization measures.

(4) The establishment of securities investment fund management companies shall be limited to equity joint ventures or cooperative joint ventures with the foreign ownership cap at 51%, subject to further liberalization.

Article 13 — Leasing and Business Services:

(1) Legal services shall be provided through representative offices only, except as otherwise provided for foreign law firms from Hong Kong, Macao, or other jurisdictions under special arrangements. Foreign law firms may establish representative offices in the Pilot Free Trade Zones to provide legal services concerning the law of their home jurisdiction and international law.

(2) Market surveys shall be limited to equity joint ventures or cooperative joint ventures, except that market surveys in the form of opinion polling or consumer research may be wholly foreign-owned.

Article 14 — Scientific Research and Technical Services:

(1) The surveying and mapping of the seabed topography and geological survey involving state secrets shall be prohibited. Other surveying and mapping activities shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Article 15 — Education:

(1) Pre-school education, full-time senior secondary education, and higher education shall be limited to Sino-foreign cooperative education with the Chinese party playing a leading role. The president or principal administrator shall be a Chinese national, and at least half of the members of the board of directors, board of trustees, or joint management committee shall be Chinese nationals.

(2) Compulsory education and special education in the form of academic programs shall be limited to Sino-foreign cooperative education with the Chinese party holding a controlling interest.

Article 16 — Healthcare and Social Work:

(1) Medical institutions shall be limited to equity joint ventures or cooperative joint ventures. In the Pilot Free Trade Zones, wholly foreign-owned medical institutions may be established on a trial basis, subject to specific conditions and approval.

Article 17 — Culture, Sports, and Entertainment:

(1) The production and distribution of films shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(2) The construction and operation of cinemas shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(3) Entertainment venues shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

(4) Performance brokerage agencies shall be limited to equity joint ventures or cooperative joint ventures with the Chinese party holding a controlling interest.

Chapter III — Prohibited Sectors

Article 18 — Agriculture, Forestry, Animal Husbandry, and Fisheries:

(1) The development, cultivation, and breeding of new varieties, and the production of seeds, of rare and unique fine varieties of crops, livestock, poultry, and aquatic products that are listed in the state protection catalog.

(2) The application of transgenic technology in the production of main grain crops, including rice, wheat, and corn.

(3) The fishing of marine fishery resources within the jurisdictional waters of the People's Republic of China and the internal waters.

Article 19 — Mining:

(1) The exploration, exploitation, smelting, separation, and processing of radioactive mineral resources.

(2) The exploration, exploitation, and processing of rare earth resources.

Article 20 — Manufacturing:

(1) The processing of traditional Chinese medicine decoction pieces using techniques involving steaming, frying, roasting, and calcining, and the production of confidential formulas of Chinese patent medicines.

(2) The ivory carving, tiger bone processing, and the production of other products involving endangered and rare wild fauna and flora, as prohibited by the state.

Article 21 — Information Transmission, Software, and Information Technology Services:

- (1) Internet news information services, Internet publishing services, and Internet audio-visual program services.
- (2) The operation or control of the information infrastructure that forms part of the critical information infrastructure, as defined by the state.

Article 22 — Leasing and Business Services:

- (1) The provision of legal services concerning Chinese law, except through representative offices of foreign law firms as permitted by law and subject to the specialized cooperation measures applicable in the Pilot Free Trade Zones.
- (2) Social surveys, including surveys involving state secrets, public security, national security, and other areas restricted by law.

Article 23 — Scientific Research and Technical Services:

- (1) Surveying and mapping involving state secrets and national security.
- (2) The development and application of human stem cells and gene diagnosis and treatment technologies.

Article 24 — Education:

- (1) Compulsory education, except through Sino-foreign cooperative education institutions approved by the state in the Pilot Free Trade Zones.

Article 25 — Healthcare and Social Work:

- (1) The collection, purchase, and supply of human organs, tissues, and cells, except for cord blood stem cell banking as permitted by regulation.

Article 26 — Culture, Sports, and Entertainment:

- (1) The import and distribution of books, newspapers, periodicals, audio-visual products, and electronic publications, except as permitted under special arrangements in specific Pilot Free Trade Zones.
- (2) The operation of radio and television broadcasting stations, television channels, and radio frequencies.
- (3) The operation of Internet access service venues (Internet cafes) and other entertainment venues prohibited by law.
- (4) The production and operation of gambling and lottery products, services, and facilities.
- (5) The operation of news agencies, newspapers, and periodicals.

Article 27 — Other Sectors:

- (1) The following sectors, which are reserved exclusively for state-owned or state-controlled enterprises under the laws and regulations of the state, shall be prohibited or restricted to foreign investment:
 - (a) the exploration, exploitation, and processing of nuclear fuel;
 - (b) the production and supply of tobacco products through the state monopoly system;
 - (c) the management of national cultural heritage sites and museums of cultural relics.

Chapter IV — Supplementary Provisions

Article 28 — These Special Administrative Measures represent the minimum level of openness applicable to Pilot Free Trade Zones. Individual Pilot Free Trade Zones may, with the approval of the State Council, implement more liberalized measures for specific sectors as part of the testing and piloting of further opening-up policies.

Article 29 — Foreign investment in sectors not listed as restricted or prohibited in these Special Administrative Measures shall be administered under the principle of pre-establishment national treatment. Where the Market Access Negative List imposes restrictions applicable to all enterprises regardless of ownership, such restrictions shall also apply to foreign-invested enterprises.

Article 30 — The interpretation and application of these Special Administrative Measures shall be coordinated by the National Development and Reform Commission and the Ministry of Commerce. In case of any discrepancy between these Special Administrative Measures and the international treaties or agreements to which the People's Republic of China is a party, the provisions of the international treaties or agreements shall prevail, except for those provisions in respect of which the People's Republic of China has declared reservations.

Article 31 — These Special Administrative Measures shall take effect as of November 1, 2024, and shall supersede the Special Administrative Measures for Foreign Investment Access in Pilot Free Trade Zones (2021 Edition).

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