Resolution of the Standing Committee of the Fifth National People’s Congress on Approving the Regulations on the Guangdong Provincial Special Economic Zones

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Approved at the Fifteenth Session of the Standing Committee of the Fifth National People’s Congress on August 26, 1980

Effective: August 26, 1980

The Fifteenth Session of the Standing Committee of the Fifth National People’s Congress has decided: to approve the Regulations on the Guangdong Provincial Special Economic Zones proposed by the State Council.

Regulations on the Guangdong Provincial Special Economic Zones

Adopted at the Third Session of the Standing Committee of the Fifth People’s Congress of Guangdong Province on April 15, 1980; approved at the Fifteenth Session of the Standing Committee of the Fifth National People’s Congress on August 26, 1980

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Chapter I — General Provisions

Article 1 — For the purpose of developing foreign economic cooperation and technological exchange and promoting socialist modernization, certain areas are respectively delineated in the three cities of Shenzhen, Zhuhai, and Shantou in Guangdong Province for the establishment of special economic zones (hereinafter referred to as the “zones”). The zones shall encourage foreign citizens, overseas Chinese, compatriots from Hong Kong and Macao, and their companies and enterprises (hereinafter referred to as “investors”) to invest in and establish factories, or to establish factories jointly with our side, to set up enterprises and other undertakings, and shall protect, in accordance with the law, their assets, due profits, and other lawful rights and interests.

Article 2 — Enterprises and individuals within the zones must abide by the laws, decrees, and relevant provisions of the People’s Republic of China. Where these Regulations contain special provisions, such provisions shall apply.

Article 3 — A Guangdong Provincial Special Economic Zones Administration Commission shall be established to exercise unified administration over the various zones on behalf of the People’s Government of Guangdong Province.

Article 4 — The zones shall provide investors with a broad scope of business operations, create favorable operating conditions, and guarantee stable places of business. Investment may be made, either solely or jointly with our side, in all industries, agriculture, animal husbandry, aquaculture, tourism, housing and construction, high-technology research and manufacturing, and any other industries of common interest to investors and our side that are of positive significance to international economic cooperation and technological exchange.

Article 5 — The Guangdong Provincial Special Economic Zones Administration Commission shall be responsible for the construction of land leveling works and various public facilities in the zones, including water supply, drainage, power supply, roads, wharves, communications, and warehousing; foreign capital may also be enlisted to participate in such construction when necessary.

Article 6 — Each zone shall respectively engage domestic and foreign experts and other persons concerned with and devoted to China’s modernization to form an advisory committee, which shall serve as the consultative body of the zone.

Chapter II — Registration and Operation

Article 7 — Investors wishing to invest in and establish factories or to set up various economic undertakings in the zones shall submit an application to the Guangdong Provincial Special Economic Zones Administration Commission; upon examination and approval, a registration certificate and a land-use certificate shall be issued.

Article 8 — Investors may open accounts with the Bank of China or other banks established in the zones with our approval and handle relevant foreign exchange matters.

Investors may insure their various items with the People’s Insurance Company of China or other insurance companies established in the zones with our approval.

Article 9 — Products of enterprises in the zones shall be sold on the international market; where their products are to be sold on the mainland of our country, approval must be obtained from the Guangdong Provincial Special Economic Zones Administration Commission, and customs duty payment procedures shall be completed.

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Article 10 — Investors may independently operate their own enterprises within the zones and employ foreign nationals for technical and managerial work.

Article 11 — Where an enterprise established by an investor in a zone ceases operations before completion, the investor shall report the reasons to the Guangdong Provincial Special Economic Zones Administration Commission, complete the procedures for cessation of operations, and settle its credits and debts; after cessation of operations, its assets may be transferred and its funds remitted abroad.

Chapter III — Preferential Measures

Article 12 — Land in the zones is owned by the People's Republic of China. Land shall be provided to investors according to their actual needs; preferential treatment shall be granted with respect to the term of use, the amount of land-use fees, and the method of payment, depending on the different industries and purposes, and specific measures shall be formulated separately.

Article 13 — Machinery, equipment, spare parts, raw materials, means of transport, and other means of production necessary for production imported by enterprises in the zones shall be exempted from import duties; with respect to necessary daily necessities, import duties may be levied or reduced or exempted, respectively, depending on the specific circumstances. When the above-mentioned goods are imported and when products of the zones are exported, customs declaration procedures shall be completed.

Article 14 — The enterprise income tax rate for enterprises in the zones is 15 percent. Special preferential treatment shall be granted to enterprises established within two years after the promulgation of these Regulations, or enterprises with an investment of 5 million US dollars or more, or enterprises with relatively advanced technology and a relatively long capital turnover period.

Article 15 — Lawful profits obtained by investors after payment of enterprise income tax, and the wages and other legitimate income of foreign employees, overseas Chinese employees, and Hong Kong and Macao employees of enterprises in the zones after payment of individual income tax, may be remitted abroad through the Bank of China or other banks within the zones in accordance with the provisions of the foreign exchange control measures of the zones.

Article 16 — Where an investor uses its profits for reinvestment in the zones for a period of five years or more, it may apply for reduction of or exemption from the income tax on the portion reinvested.

Article 17 — Enterprises in the zones are encouraged to adopt machinery, equipment, raw materials, and other materials produced in our country, the prices of which may be granted preferential treatment based on the export prices of comparable domestic commodities at the time, settled in foreign exchange. Such products and materials may be transported directly to the zones on the strength of the sales vouchers of the selling units.

Article 18 — Entry and exit procedures for foreign nationals, overseas Chinese, and compatriots from Hong Kong and Macao traveling to and from the zones shall be simplified and facilitated.

Chapter IV — Labor Management

Article 19 — Each zone shall establish a labor service company. Chinese staff and workers employed by enterprises in the zones, whether recommended by the local labor service company or recruited directly by the investor with the consent of the Guangdong Provincial Special Economic Zones Administration Commission, shall be hired upon examination by the enterprise and shall sign labor contracts with the enterprise.

Article 20 — Staff and workers employed by enterprises in the zones shall be managed by the enterprises in accordance with their operational requirements and may be dismissed when necessary, with the procedures handled in accordance with the provisions of the labor contract.

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Staff and workers of enterprises in the zones may submit resignations to the enterprises in accordance with the provisions of the labor contract.

Article 21 — The wage levels, wage forms, and reward methods for Chinese staff and workers of enterprises in the zones, as well as labor insurance and the various state subsidies for staff and workers, shall be specified in contracts concluded between the enterprises and the staff and workers in accordance with the provisions of the Guangdong Provincial Special Economic Zones Administration Commission.

Article 22 — Enterprises in the zones shall adopt the necessary labor protection measures to ensure that staff and workers work under safe and hygienic conditions.

Chapter V — Organization and Management

Article 23 — The Guangdong Provincial Special Economic Zones Administration Commission shall exercise the following functions and powers:

1. formulate the development plans of the zones and organize their implementation;

2. examine and approve investment projects of investors in the zones;

3. handle industrial and commercial registration and land allocation in the zones;

4. coordinate the working relations of the banking, insurance, taxation, customs, border inspection, postal and telecommunications, and other institutions established in the zones;

5. provide sources of staff and workers needed by enterprises in the zones and protect the legitimate rights and interests of staff and workers;

6. establish education, culture, health, and various public welfare undertakings in the zones;

7. maintain public order in the zones and protect, in accordance with the law, persons and property within the zones from infringement.

Article 24 — The Shenzhen Special Economic Zone shall be directly operated and managed by the Guangdong Provincial Special Economic Zones Administration Commission; necessary administrative offices shall be established for the Zhuhai and Shantou Special Economic Zones.

Article 25 — To meet the needs of the development of economic activities in the zones, a Guangdong Provincial Special Economic Zones Development Corporation shall be established. The scope of business of the corporation shall include: undertaking fund-raising and trust investment business; operating, or jointly operating with investors, enterprises related to the zones; and acting as agent for investors in the zones in the purchase and sale of goods in trade with the mainland, and providing negotiation services.

Chapter VI — Supplementary Provisions

Article 26 — These Regulations were adopted by the People’s Congress of Guangdong Province and shall be implemented after being reported to and approved by the Standing Committee of the National People’s Congress of the People’s Republic of China.

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