

# **FOREIGN INVESTMENT GUIDE OF THE PEOPLE'S REPUBLIC OF CHINA**

**2023 Edition**



**MINISTRY OF COMMERCE OF THE  
PEOPLE'S REPUBLIC OF CHINA**



# Foreign Investment Guide of the People's Republic of China

2023 Edition



**IN**vest in **China**

**Ministry of Commerce of the  
People's Republic of China**



# Foreword

In October 2022, General Secretary Xi Jinping pointed out at the 20th National Congress of the Communist Party of China (CPC) that China is striving to "promote high-standard opening-up. We will leverage the strengths of China's enormous market, attract global resources and production factors with our strong domestic economy, and amplify the interplay between domestic and international markets and resources. This will position us to improve the level and quality of trade and investment cooperation." According to the 2023 *Report on the Work of the Government*, China will "intensify efforts to attract and utilize foreign investment. We should expand market access and continue to open up modern services sector. We should ensure national treatment for foreign-funded companies. We should take active steps to see China join the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP) and accede to other high-standard economic and trade agreements, and steadily expand institutional opening up by proactively adopting relevant rules, regulations, management, and standards. We should continue to leverage the role of imports and exports in driving economic growth. We should improve services for foreign-funded companies and facilitate the launch of landmark foreign-funded projects."

China has stayed committed to the fundamental national policy of opening-up, adopted policies to promote high-standard liberalization and facilitation of trade and investment and deeply implements the system of pre-establishment national treatment plus negative lists. Opening up more sectors of the economy at a higher level with wider coverage and scope, China has relaxed rules for foreign investment in manufacturing, services, agriculture, and other sectors, protects the legitimate rights and interests of foreign investors to foster an enabling market environment in which all enterprises, domestic and foreign, are treated as equals and engaged in fair competition. With such efforts, China continues to improve its attractiveness to foreign investors. Since the 19th CPC National Congress, China has stayed committed to opening the door wider to the world and deepening mutually beneficial international economic and trade cooperation. Faced with changes in the external environment, the country has pursued a more proactive strategy of opening-up in a bid to promote reform and development more vigorously through high-standard opening-up. China has used foreign investment more effectively, rolled out the *Foreign Investment Law of the People's Republic of China*, and the *Implementing Regulations for the Foreign Investment Law of the People's Republic of China* and continuously optimized the foreign investment environment. The negative list for foreign investment has been further cut, with the number of restrictions applied nationwide and in pilot free trade zones (hereinafter referred to as "PFTZs") reduced to 31 and 27 respectively, and a series of major measures have been introduced for opening-up in such sectors as manufacturing, mining, agriculture and finance. A total of 21 PFTZs have been established, and the construction of Hainan Free Trade Port is steadily advancing. Localities have created new ways to strengthen services for foreign investment promotion and put more effort into investment attraction and project matchmaking.

To build a more transparent business environment and facilitate trade and investment, the Department of Foreign Investment Administration and the Investment Promotion Agency of the Ministry of Commerce (MOFCOM) updated the *Foreign Investment Guide of the People's Republic of China*. On the basis of the 2022 Edition, an overview of China's provinces (autonomous regions and municipalities) has been added to be one of the six parts of the 2023 Edition, namely Meeting China, Investing in China, Legal System for Foreign Investment in China, Procedures for Foreign Investment, Foreign Nationals in China, and Overview of Provinces (Autonomous Regions and Municipalities). The new edition has also updated and supplemented relevant policies and initiatives, various types of data, administrative procedures, and directories of institutions. The Guide will be released in Chinese and English online and offline to comprehensively introduce the market-oriented, law-based and internationalized business environment of China. It is hoped that the Guide will be helpful for foreign enterprises and investors.



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# 1. Meeting China

## 1.1 Country Overview

### 1.1.1 Natural Environment

Located in East Asia on the western shores of the Pacific Ocean, China holds a vast territory endowed with rich resources and diverse products. With a land area of approximately 9.6 million square kilometers, China is the world's third-largest country in territory. China's land frontier stretches for 22,800 kilometers, bordering 14 countries; China's territorial waters border eight countries by sea. The eastern and southern continental coastlines span over 18,000 kilometers, embracing over 11,000 islands.

The climate in China is complex and diverse. East China has a typical monsoon climate, while Northwest China has a temperate continental climate with large seasonal temperature variations, bitterly cold in winter and hot in summer. The Qinghai-Xizang Plateau has a distinct high-altitude climate. By temperature, China is generally divided into six climate zones from south to north: tropical zone, subtropical zone, warm temperate zone, temperate zone, cold temperate zone, and the unique Qinghai-Xizang Plateau. In terms of precipitation, China is divided into four regions: humid region, semi-humid region, semi-arid region, and arid region.

### 1.1.2 Society and Culture

China is the most populous country in the world. By the end of 2022, China

had a total population of 1,411,750,000 (including residents in the 31 provinces, autonomous regions, and municipalities directly under the central government and active duty military personnel, excluding residents of Hong Kong, Macao, and Taiwan and foreigners in the 31 provinces, autonomous regions, and municipalities directly under the central government).<sup>1</sup>

China is composed of 34 provincial-level administrative regions, including 23 provinces, five autonomous regions, four municipalities, and two special administrative regions.

China has been a united multi-ethnic country since ancient times. In China's over 5,000 years of history, people of all ethnic groups have integrated to build the great Chinese nation and contributed to Chinese cultural heritage featuring unique and varied folk customs.

Following the founding of the People's Republic of China in 1949, the central government officially identified 56 different ethnic groups. The Han constitutes the national majority, while the remaining 55 are generally referred to as "ethnic minorities" due to their (comparatively) much smaller populations. Chinese people of all ethnic groups enjoy equality, unity and mutual aid on the basis of solidarity and collaboration for shared prosperity.

Over the long history of China's national integration, the Chinese people have embraced diversity and held an open attitude toward foreign cultures.

China is a country with multiple

1. 2022 Statistical Communiqué of the People's Republic of China on National Economic and Social Development ([http://www.gov.cn/shuju/2023-02/28/content\\_5743623.htm](http://www.gov.cn/shuju/2023-02/28/content_5743623.htm))

religions. The Chinese government adopts the policy of freedom of religious belief to protect people's right to religious belief, securing religious and social harmony nationwide.

Mandarin (also known as Modern Standard Chinese) is the official language of China. As the most universal and standardized Chinese language in the world, Mandarin is based on China's northern dialects; specifically, its phonology is based on the Beijing accent. It also sets grammatical norms as the written vernacular typically used in modern literature.

### 1.1.3 Basic Systems

China's fundamental political system consists of the people's congresses, with the National People's Congress (NPC) of the People's Republic of China as the supreme organ of state power. Its permanent body is the Standing Committee of the National People's Congress (NPCSC). Both the NPC and the NPCSC exercise the legislative power of the state; they oversee the election or dismissal of major state leaders.

President of the People's Republic of China conducts state visits and receives foreign ambassadors on behalf of the People's Republic of China. The president also names or dismisses ambassadors to foreign countries and signs or annuls treaties or important agreements with foreign entities in accordance with the decisions of the NPCSC.

The State Council (the Central People's Government) of the People's Republic of China is the executive body of the NPC and the highest organ of state administration. The State Council is responsible for and reports to the NPC and NPCSC.

China's judicial organs consist of the Supreme People's Court of the People's Republic of China and the local people's courts. The people's courts exercise judicial power independently in accordance with laws, without interference from administrative bodies, social organizations, or individuals. The Supreme People's Procuratorate and the people's procuratorates of various levels are the state organs of legal supervision. The people's procuratorates execute procuratorial power independently in accordance with laws, without interference from administrative bodies, social organizations, or individuals.

China has maintained long-term political and judicial stability, guaranteeing prosperous social development in a secure environment with smoothly operating systems.

At present, China's socialist market economic system features public ownership as the mainstay developing side by side with other forms of ownership and a labor-based distribution system coexisting with various modes of distribution. In order to develop an economy with more effective market mechanisms, dynamic micro-entities, and sound macro-regulation, China endeavors to foster a pattern of government-market coordination with organic integration, complementarity and mutual reinforcement. By doing so, China can achieve the goal of transforming property rights as effective incentives, free flows of factors, flexible prices, fair and orderly competition, and the survival of business determined by competition. Market-oriented management system allows the free movement of labor in the market. Meanwhile, business entities are entitled to autonomous management

within legal bounds. No organization or individual is allowed to intervene in the various matters related to business entities' independent decision-making in accordance with law.

## 1.2 The Economy

### 1.2.1 Open Economy

#### ■ Opening-up Is the Hallmark of Contemporary China

Chinese President Xi Jinping has repeatedly stressed that China will not shut its door of opening-up; it will embrace the world with more open arms.

According to the report to the 20th CPC National Congress, China will "promote high-standard opening-up. We will leverage the strengths of China's enormous market, attract global resources and production factors with our strong domestic economy, and amplify the interplay between domestic and international markets and resources. This will position us to improve the level and quality of trade and investment cooperation. We will steadily expand institutional opening-up with regard to rules, regulations, management, and standards. We will upgrade trade in goods, develop new mechanisms for trade in services, and promote digital trade, in order to accelerate China's transformation into a trader of quality. We will make appropriate reductions to the negative list for foreign investment, protect the rights and interests of foreign investors in accordance with law, and foster a world-class business environment that is market-oriented, law-based, and internationalized. We will promote

the high-quality development of the Belt and Road Initiative, better plan regional opening-up, consolidate the leading position of eastern coastal areas in opening-up, and more widely open the central, western, and northeastern regions. We will accelerate the construction of the New International Land-Sea Trade Corridor in the western region. We will work faster to develop the Hainan Free Trade Port, upgrade pilot free trade zones, and expand the globally-oriented network of high-standard free trade areas. We will promote the internationalization of the RMB in an orderly way, deeply involve ourselves in the global industrial division of labor and cooperation, and endeavor to preserve the diversity and stability of the international economic landscape and economic and trade relations."

The Central Economic Work Conference 2022 pledged to make greater efforts to attract and utilize foreign capital. It is necessary to promote high-standard opening-up, improve the level and quality of trade and investment cooperation, widen market access, promote further opening-up of modern services sector, and grant foreign-invested enterprises national treatment. We need to guarantee that foreign-invested enterprises are able to participate in standard-setting on an equal footing and in government procurement and bidding through fair competition in accordance with law. We should strengthen the protection of intellectual property rights and the legitimate rights and interests of foreign investors. It is also necessary to actively seek to join high-standard economic and trade agreements such as the *Comprehensive*

and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Digital Economy Partnership Agreement (DEPA), and take the initiative to deepen reforms in relevant fields domestically according to relevant rules, regulations, management, and standards. Maximum convenience should be provided for foreign businessmen to engage in trade and investment negotiations, so as to promote the construction of significant foreign-invested projects.

In his speech titled *Working Together for a Bright Future of Openness and Prosperity* at the Opening Ceremony of the Fifth China International Import Expo (CIIE), President Xi Jinping said, "We should commit ourselves to openness to meet development challenges, foster synergy for cooperation, build the momentum of innovation, and deliver benefits to all. We should steadily advance economic globalization, enhance every country's dynamism of growth, and provide all nations with greater and fairer access to the fruits of development."

#### ■ Overall Scale

China has grown into the world's second-largest consumer market, the largest trader in goods, the second-largest trader in services, the holder of the largest foreign exchange reserves, and the second-largest economy in the use of foreign capital. Continuously strengthening its status as an economic and trade powerhouse, China has become the backbone and leader of economic globalization.

The total value of imports and exports of goods in 2022 reached RMB42,067.8 billion, up by 7.7% over the previous year. In breakdown, the value of goods exported was RMB23,965.4 billion, up by 10.5%; the value of goods imported

was RMB18,102.4 billion, up by 4.3%. The value of foreign trade with other members of the *Regional Comprehensive Economic Partnership Agreement* (RCEP) amounted to RMB12,949.9 billion, up by 7.5%.

In 2022, China's total trade in services reached RMB5,980.2 billion, a rise of 12.9% over that of the previous year. Specifically, the export value reached RMB2,852.2 billion, growing by 12.1%, and import value recorded RMB3,127.9 billion, increasing by 13.5%. The trade deficit stood at RMB275.7 billion.

In 2022, the paid-in foreign direct investment (FDI) reached RMB1,232.68 billion, up by 6.3% or USD189.13 billion (a rise of 8.0%) from the same period last year on a comparable basis. Investment in high-tech industries increased by 28.3%, with the share in the total reaching 36.1%, up by 7.1 percentage points from 2021. A total of RMB222.52 billion was invested in the 21 pilot free trade zones (hereinafter referred to as "PFTZs"), accounting for 18.1% of the country's total, and RMB259.64 billion was invested in the 230 National Economic and Technological Development Zones (hereinafter referred to as "NETDZs"), accounting for 21.1% of the total. By the end of 2022, more than 1.12 million foreign-invested enterprises had been set up in China, with an accumulated foreign investment exceeding RMB19.7 trillion. Taking up about 2% of the total number of enterprises in China, foreign-invested enterprises contributed about 2/5 of China's imports and exports, 1/6 of tax revenue, 1/5 of industrial added value and about 1/10 of urban employment.

China's outbound direct investment



(ODI) reached RMB985.37 billion, up 5.2% or USD146.5 billion (an increase of 0.9%) year on year. Non-financial direct investment amounted to RMB785.94 billion, a rise of 7.2% or USD116.85 billion (up 2.8%). Foreign investment in some industries grew rapidly, with USD21.1 billion going into wholesale and retail, up by 19.5%, USD21.6 billion into manufacturing, up by 17.4%, and USD38.76 billion into leasing and business services, up 5.8%. Local enterprises were active in investment, with the value reaching USD93.92 billion, jumping by 13.1% and accounting for 80.4% of the total.

#### ■ Contribution to the World Economy

According to a report released by the World Bank in October 2022, China contributed an average of 38.6% to world economic growth between 2013 and 2021. Preliminary calculations show that in 2022, China contributed nearly 20% to world economic growth, remaining a crucial engine for global economic growth and a major force of stability. Investing in China will enable investors to grow with the country's economy. According to the *2022 Statistical Communiqué of the People's Republic of China on National Economic and Social Development*, the profits made by industrial enterprises above the designated size funded by foreign investors or investors from Hong Kong, Macao and Taiwan were RMB2,004 billion. The *China's Balance of Payments Report 2022* released by the State Administration of Foreign

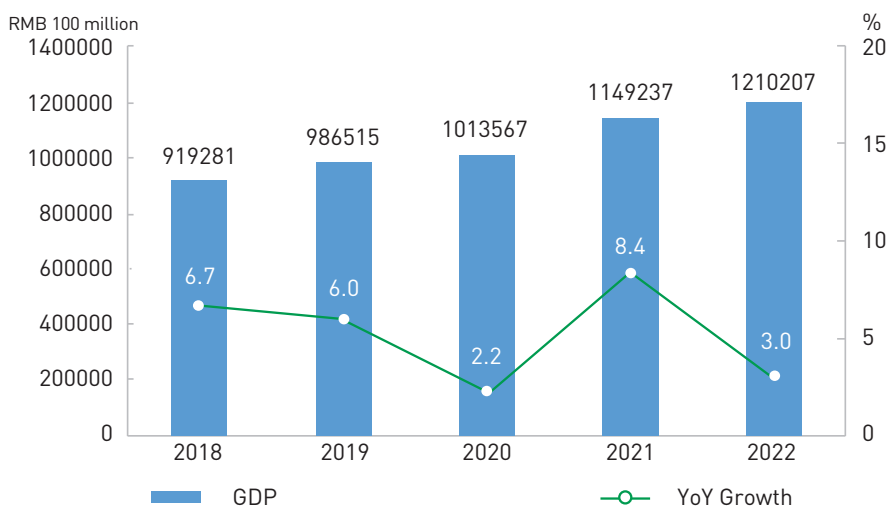
Exchange (SAFE) shows that in 2022, the FDI (net increase in liabilities) reached USD180.2 billion, on par with that before the COVID-19 outbreak in 2019. This demonstrates the strong appeal of China to long-term international capital by virtue of such advantages as stable industrial and supply chains and the enormous potential in its domestic consumer market.

#### 1.2.2 Economic Development

Since the beginning of reform and opening-up, China has seen sustained and rapid economic growth. Twenty years into this century, the country has seen great progress in economic, scientific and technological, and overall national strength, with economy generally running stable and economic structure continuously optimizing. From 2013 to 2021, China's gross domestic product (GDP) grew at an average annual rate of 6.6%, higher than the average growth of the wider world (2.6%) and that of developing economies (3.7%) during the same period.

In 2022, China stabilized the economy, steadily enhanced development quality, and maintained overall social stability, demonstrating the tremendous resilience of the country's economy amid a complex and fluid environment. The GDP of China was RMB121,020.7 billion, up by 3.0% over the previous year. The per capita GDP reached RMB85,698, growing by 3.0%. The gross national income was RMB119,721.5 billion, a rise of 2.8%.<sup>2</sup>

2. *2022 Statistical Communiqué of the People's Republic of China on National Economic and Social Development* ([http://www.gov.cn/shuju/2023-02/28/content\\_5743623.htm](http://www.gov.cn/shuju/2023-02/28/content_5743623.htm))



**China GDP and Growth Rate, 2018-2022**

Source: National Bureau of Statistics

### 1.2.3 Economic Structure

#### ■ Transformation and Upgrade in Manufacturing Industry

China has established an independent modern industrial system with complete categories of industries, including 41 large categories, 207 medium sectors, and 666 small subsectors, making it the only country covering all industrial categories indexed in the United Nations (UN) International Standard Industrial Classification of All Economic Activities (ISIC). With leading industrial chain support systems, strong resilience and great potential, China has formed such advantages as complete systems and supporting facilities as well as great organization and collaboration capacities, which were fully demonstrated in the process of responding to external impacts such as COVID-19.

The overall strength and international influence of China's manufacturing industry have gradually improved. China ranks first in the world in terms of output for more than 40% of the world's 500 major industrial products. From

2012 to 2021, China's industrial added value increased from RMB20.9 trillion to RMB37.3 trillion, with an average annual growth of 6.3%. The added value of manufacturing rose from RMB16.98 trillion to RMB31.4 trillion, with its share in the world's total growing from 22.5% to nearly 30%. In 2022, China's industrial added value totaled RMB40,164.4 billion, up by 3.4% over the previous year. The value-added output of industries above the designated size expanded by 3.6%. The value-added output of China's high-tech manufacturing industry and equipment manufacturing industry grew by 7.4% and 5.6% year-on-year, accounting for 15.5% and 31.8% respectively of the value-added output of industries above the designated size. The quantity, quality and grade of China's industrial products have been improved in an all-round way.

China has achieved innovative breakthroughs in large aircraft, manned spaceflight, ships and marine engineering equipment, electrical equipment, high-end computer numerical control (CNC) machines and other fields. Emerging

industries such as new energy vehicles, robots, new materials, biomedicine and medical devices have developed rapidly. The development of small and medium enterprises (SMEs) has achieved remarkable results and their innovation capacity has improved at a faster pace. China has cultivated a total of 8,997 "little giant" firms and more than 70,000 SMEs that specialize in niche sectors, command a high market share and have strong innovative capacity and core technologies. By the end of 2021, there were 48 million micro, small and medium enterprises (MSMEs) in China, and the annual operating revenue of industrial SMEs above the designated size exceeded RMB75 trillion. According to the survey data, in 2021, the profit margin of "little giant" firms was 10.6%, 4.4 percentage points higher than that of industrial SMEs above the designated size.

China's transition from manufacturing to innovation has accelerated significantly. The spending on research and development (R&D) in the manufacturing industry rose from 0.85% of the GDP in 2012 to 1.54% in 2021, and the spending on R&D of "little giant" firms reached 10.3% of their total revenue on average. More than 570 industrial enterprises were listed among the top 2,500 enterprises that invested the largest sums in R&D worldwide. China has constructed 23 national manufacturing innovation centers, and supported the construction of 125 basic public service platforms for industrial technology. Its generic technology supply capacity has greatly improved.

China has accelerated the formation of a number of high-level development carriers represented by national new-type industrialization demonstration bases and advanced manufacturing

clusters. The number of national new-type industrialization demonstration bases has reached 445, and their industrial added value has accounted for more than 30% of China's total. These bases and clusters have played a key role in enhancing the supply capacity of China's manufacturing industry and reinforcing industrial chain resilience.

On December 25, 2021, 10 ministries and commissions including the Ministry of Industry and Information Technology (MIIT) and the National Development and Reform Commission (NDRC) jointly issued the *Guideline on Promoting the Orderly Transfer of the Manufacturing Industry*. The document states that China should adhere to market orientation, government guidance and voluntary cooperation, and coordinate resources, the environment, factor endowments, industrial foundation, and carbon peaking and carbon neutrality goals. It should innovate mechanisms, improve policy systems, promote orderly flow of resource factors, guide the rational and orderly transfer of the manufacturing industry, maintain the integrity of industrial and supply chains, and promote the formation of a manufacturing development pattern featuring rational regional division of labor and interconnected development. According to the document, by 2025, China's policy environment for industrial transfers will improve, and the capacity of central and western China and the northeast region to receive industrial transfers will increase significantly. At the same time, the comparative strengths of various regions will be given full play, the strength of attracting global resource factors based on the domestic circulation will be greatly reinforced, the layout of the manufacturing industry will be further

optimized, and regional coordination will be significantly enhanced.

#### ■ **Rapid Growth of Services Sector**

In 2015, for the first time, the services sector contributed over 50% to China's GDP. From 2012 to 2021, the added value of the services sector grew at an average annual rate of 7.4%. In 2022, the added value of the services sector reached RMB63,869.8 billion, expanding by 2.3% over the previous year and accounting for 52.8% of the GDP, 12.9 percentage points higher than the secondary industry. The growth of the services sector contributed 41.8% to economic growth. Within this sector, the growth of value added of information transmission, software, and information technology registered at 9.1%.

China has vigorously developed service-oriented manufacturing. New business types such as personalized customization and network-based collaboration continue to emerge, and the proportion of value-added services in manufacturing enterprises keeps increasing. In 2021, the service revenue of the third group of service-oriented manufacturing demonstration enterprises accounted for 48% of the total revenue.

#### ■ **New Business Types Restructuring Economic Development Model**

In recent years, the Internet, big data, and artificial intelligence have been deeply integrated into the real economy. Emerging business formats like intelligent retail and production capacity sharing are continuously emerging. Technological innovations are nearly non-stop in such fields as mobile communication, the Internet of Things, blockchain, smart wearables, and artificial intelligence, while their application scenarios in traffic, medical services, tourism, and

smart city construction are increasingly sophisticated. In 2022, the annual online retail sales totaled RMB13,785.3 billion, up by 4.0% from the same period last year on a comparable basis, of which the online retail sales of physical goods climbed by 6.2% to RMB11,964.2 billion, contributing 27.2% to the total retail sales of consumer goods.

#### ■ **Steady Development of Digital Economy**

China has thoroughly implemented the national cyber development strategy and national big data strategy, and rolled out the strategy of digital economy development and a plan to facilitate development of the digital economy in the 14th Five-Year Plan period (2021-2025). It has accelerated efforts to promote industrial digitization and digital industrialization and boost the digital economy. The scale of China's digital economy has ranked second in the world for many consecutive years, and its leading and supporting role in economic and social development is increasingly prominent. In 2021, China's digital economy reached USD7.1 trillion.

China has deeply implemented the intelligent manufacturing engineering and the digital transformation of the manufacturing industry, and deepened the integrated development of cloud computing, big data, artificial intelligence and the manufacturing industry. It has issued a national standard system for intelligent manufacturing, built more than 700 digital workshops and factories, and implemented 305 pilot demonstration projects of intelligent manufacturing and 420 new model application projects. It has also cultivated more than 6,000 system solution providers, and initially established an industrial Internet security technology monitoring service system characterized

by three-level (national, provincial and corporate) collaboration. By 2021, the numerical control rate of key processes in China's major industrial enterprises reached 55.3% and the penetration rate of digital R&D and design tools came in at 74.7%, up by 30.7 and 25.9 percentage points respectively from 2012. A number of intelligent demonstration factories were completed at a faster pace, with world-leading application scale of intelligent manufacturing. In petrochemical, steel, building materials and other industries have emerged a number of enterprises leading the world in terms of the manufacturing capacity and intelligent level.

During the 14th Five-Year Plan period, China's digital economy will enter the new stage of in-depth application, standardized development, and inclusive sharing. According to the *14th Five-Year Plan for Development of Digital Economy*, by 2025, the digital economy should be in full expansion mode, with the added value of core industries in the digital economy accounting for 10% of the GDP. Meanwhile, digital innovation should play a bigger role in leading economic development with significant progress in the intelligence level and integration between digital technology and the real economy. A better digital economy governance system and a more competitive digital economy are also expected.

In February 2023, the CPC Central Committee and the State Council issued the *Plan for the Overall Layout of Building a Digital China*, stating that by 2025, China will establish an integrated pattern featuring coordination as well as horizontal and vertical connectivity, and make major progress in the construction of a digital China. The construction of a digital China follows the overall framework

of "2522," which includes building digital infrastructure and data resource systems (two foundations), bolstering deeper integration of digital technologies with the economy, politics, culture, society and ecology (five-field integration), improving the capacities of the digital technology innovation system and the digital security shield (two capacities), and optimizing the domestic and international environments for digital development (two environments).

### 1.2.4 Market Potential

The total population on the Chinese mainland surpasses 1.4 billion. With the largest middle-income population in the world, China is the world's most promising consumer market. In 2022, the total retail sales of consumer goods reached RMB43,973.3 billion. The final consumption expenditures drove the GDP to rise by 1.0 percentage point. In 2022, China's per capita consumption expenditures saw a year-on-year growth of 1.8%, with the per capita spending on services accounting for 43.2% of per capita consumption expenditures. The Engel's coefficient (the proportion of total personal consumption expenditures going into food) was 30.5%. The urbanization rate of permanent residence reached 65.22%, 0.50 percentage points higher than that at the end of the previous year, creating a great opportunity for expanding investment and consumption.

## 1.3 National Strategy

### 1.3.1 Overall Strategy

About a decade into the reform and opening-up period, China proposed its

"Three-step Development Strategy" for achieving socialist modernization. At the turn of the 21st century, China entered a new stage of building a moderately prosperous society in all respects and accelerating the advancement of socialist modernization. China focused on developing a stronger economy, greater democracy, more advanced science and education, a thriving culture, greater social harmony, and a better quality of life by 2020; it now proposes to essentially achieve modernization by the middle of the century and turn China into a modern socialist country. In 2017, China drafted a two-stage development plan for the 2020 to 2050 period. The plan draws on a comprehensive analysis of development environments and conditions both domestically and internationally. In the first stage from 2020 to 2035, China will build upon its already established moderately prosperous society to realize basic socialist modernization; in the second stage from 2035 to 2050, China will build on that foundation to become a prosperous, strong, democratic, culturally advanced, harmonious, and beautiful modern socialist country.

In the new era of developing socialism with Chinese characteristics, China's strategic vision is as follows: establishing a moderately prosperous society in all respects, realizing modernization, and developing China into a great modern socialist country in all dimensions. In 2022, the report to the 20th CPC National Congress pointed out that "from this day forward, the central task of the Communist Party of China will be to lead the Chinese people of all ethnic groups in a concerted effort to realize the Second Centenary Goal of building China into a great modern socialist country in all respects and to advance the rejuvenation

of the Chinese nation on all fronts through a Chinese path to modernization."

In 2017, China put forward the goal of "basically achieving common prosperity for everyone by the middle of the 21st century"; in 2020, China proposed to "achieve more substantial progress in common prosperity for everyone" by 2035. In 2022, the report to the 20th CPC National Congress pointed out that "Chinese modernization is the modernization of common prosperity for all. Achieving common prosperity is a defining feature of socialism with Chinese characteristics and involves a long historical process. The immutable goal of our modernization drive is to meet the people's aspirations for a better life. We will endeavor to maintain and promote social fairness and justice, bring prosperity to all, and prevent polarization."

China upholds the underlying principle of pursuing progress while ensuring stability; puts into action the new development philosophy featuring innovative, coordinated, green, open, and shared development; promotes coordinated economic, political, cultural, social, and ecological advancement; and implements the following strategies: national rejuvenation through science and education, strengthening the country through human resource development, innovation-driven development, rural revitalization, coordinated regional development, and sustainable development. As a result, the country can transition from a phase of rapid growth to a stage of high-quality development. In 2020, China attained decisive achievements in securing a victory in building a moderately prosperous society in all respects, laying a solid foundation for it to embark on a new journey to fully build a modern socialist country. In 2021,

China stepped into the 14th Five-Year Plan period, the initial stage of building a modern socialist country in an all-round way.

High-quality development is the first and foremost task in building a modern socialist country in all respects. The report to the 20th CPC National Congress states that "Pursuing high-quality development as our overarching task, we will make sure that our implementation of the strategy to expand domestic demand is integrated with our efforts to deepen supply-side structural reform; we will boost the dynamism and reliability of the domestic economy while engaging at a higher level in the global economy; and we will move faster to build a modernized economy. We will raise total factor productivity, make China's industrial and supply chains more resilient and secure, and promote integrated urban-rural development and coordinated regional development, so as to effectively upgrade and appropriately expand China's economic output."

### **1.3.2 The Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035**

The *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035* (the "Outline" for short) was published on March 12, 2021. It is a programmatic document to guide China's economic and social development in the next 5 to 15 years, specifying guiding principles, major goals, tasks, and measures during the 14th Five-Year Plan period.

The *Outline* features "a new stage of development", "the new development

philosophy", and "a new development paradigm". The "new stage of development" refers to the new journey towards a modern socialist country. The "new development philosophy" refers to the innovative, coordinated, green, open, and shared development. The "new development paradigm" refers to the paradigm with the domestic market as the mainstay and domestic and international markets reinforcing each other.

**Long-Range Objectives Through the Year 2035:** By 2035, China will basically achieve socialist modernization.

**Main objectives for economic and social development during the 14th Five-Year Plan period:** China will strive to make new strides in economic development during the period; new steps will be taken in reform and opening-up; China's social etiquette and civility will be further enhanced; new progress will be made in building an ecological civilization; the well-being of people will be boosted; further progress will be made in China's governance capacity.

**Main measures** include innovation-driven development to build new strengths; industrial modernization to strengthen the foundation of real economy; building a robust domestic market and a new development paradigm; an initiative to build a digital China; comprehensive and in-depth reform to develop a well-functioning socialist market economy; agricultural and rural development and rural revitalization; new urbanization strategy with a focus on quality development; improving regional economic structures and promoting coordinated regional development; green development and harmonious co-existence between humanity and nature; further opening-up for win-win cooperation; and improving people's well-

being through a participatory approach.

### 1.3.3 14th Five-Year Plan for Development of Commerce

On June 30, 2021, MOFCOM released the *14th Five-Year Plan for Development of Commerce*, which contains the outlook for commerce development by 2035 and goals of commercial development during the 14th Five-Year Plan period. It focuses on ways to connect markets, integrate industries, promote innovation, and correlate rules; makes overall arrangements for commerce work promoting the new development paradigm, in terms of smoothing domestic circulation, boosting "dual circulation", promoting high-level opening-up, accelerating digital development, and spurring green development.

**Commerce development goals through 2035:** The role of China as a large consumer country will be further consolidated; products and services will feature better quality to meet people's needs for a better life; the commerce circulation network will be significantly modernized. A new pattern for opening-up will take shape; the country will enjoy remarkably stronger advantages in international economic cooperation and competition; high-quality trade development will realize new progress; China will have an obviously better capability to utilize foreign investment, make outbound investment, and cooperate with other countries. Digital, green, and secure commerce development will reach a higher level. China will become a critical contributor and leader in global economic governance.

**Commerce development goals during the 14th Five-Year Plan period:** New achievements are made in developing a strong domestic market; new

advancements are made in promoting higher-level opening-up; new roles are established in participating in global economic governance; new improvements are obtained in preventing and addressing risks.

**Main measures:** Promoting the shaping of a strong domestic market; boosting innovative foreign trade; improving the quality of foreign investment utilization; stimulating high-quality development of free trade zones and ports; optimizing plans for regional opening-up; upgrading the capability of outbound investment and economic collaboration; deepening Belt and Road economic and trade cooperation; playing an active role in global economic governance; perfecting the commercial risk prevention and control system.

### 1.3.4 14th Five-Year Plan for the Utilization of Foreign Investment

On October 12, 2021, MOFCOM released the *14th Five-Year Plan for the Utilization of Foreign Investment*, clearly setting out the guiding principles, development goals, and key tasks in the utilization of foreign investment by China during the 14th Five-Year Plan period, to facilitate investment and business operation by foreign investors.

The *14th Five-Year Plan for the Utilization of Foreign Investment* puts forward the goals of foreign investment utilization by 2035: China's comprehensive competitive advantages in attracting foreign investment become more prominent; the capacity and quality of foreign investment utilization are significantly improved; with world-class business environment, China becomes a main destination for transnational investment; an East Asian innovation



and high-end manufacturing center is developed; new advantages of China in international economic cooperation and competition are greatly enhanced.

The *14th Five-Year Plan for the Utilization of Foreign Investment* states the goals of foreign investment utilization during the 14th Five-Year Plan period: More sectors are allowed to receive foreign investment; the structure for foreign investment utilization is further improved; opening-up platforms play a greater role; the foreign investment management system becomes more robust; foreign investment enjoys an optimized environment. The scale of foreign investment ranks among the top in the world; China secures its position as a powerhouse in this sector; the coordinated relations between foreign investment and outbound investment, foreign trade, and consumption promotion are further strengthened; foreign investment contributes more to boosting the domestic economy and connecting domestic and foreign markets.

The *14th Five-Year Plan for the Utilization of Foreign Investment* also proposes main measures to achieve those goals: China will encourage higher-level opening-up, optimize the structure for foreign investment utilization, strengthen the functions of opening-up platforms, upgrade the capabilities to serve foreign investment promotion, perfect the foreign investment management system, improve foreign investment environment, and advance international investment liberalization and facilitation.

### **1.3.5 Regional Development Strategy**

China is making progress in developing new and more effective mechanisms to further its reform and

opening-up for national integration. By bringing into full play the comparative advantages and narrowing the development gaps of different regions, the government strives to ensure well-coordinated development across different regions in China.

The *Outline of the 14th Five-Year Plan* demands improvement of regional economic structures and promotion of coordinated regional development. China will continue to implement the major regional development strategies as well as the strategies for coordinated regional development and functional zoning, so as to create regional economic structures and a territorial space system that will sustain high-quality development.

According to the *2023 Report on the Work of the Government*, we achieved more balanced and coordinated regional development. We took coordinated steps to promote large-scale development of the western region, the full revitalization of northeast China, the rise of the central region, and trailblazing development in the eastern region. Overall, the central and western regions outpaced the eastern region in terms of economic growth rate. We stepped up support for old revolutionary base areas, areas with large ethnic minority populations, and border areas, with central government transfer payments to these areas rising by 66.8% over the five years. We promoted coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze Economic Belt, the integrated development of the Yangtze River Delta, and ecological conservation and high-quality development in the Yellow River basin. The building of Xiong'an New Area was advanced according to high standards and quality requirements. Development of the marine economy was promoted.

We supported regions facing economic difficulty in pursuing development, promoted the economic transformation of resource-depleted areas, encouraged regions with favorable conditions to lead the way in development, and fostered more growth poles and growth belts.

### ■ Major Regional Development Strategies

**Coordinated Development of the Beijing-Tianjin-Hebei Region:** The Beijing-Tianjin-Hebei region includes two municipalities (Beijing and Tianjin) and one province (Hebei), which cover a combined area of 216,000 square kilometers. China will relieve Beijing of functions that are non-essential to its role as the capital city and implement several corresponding landmark projects. China will ensure Xiong'an New Area is developed up to the highest standards and promote innovation of the management system. China will ensure high-quality development of Beijing Municipal Administrative Center and promote integrated development of Tongzhou in Beijing with Sanhe, Xianghe, and Dachang in Hebei Province. China will promote the high-quality development of Tianjin Binhai New Area and support the development of Capital Water Source Conservation Functional Zone and Ecological Environmental Supporting Zone in Zhangjiakou. China will improve the basic research and original innovation capacity of Beijing International Science and Technology Innovation Center, give full play to the role of Zhongguancun National Independent Innovation Demonstration Zone in piloting and testing new initiatives, and promote the in-depth integration of the industrial chain and innovation chain in the Beijing-Tianjin-Hebei region. China will ensure the basic completion of the highly connected

rail transit in the region and improve the coordination among airport and port clusters.

**Development of the Yangtze River Economic Belt:** The Yangtze River Economic Belt includes two municipalities (Shanghai and Chongqing) and nine provinces: Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Sichuan, Yunnan, and Guizhou, with a total area of 2.05 million square kilometers. China will consistently prioritize ecological conservation, boost green development, ensure well-coordinated environmental protection, prevent overdevelopment, and adopt a holistic approach to pursue both ecological and environmental protection and economic development, to create a model of Beautiful China where humanity and nature harmoniously co-exist. China will continue to promote the comprehensive protection and restoration of the ecological environment, carry out demonstrative projects for green development, pilot the ecological product value-realization mechanism, and enforce a 10-year fishing ban in the waters of the Yangtze River. Focusing on the construction of the Yangtze River artery, China will design a comprehensive transportation system to ease the bottleneck of the Three Gorges Project and accelerate the construction of the high-speed railway and freight railway along the Yangtze River. China will give full play to the overall advantages of industrial coordination and connectivity to build a green industrial system, and make every effort to protect the cultural relics and heritage of the Yangtze River.

**Construction of the Guangdong-Hong Kong-Macao Greater Bay Area:** With an area of 56,000 square kilometers, the Guangdong-Hong Kong-Macao Greater Bay Area includes the Hong Kong

Special Administrative Region, the Macao Special Administrative Region, and the cities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing in Guangdong Province. China will strengthen collaborative development among enterprises, universities, and research institutions in Guangdong, Hong Kong, and Macao, and improve the framework system consisting of "two corridors" (the Guangzhou-Shenzhen-Hong Kong science and technology innovation corridor and the Guangzhou-Zhuhai-Macao science and technology innovation corridor) and "two points" (Lok Ma Chau Loop and Hengqin), to promote the development of comprehensive national science centers and facilitate the cross-border flow of innovation factors. China will accelerate the construction of intercity railways, coordinate the functional layout of ports and airports, and optimize the allocation of shipping and aviation resources; deepen the reform of customs clearance models, and promote the convenient and efficient flow of personnel, goods, and vehicles; expand the mutual recognition of professional qualifications between the mainland and Hong Kong and Macao, and further promote the convergence of rules and mechanisms in key areas; facilitate the youth from Hong Kong and Macao to study, work, and start businesses in mainland cities of the Greater Bay Area (GBA), and create top-notch youth exchange brands among Guangdong, Hong Kong, and Macao.

**Integrated Development of the Yangtze River Delta:** The Yangtze River Delta includes the Shanghai Municipality and three provinces (Jiangsu, Zhejiang, and Anhui), which together cover an area of 358,000 square kilometers. With the aim to build an internationally advanced

scientific and technological innovation capacity and an industrial system, China will accelerate the development of the G60 Science and Innovation Corridor and the Industrial Innovation Belt along Shanghai and Nanjing in the Yangtze River Delta, to improve the Yangtze River Delta's capacity of allocating global resources and driving national development. China will accelerate infrastructure connectivity, cover all cities at the prefecture level and above in the Yangtze River Delta in the high-speed railway network, and promote the integrated governance of port clusters; develop the Hongqiao international opening-up hub, strengthen the role of China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area in intensive development of an open economy, and deepen the joint development of the PFTZs in Shanghai, Jiangsu, Zhejiang, and Anhui; accelerate the sharing of access to public services and optimize the distribution of high-quality education and healthcare resources; make coordinated efforts to protect and restore the environment and build a high-level demonstration zone of green and integrated ecological development of the Yangtze River Delta.

**Ecological Conservation and High-quality Development of the Yellow River Basin:** The Yellow River runs across nine provinces and autonomous regions: Qinghai, Sichuan, Gansu, Ningxia, Inner Mongolia, Shaanxi, Shanxi, Henan, and Shandong, which together cover an area of 1.306 million square kilometers. China will intensify the protection and restoration of key ecosystems in the upper reaches of the Yellow River, take appropriate steps to protect Sanjiangyuan, "China's Water Tower", and enhance the water conservation capacity of Gannan, Ruo'ergai (Zoige), and other areas. China will seek new methods for addressing

soil erosion in the middle reaches of the river in the Loess Plateau, advance efforts to comprehensively address secondary suspended rivers and floodplains, and strengthen the protection and restoration of wetlands in the Yellow River Delta. China will rationally control the intensity of coal exploitation, promote the integrated development and utilization of energy and resources, and strengthen the ecological restoration of mines; improve the development pattern of central cities and city clusters, and coordinate the development of counties and villages along the Yellow River; implement systematic conservation projects related to the Yellow River cultural heritage, create an internationally influential Yellow River cultural tourism belt, and build a pilot area for ecological protection and high-quality development in the Yellow River basin.

#### ■ Strategy for Coordinated Regional Development

**Western Development of China:** China's Western Development strategy has been rolled out across 12 provinces, autonomous regions, and municipalities: Chongqing, Sichuan, Guizhou, Yunnan, Xizang, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia, and Guangxi. Their combined area comes to 6.85 million square kilometers. China will implement several major ecological projects in key areas, actively integrate the regional development into the pursuit of the Belt and Road Initiative, strengthen the development of the large opening-up corridors, and build multi-tiered opening-up platforms in inland China. China will increase investment in infrastructure construction in the western region,

support the development of competitive industries that take advantage of local strengths, pool efforts to consolidate the achievements of poverty alleviation, and shore up the weaknesses in the fields of education, health care, and people's livelihood. China will promote the development of Chengdu-Chongqing economic circle and make it an important economic center, a center for scientific and technological innovation, a new highland for reform and opening-up and a livable place for high-quality life of national influence. China will upgrade the city clusters in the Central Shaanxi Plain to promote cooperation and interaction between the northwest and southwest regions. China will support Xinjiang in building "three bases and one corridor"<sup>3</sup> and Xizang in building an important passageway opening to South Asia.

#### **Northeast China Revitalization:**

The Northeast China Revitalization Strategy involves Liaoning Province, Jilin Province, Heilongjiang Province, Hulun Buir City, Hinggan League, Tongliao City, Chifeng City, and Xilingol League (eastern Inner Mongolia) in Inner Mongolia Autonomous Region, which have a combined area of 1.45 million square kilometers. China will quicken the pace in shifting government functions, deepen the reform of state-owned enterprises, step up efforts to improve the business environment, and vigorously develop the private economy. China will build Liaoning Coastal Economic Belt and Changchun-Jilin-Tumen Development and Opening-up Pilot Zone and improve Harbin's cooperation with and opening-up to Russia. China

3. The "three bases and one corridor" in Xinjiang: bases for large-scale oil and gas production and storage, for coal production, thermal power generation and coal chemical industry, and for wind power generation, as well as the national energy and resources corridor.

will accelerate the development of modern agriculture and intensify the protection of ecological resources. China will transform and upgrade traditionally competitive industries such as equipment manufacturing, foster and develop emerging industries, vigorously develop characteristic industries including ice and snow and eco-tourism in cold regions, and build an internationally influential ice and snow tourism belt, so as to develop a new industrial structure for balanced development and competitive advantages. China will implement measures more attractive to talent and deepen paired cooperation with the eastern region.

**The Rise of Central China:** Central China includes six provinces — Shanxi, Anhui, Jiangxi, Henan, Hubei, and Hunan, which together cover an area of 1.028 million square kilometers. China will step up efforts to build important and advanced manufacturing bases, improve the ability of independent innovation in key areas, build a highland for inland provinces to open to the outside world, and consolidate the ecological and green development model. China will strive for bigger and stronger advanced manufacturing, build mid-to-high-end industrial clusters along the Yangtze River and along the Beijing-Guangzhou, Lanzhou-Lianyungang, and Beijing-Kowloon railway lines, and actively undertake the deployment and transfer of emerging industries. China will promote the coordinated development of city clusters in the middle reaches of the Yangtze River, accelerate the development of Wuhan and Changsha-Zhuzhou-Xiangtan metropolitan area, and make them important growth poles in China. China will build up the foundation for grain production, keep up efforts to improve the comprehensive benefits and competitiveness of agriculture,

and accelerate the development of modern agriculture. China will make coordinated efforts to protect and restore the environment and strive to build the shields for ecological security. China will support the inter-connected development of the upper and lower reaches of the Huaihe River and Hanjiang River ecological economic belts, accelerate the construction of corridors for opening-up, and build high-level platforms for inland provinces to open to the outside world.

**Leading Development of the Eastern Region:** China will give full play to the advantages of the eastern region in bringing together innovative factors and help the region to make faster breakthroughs in innovation. China will move faster to foster world-class advanced manufacturing clusters, spearhead the development of emerging industries and modern services sector, improve the output efficiency of production factors, and take the lead in upgrading industries. China will ensure the region can participate in international economic cooperation and competition at a higher level, create new advantages in opening-up, and take the lead in establishing a system for an all-round open economy. China will support Shenzhen in building a pilot demonstration area of socialism with Chinese characteristics, Pudong in building a pioneer area for socialist modernization, and Zhejiang in building a demonstration zone for promoting common prosperity. China will further promote the development of the comprehensive pilot zones to replace old economic growth drivers with new ones in Shandong Province.

### **1.3.6 Carbon Peak and Carbon Neutrality**

At the general debate of the 75th session of the United Nations General

Assembly on September 22, 2020, Chinese President Xi Jinping pledged that China would scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures, to have carbon dioxide emissions peak before 2030 and achieve carbon neutrality before 2060.

The *Outline of the 14th Five-Year Plan* states that "China will make sustained efforts to achieve the goal of scaling up its Intended Nationally Determined Contributions and formulate an action plan to reach the peak of carbon emissions by 2030. China will improve the dual control system of total energy consumption and intensity with a focus on controlling fossil energy consumption. China will implement a system that focuses on carbon intensity control supplemented by total carbon emission control, and support the key industries and enterprises in places where conditions permit to take the lead in reaching the peak of carbon emissions. China will promote clean, low-carbon, safe and efficient use of energy, and further promote the transformation of industry, construction, transportation, and other sectors towards low-carbon development; increase efforts to control methane, hydrofluorocarbons, perfluorocarbons, and other greenhouse gases; increase the carbon sink capacity of ecosystems; and step up efforts to achieve carbon neutrality by 2060 by adopting even more robust policies and measures."

Central Economic Work Conference 2021 called for a proper understanding of the country's carbon peak and carbon neutrality goals. To achieve the objectives for carbon dioxide peaking and carbon neutrality, China must follow the principles of exercising nationwide planning,

prioritizing conservation, leveraging the strengths of the government and the market, coordinating efforts on the domestic and international fronts, and guarding against risks. The phase-out of traditional energy in China should be based on safe, reliable new energy alternatives. China needs to strengthen the clean and efficient use of coal, increase the absorptive capacity of new energy, and optimize the use of coal and new energy, based on the fundamental reality that its energy structure is dominated by coal power. Scientific assessment should be carried out. The country decided that the newly-added renewable energy and energy used as raw materials would be excluded from the cap on total energy consumption, calling for an early shift from controlling energy consumption amount and intensity to controlling the amount and intensity of carbon emissions, as well as an early establishment of an incentive and constraint mechanism for pollution control and carbon reduction. China should step up efforts to make breakthroughs in R&D of green and low-carbon technologies; to ensure energy supply, with large enterprises, especially state-owned enterprises, taking the lead in ensuring stable supply and prices; to further promote energy revolution and quicken the pace in building China's strength in energy.

On September 22, 2021, the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*<sup>4</sup> was released. It clarifies the key tasks to peak carbon dioxide emissions and achieve carbon neutrality: First, promoting comprehensive green transformation in economic and social

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4. [http://www.gov.cn/zhengce/2021-10/24/content\\_5644613.htm](http://www.gov.cn/zhengce/2021-10/24/content_5644613.htm)

development; second, in-depth industrial restructuring; third, accelerating the development of a clean, low-carbon, safe and efficient energy system; fourth, accelerating the construction of a low-carbon transportation system; fifth, improving the quality of green and low-carbon development of urban and rural areas; sixth, strengthening research on green and low-carbon technologies and promoting their application; seventh, continuing to consolidate and improve carbon sink capacity; eighth, promoting a green and low-carbon mode of opening-up; ninth, improving laws, regulations, standards and statistical and monitoring systems; and tenth, improving policy mechanisms.

On October 24, 2021, the State Council released the *Action Plan for Carbon Dioxide Peaking Before 2030*<sup>5</sup> (the "Plan" for short). The *Plan* states that by 2025, the share of non-fossil fuels in total energy consumption will reach about 20%, while energy consumption and carbon dioxide emissions per unit of GDP will drop by 13.5% and 18%, respectively, compared with 2020 levels, laying a solid foundation for carbon dioxide peaking. By 2030, the share of non-fossil energy consumption will reach about 25%, and carbon dioxide emissions per unit of GDP will have dropped by more than 65% compared with the 2005 level, successfully achieving carbon dioxide peaking before 2030. According to the *Plan*, China will see that the goal to peak carbon dioxide emissions informs the whole process and every aspect of economic and social development. Particular focus will be placed on implementation of ten major peaking carbon dioxide emissions actions, which are the action for green and low-

carbon energy transition, the action for energy saving, carbon emission mitigation and efficiency improvement, the action for peaking carbon dioxide emissions in industry sector, the action for peaking carbon dioxide emissions in urban-rural development area, the action for promoting green and low-carbon transportation, the action for promoting circular economy for carbon mitigation purpose, the action for advancing green and low-carbon technology innovation, the action for consolidating and enhancing carbon sink, the action for green and low-carbon society, and the action for promoting all regions to peak carbon dioxide emissions in a gradient and orderly manner. China has also made plans for international cooperation and policy support.

According to the report to the 20th CPC National Congress, China is working actively and prudently toward the goals of reaching peak carbon emissions and carbon neutrality. Based on China's energy and resource endowment, we will advance initiatives to reach peak carbon emissions in a well-planned and phased way in line with the principle of building the new before discarding the old. We will exercise better control over the amount and intensity of energy consumption, particularly of fossil fuels, and transition gradually toward controlling both the amount and intensity of carbon emissions. We will promote clean, low-carbon, and high-efficiency energy use and push forward the clean and low-carbon transition in industry, construction, transportation, and other sectors. We will thoroughly advance the energy revolution. Coal will be used in a cleaner and more efficient way, and greater efforts will be

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5. [http://www.gov.cn/zhengce/content/2021-10/26/content\\_5644984.htm](http://www.gov.cn/zhengce/content/2021-10/26/content_5644984.htm)

made to explore and develop petroleum and natural gas, discover more untapped reserves, and increase production. We will speed up the planning and development of a system for new energy sources, properly balance hydropower development and ecological conservation, and develop nuclear power in an active, safe, and orderly manner. We will strengthen our systems for energy production, supply, storage, and marketing to ensure energy security. We will improve the statistics and accounting system and the cap-and-trade system for carbon emissions. The carbon absorption capacity of ecosystems will be boosted. We will get actively involved in global governance in response to climate change.

To give full play to the leading and regulatory role of standards in steering industries towards the carbon peak and carbon neutrality goals, the Ministry of Industry and Information Technology (MIIT) solicited opinions on 197 projects related to industry standards, including the *Technical Code for Carbon Emission Verification in Petroleum and Chemical Industry*, in September 2021. On December 2, 2021, the MIIT issued the *Notice on Issuing the Plan for Projects to Formulate or Revise Industry Standards on Peaking Carbon Emissions and Carbon Neutrality in 2021*<sup>6</sup>, requiring the drafters to coordinate standard formulation and technological innovation, testing, application, and promotion.

To ensure science and technology better support our endeavor to peak carbon dioxide emissions and achieve carbon neutrality, nine departments including the Ministry of Science and Technology jointly issued the *Action Plan on Supporting Carbon Peak and Carbon*

*Neutrality by Science and Technology Measures (2022-2030)* (hereinafter referred to as the "Action Plan") on August 18, 2022. The *Action Plan* proposed the scientific and technological innovation actions and safeguard measures to support the goal of peaking carbon dioxide emissions by 2030 and make research preparations for realizing carbon neutrality by 2060. It provides guidance for China's scientific and technological community as well as related industries, sectors, regions and enterprises in carrying out scientific and technological innovation for carbon peak and carbon neutrality. The *Action Plan* features specific actions to promote scientific and technological innovation in 10 aspects, including green and low-carbon energy transition, low-carbon and zero-carbon industrial process reengineering, low-carbon and zero-carbon construction and transport, negative carbon and non-carbon dioxide greenhouse gas emission reduction, cutting-edge frontier technologies and disruptive technologies, low-carbon and zero-carbon demonstration, carbon peak and carbon neutrality management decisions, synergy of innovative projects, bases and talent for carbon peak and carbon neutrality, cultivation of and services for green and low-carbon technology enterprises, and global cooperation in carbon peak and carbon neutrality.

In recent years, by implementing green manufacturing projects and vigorously promoting the green design of industrial products, China has promoted about 20,000 kinds of green products, built nearly 3,000 green factories, cultivated nearly 200 green manufacturing service suppliers, and formulated a total of 644 industry standards for energy

6. [https://www.miit.gov.cn/jgsj/kjs/wjfb/art/2021/art\\_ce056a1a183e42f1be837ee3d4c81dd5.html](https://www.miit.gov.cn/jgsj/kjs/wjfb/art/2021/art_ce056a1a183e42f1be837ee3d4c81dd5.html)



conservation and green development, thus initially establishing a green manufacturing system. By promoting the green transformation of key industries such as chemical, machinery, electronics, household appliances, food, textile and complete sets of large equipment, China has implemented 366 key projects in three batches, and recommended more than 2,000 advanced energy-saving technologies, equipment and products. Both energy consumption and water consumption of related enterprises have fallen to about 60% of the industry's average level.

China inaugurated its national carbon market on July 16, 2021, with the power generation sector as the first to be included in the market. In 2022, more than 50.889 million tons of allowances changed hands in total, with the total trading volume reaching RMB2,814 million.

## 2. Investing in China

### 2.1 Well-equipped Infrastructure

#### 2.1.1 Developed Transportation Infrastructure Network

China is building an efficient transportation network in line with international standards. In recent years, China's integrated three-dimensional transportation network has improved significantly in both scale and quality. During the 14th Five-Year Plan period, China embarked on the new path toward a transportation power. It has put more emphasis on the optimization of transportation layouts, network quality and efficiency, the elimination of bottlenecks, and capacity and connectivity improvement of international transport corridors.

##### ■ Land Transportation Network

The ever-advancing networks of railways and roadways in China form a multi-layered traffic network extending in all directions.

(1) Railways. By the end of 2022, China's rail network had grown to 155,000 kilometers, road density reaching 161.1 kilometers per 10,000 square kilometers. Passenger volume hit 1.67 billion trips and passenger turnover reached 657.75 billion person-kilometers. In 2022, railway haulage achieved 4.93 billion tons, and cargo turnover 3,590.65 billion ton-kilometers. China is one of the few countries in the world equipped with high-speed railways, leading in high-speed rail construction with operational high-speed rail mileage increasing every year. In 2022, the figure reached 42,000 kilometers.

(2) Highways. By the end of 2022, the

total mileage of highways in China had reached 5.35 million kilometers and the density 55.01 kilometers per 100 square kilometers. The mileage of expressways had reached 177,000 kilometers. In 2022, China's road passenger turnover was 240.75 billion person-kilometers; its road freight turnover stood at 6,895.80 billion ton-kilometers. The rapid development of road infrastructure has significantly improved road traffic capacity, transport efficiency, and logistics development.

##### ■ Shipping Network

China has gradually improved the class and increased the mileage and harbor capacities of its inland waterways. It has ranked first in terms of seaport connectivity across the world. As of the end of 2022, China's inland waterway had a navigable mileage of 128,000 kilometers with 15,000 kilometers of third-class waterways and above; the ports owned 21,000 productive wharf berths, including 2,751 berths with a handling capacity of 10,000 tons and above.

##### ■ Aviation Network

By the end of 2022, there were 254 transportation airports in China (excluding Hong Kong, Macao, and Taiwan). In 2022, China's civil aviation airports completed 7,151,900 flights, with the passenger throughput reaching 520 million (some passengers flew more than once; the same below) and the cargo throughput being 14,530,500 tons. In 2022, there were 18 transportation airports with an annual passenger throughput of more than 10 million, 30 transportation airports with an annual passenger throughput of 2-10 million, and 51 transportation airports with an annual cargo and mail throughput of more than 10,000 tons.

In 2022, China saw 4,670 routes of regular flights, including 4,334 domestic routes, with 27 to Hong Kong, Macao and Taiwan, and 336 international routes. There were 249 cities (or regions) with regular flights (excluding Hong Kong, Macao and Taiwan) in China. Airlines had scheduled flights to 77 cities in 50 countries. There were scheduled flights from 20 cities in the Chinese mainland to Hong Kong, five to Macao and seven to the Taiwan region. By the end of April 2023, China had resumed its regular international passenger flights with 59 countries. China had signed 129 bilateral air transport agreements with other countries or regions as of the end of 2022.

China will speed up the development of a national comprehensive airport system with world-class clusters of airports and international aviation hubs as the key component, regional hubs as the mainstay, and non-hub airports and general airports as important supplements. By 2035, the number of air carrier airports will reach about 400. Emphasis will be laid on the four world-class clusters in the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, and Chengdu-Chongqing region respectively. The 10 international aviation hubs will be consolidated, and the development of international air cargo hubs including Zhengzhou, Tianjin, Hefei, and Ezhou promoted, so as to build an air transportation network accessible from all directions all over the world.

### **2.1.2 Stable and Ample Energy Supply**

In 2022, the supply chain in the energy industry was basically stable, the clean and low-carbon development of the energy system promoted continuously, and the energy mix adjusted and

optimized. Energy producers actively promoted the resumption of work and production against the adverse impact of the pandemic. The industrial energy production above a designated scale grew steadily throughout the year as reliable safeguards for energy supply and safety.

#### **■ Ample and Reliable Power Supply Capacity**

By the end of 2022, the installed capacity of power generation across China was 2.56 billion kilowatts, a year-on-year increase of 7.8%. Specifically, the installed capacity of thermal power amounted to 1.33 billion kilowatts, up by 2.7%, that of hydropower totaled 410 million kilowatts, a rise of 5.8%, that of grid-connected wind power reached 370 million kilowatts, expanding by 11.2%, and that of grid-connected solar power was 390 million kilowatts, an increase of 28.1%.

#### **■ Stable Water Supply**

In 2022, the water resources across China totaled 2,663.4 billion cubic meters; the water supply reached 592.02 billion cubic meters, accounting for 20.0% of the total water resources and surging by 10.73 billion cubic meters over 2020.

#### **■ Stable Gas Market**

In 2022, China generated 220.11 billion cubic meters of gas, a year-on-year increase of 6%, marking the sixth consecutive year with an increased production of over 10 billion cubic meters. To ensure a stable gas market, Chinese oil and gas enterprises are striving to optimize the domestic distribution of gas, coordinate and expand the import of natural gas, improve facilities for gas transmission and storage, and promote connectivity of the pipe network.

### **2.1.3 Rich Natural Resources**

China abounds in natural resources. With respect to mineral resources, 173

kinds of mineral deposits had been discovered nationwide by the end of 2021. In 2021, the maritime economy contributed more than RMB9 trillion in the GDP for the first time to reach RMB9,038.5 billion, an increase of 8.3% over the previous year. It contributed 8.0% to the growth of the national economy and accounted for 15.0% of the GDP of coastal areas.

#### **2.1.4 Extensive Communication Infrastructure and Network Coverage**

China has built up a strong information communication industry from scratch. The communication infrastructure and the capacity for independent innovation have improved significantly. China has already established the world's largest 4G and 5G networks, with broadband Internet access given to all administrative villages. China will keep strengthening basic network facilities featuring the gigabit fixed and mobile network, improving universal telecommunications services, and vigorously promoting application and innovation.

## **2.2 Leading Innovation**

### **2.2.1 Important Policies for Technological Innovation**

In recent years, the State Council has successively issued the following policies as the important basis and support for the advancement of technological innovation: the *Outline of the National Strategy on Innovation-driven Development*, the *Outline of the National IT Development Strategy*, the *National 13th Five-Year Plan for S&T Innovation*, *New-generation*

*Artificial Intelligence Development Plan*, *Several Opinions of the State Council on Comprehensively Strengthening Basic Research*, and the *Opinions on Strengthening Intellectual Property Protection*.

The *Outline of the 14th Five-Year Plan* points out that it is necessary to improve the market-oriented mechanism of technological innovation, strengthen the principal role of enterprises in innovation, promote the introduction of various innovation factors to enterprises, and form a technological innovation system with enterprises as main actors, market orientation, and deep integration of enterprises, universities, research institutes and end-users. It is necessary to implement the policies for respecting labor, knowledge, talent, and creativity, deepen the reform of the talent development system and mechanism, cultivate, introduce and use well talent in an all-round way, and give full play to the role of talent as prioritized resources.

### **2.2.2 Increasing Scientific Research Input**

As basic research and original innovation kept strengthening, much was accomplished toward making China a country of innovators, with major advances in manned spaceflight, lunar and Martian exploration, deep sea and deep earth probes, supercomputing, quantum information, new energy technology, and other areas. Giving a high priority to scientific research, China ranks second in the world in terms of the nationwide R&D spending and first in the total number of R&D personnel. In 2022, China invested a total of RMB3,087 billion in R&D, an increase of 10.4% over the previous year; the ratio of R&D expenditure to the GDP reached 2.55%,

a record high. Basic research funding amounted to RMB195.1 billion. In 2022, 51,900 projects were financed by the National Natural Science Foundation. As of the end of 2022, there were 533 national key laboratories in operation, 191 national engineering research centers included into new sequence management, 1,601 state-level enterprise technology centers, and 212 demonstration bases for mass entrepreneurship and innovation. A total of 36 sub-funds were established under the national sci-tech achievement transformation guidance fund, with a total capital of RMB62.4 billion.

### **2.2.3 Human Resources for Science & Technology Development Continuing to Grow**

According to the *China Science and Technology Talent Development Report (2020)*, the full-time equivalent of Chinese R&D personnel grew rapidly during the 13th Five-Year Plan period, with an average annual growth of over 7%. China has ranked first in this regard as the figure rose from 3.878 million man-years in 2016 to 5.092 million man-years in 2020.

### **2.2.4 Scientific Research Institutes with Growing International Influence**

The Nature Index 2023 Annual Tables released by Nature Index<sup>7</sup> show that China ranks first in three natural science disciplines (physics, chemistry, earth and environmental science). China has 19 institutions ranking among the top 50 in the field of natural science. Since the establishment of Nature Index, the Chinese Academy of Sciences (CAS) has taken the top spot for 11 consecutive years. The

Nature Index 2023 Annual Tables highlight the most prolific institutions and countries in high-quality research publishing for the year 2022.

### **2.2.5 Scientific and Technological Innovation Keeping Improving**

In recent years, China has adopted a series of measures to promote comprehensive innovation and reform trials, deepen the reform of the business system, improve policies on finance and taxation, investment and financing, build platforms for supporting innovation and entrepreneurship, and construct a cultural ecosystem for innovation and entrepreneurship, so as to gradually form policy and social atmospheres for innovation, entrepreneurship and creation. With joint efforts of the government at all levels and the entire society, business entities become more active and dynamic, leading to continuous progress in terms of innovation and entrepreneurship.

According to the *2022 Global Innovation Index (GII)* published by the World Intellectual Property Organization (WIPO) in September 2022, China ranks 11th, up one place from the previous year. Since 2013, China's ranking has gone up steadily for 10 consecutive years.

#### **■ More Active Intellectual Property Innovation and Creation**

According to the *Statistical Communiqué of the People's Republic of China on the 2022 National Economic and Social Development*, 4.323 million patents were granted in 2022, and the number of PCT patent applications accepted reached 74,000. As of the end of 2022, there were 17.879 million valid patents,

7. Nature Index 2022 (<https://www.nature.com/nature-index/annual-tables/2022>).

including 3.28 million invention patents in the Chinese mainland. The number of high-value invention patents reached 9.4 per 10,000 people. There were 6.177 million trademarks registered throughout the year. Besides, 770,000 technical contracts were signed, with a total value of RMB4,779.1 billion and a growth rate of 28.2% over the previous year.

On February 28, 2023, WIPO announced the 2022 international patent applications (under *Patent Cooperation Treaty*, or PCT), which showed that China submitted the most international patent applications through the PCT, with a total number of 70,015. It accounted for more than one quarter of the total applications, up by 0.6% year on year.

#### ■ Improving Environment for Commercialization of Scientific and Technological Achievements

China also actively supports the commercialization of scientific and technological achievements. To this end, it has issued regulations and policies, set up funds, and built service platforms, improved the system for reporting and sharing information on achievements in science and technology, and created a favorable institutional environment. There are currently 34,585 commercialized projects filed in the national database under the gradually improving environment.

#### ■ Gradually Improving Business Incubation

According to 2021 figures from the Ministry of Science and Technology, there were 6,227 incubators in China, with a total incubating area of 133.88 million square meters. Total income of incubators came to RMB57.63 billion, contributing RMB3.91 billion in tax revenue. All together, the incubators supported 244,000 enterprises and provided 3.096 million jobs. In addition, incubator managerial staff totaled

80,000, and 112,000 innovation and entrepreneurship activities were held. That same year, incubated enterprises obtained RMB122.65 billion of financing and investment, held 911,000 valid intellectual property rights, and invested RMB83.15 billion in R&D, with an R&D intensity of 6.7%.

By the end of 2022, there were 2,441 maker spaces and 1,425 state-level technology business incubators registered in the national dossier.

## 2.3 Rich Human Resources

### 2.3.1 Improved Human Resource Quality

#### ■ Employee Educational Levels Continue to Improve

China has continuously invested in the development of professional technical human resources and the training of high-skilled talent, supplying enterprises with a sufficient number of high-quality talent.

- Professional technical personnel: By the end of 2021, 39.35 million people had obtained various professional qualification certificates.

- Skills training: By the end of 2021, there were 940 employment training centers and nearly 30,000 private training institutions nationwide.

- Vocational skill appraisal and recognition: As of the end of 2021, there were 6,894 vocational skill appraisal agencies, 13,431 vocational level appraisal agencies, and 412,000 appraisers. A total of 10.784 million people were appraised for vocational skill and vocational level (some people were appraised more than once; the same below), and 8.988 million obtained either certificate. Among them, 302,000 people obtained the certificate

of technician, senior technician vocational qualification certificate or vocational level certificate.

- Technical schools: At the end of 2021, there were 2,492 technical schools nationwide, with 4.267 million students. A total of 1.672 million students were enrolled and 1.087 million graduated from technical schools across China with 6.007 million trained for the public.

### 2.3.2 Human Resource Services Gradually Improved

#### ■ Laws and Regulations on Human Resource Services Gradually Improved

In 2018, the State Council enacted its first administrative regulation on the human resources market, the *Provisional Regulation on the Human Resources Market*. This act defines the country's statutory duties to enhance the development of the human resource service sector at the legislative level. In November 2021, the Ministry of Human Resources and Social Security, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce and the State Administration for Market Regulation jointly printed and distributed the *Opinions on Promoting High-Quality Development of the Human Resource Service Industry in the New Era*.

#### ■ Professional and Market-Oriented Human Resource Services

In 2021, there were 59,100 human resource service organizations of various types, and 1.0315 million employees in the industry. In the whole year, 50.99 million employers and 304 million laborers were provided with human resource services (some employers and laborers enjoyed the services more than once). With the help, the laborers found a job, decided on the future career, or changed the job.

### 2.3.3 Human Resource Services for Foreign Talent Improved

Creating a good policy atmosphere for foreign talent that work in China is an important part of China's international talent strategy. Since August 1, 2019, China has implemented 12 preferential policies and measures on immigration, entry and exit, including expanding the range of foreigners qualified for long-term visas and residence permits, broadening the scope of foreign talent, and improving services for foreign talent, so as to further encourage, support, and assist foreign talent, outstanding foreign youths, and overseas Chinese to start businesses, invest, study, and work in China. Meanwhile, provinces and cities across China have issued various targeted policies to provide foreign talent with diversified and customized services to meet their needs for working and living in China. China will optimize immigration administration policies and measures starting from January 8, 2023, including the resumption of the acceptance and approval of Chinese citizens' applications for ordinary passports for the purposes of tourism and visiting friends abroad, the resumption of the processing of endorsements for Chinese mainland residents to visit the Hong Kong Special Administrative Region for tourism and business purposes, and the resumption of the issuance of exit-and-entry permits of the People's Republic of China and exit-and-entry permits for border control areas.

Taking Beijing as an example:

- Beijing has launched the High-end Medical Insurance Plan for Foreign Nationals included in the "Beijing Overseas Talent Pooling Program", encouraging employers to fund commercial medical insurance for their foreign talent.

- The power of issuing the work permit for foreign nationals to work in China is

delegated to the district level in Chaoyang, Haidian, and Shunyi districts, where most foreign employees are located.

- From February 1, 2023, foreign talent in Beijing can apply for work permits and residence permits at the same time, and the process will be further shortened to five to seven workdays. The service has been available at 13 windows in the city.

## 2.4 Improving Business Environment

### 2.4.1 Issuing Regulations on Optimizing the Business Environment

On October 8, 2019, the Executive Meeting of the State Council adopted the *Regulation on Optimizing the Business Environment*, which came into force on January 1, 2020. It provides a summary of the experience and practices of China in optimizing the business environment in recent years, makes the reform measures that have been proven effective, satisfactory among people and welcomed by business entities laws and regulations, and improves the institutional framework in line with international standards to address the prominent disadvantages of the business environment as well as major bottlenecks, difficulties and obstruction to business entities, and stipulates regulations for institutional improvement in line with international standards.

### 2.4.2 Adopting Multiple Measures to Optimize Business Environment

#### 1. Further Streamlining Administration and Delegating Powers

- Relax Market Access  
Three years into the implementation

of the unified negative list for market access across China since its official release in December 2018, China has established a management model based on negative list for market access nationwide, according to which business entities are allowed to operate in industries and fields that are not on the list on an equal footing in accordance with laws.

On March 12, 2022, the National Development and Reform Commission and the MOFCOM issued the *Negative List of Market Access (2022 Edition)*, which has been implemented since the date of issuance. The *Negative List of Market Access (2020 Edition)* issued on December 10, 2020 was repealed at the same time. The items in the list are divided into two categories: prohibited and licensed matters. For prohibited areas, business entities are not allowed to enter, administrative bodies are not allowed to approve and ratify relevant matters, and relevant procedures are prohibited. For areas with access under a license, business entities must apply in accordance with qualification requirements and procedures, technical standards and licensing requirements. Administrative agencies are to make decisions on whether to grant access or not (in accordance with laws and regulations), or business entities shall gain access in accordance with the access conditions and methods stipulated by governments. The *Negative List of Market Access (2022 Edition)* specifies six prohibited items and 111 permitted items, totaling 117, six items less than the 2020 Edition.

The *Negative List of Market Access (2022 Edition)* clarifies that the management requirements for "one list for the whole country" should be strictly implemented, the government's regulatory responsibilities effectively



fulfilled, a system for collecting and reporting cases of violations of the negative list for market access established, and market access efficiency assessment carried out. The feedback channels for business entities should be kept more open, cases of violations of the list collected from various aspects, the handling and response mechanism improved, and reporting made on a regular basis. Relevant information is made public on the website of National Development and Reform Commission and the website of CHINA CREDIT NETS.

- Reduce Restrictions on Doing Business

Since December 1, 2019, China has conducted the reform of "separating permits from business licenses" throughout its PFTZs, involving 523 enterprise-related business licensing items arranged at the central government level. The approval procedures for all enterprise-related business licensing are reformed by adopting the following four methods on a category-by-category basis: direct cancellation of review and approval, replacement with record-filing, application of the notification and commitment system, and improvements of services. Since July 1, 2021, China has implemented the management of enterprise-related business licensing based on the list nationwide. Meanwhile, the pilot projects have been further promoted in the PFTZs. The reform of "separating permits from business licenses" facilitates the access to market operation qualifications for enterprises and entrepreneurs, thus further reducing restrictions on doing business.

- Deepen Investment Facilitation Reforms

Making it easier for foreign nationals to work in China: Regions are supported to properly set conditions on the age,

educational background, skills and work experience of urgently needed talented people with innovative and entrepreneurial, professional, technical and other skills according to the needs of local economic development.

Optimizing approval procedures for land use for foreign-invested projects: Reforms are deepened to delegate powers, streamline administration, and optimize government services for planned land use. Efforts are made to accelerate the implementation of foreign-invested projects; site selection is combined with the preliminary approval process for land use; land planning permission and land use approval processes are merged; the approval procedures are optimized; the all-in-one planning, all-in-one acceptance and information sharing system has been put in place; and application documents for approval have been simplified.

Reducing costs for the cross-border use of funds: Foreign-invested enterprises are encouraged to expand cross-border use of the renminbi. The scope for pilot programs in facilitating capital account income payment has been expanded. Reform of the registration system for foreign debt issuance by enterprises has been promoted to allow foreign-invested enterprises to independently select the mode of borrowing foreign debt to reduce financing costs. Non-investment foreign-invested enterprises are allowed to engage in equity investment in China with capital in accordance with laws, so long as they do not violate the effective Special Administrative Measures for the Access of Foreign Investment (Negative List) and the projects they invest in are real and in compliance with laws and regulations.

## **2. Improving the Regulatory Rules**

Efforts are made to further standardize implementation of supervision

policies, optimize supervision approaches, arrange inspection frequency for environmental protection and safety production in a reasonable manner in line with reality, and reduce costs of foreign-invested enterprises for compliance. In addition, credit supervision, oversight conducted through the random selection of both inspectors and inspection targets and the prompt release of results, accommodative and prudential regulation, and "Internet Plus Supervision" are put in place, while the system of disclosing information on administrative law enforcement, the system for recording the entire enforcement process, and the system for reviewing the legality of major administrative law enforcement decisions have all been implemented. In this mechanism, oversight can be conducted through the random selection of both inspectors and inspection targets and the results be promptly released. Random inspection covers the main matters involved in the routine supervision made by relevant departments. Accommodative and prudential regulation refers to the sufficient space for development of new technologies, new industries, and new business forms and models. The guiding principle is to encourage innovation while safeguarding the bottom line of quality and safety. With a unified national online supervision system, the Chinese government and relevant departments take full advantage of technologies such as the Internet and big data to improve efficiency on the collection, sharing, and integration of supervision information, and to carry out remote and mobile off-site supervision for early warning and prevention purpose. As a result, a more precise and smart supervision system is achieved.

On December 14, 2021, the State Council issued the *Plan for the*

*Modernization of Market Regulation for the 14th Five-Year Plan Period* (hereinafter referred to as the "Plan"). The *Plan* clarifies the basic principles for the modernization of market supervision during the 14th Five-Year Plan period, and proposes continuous optimization of the business environment, more standardized market operation, full and smooth market circulation, vigorous consumption safety guarantee, significant improvement in quality, and overall improvement in supervision efficiency. Besides, it proposes six key tasks: first, to continue to optimize the business environment and fully stimulate the vitality of business entities; second, to strengthen the comprehensive management of market order and create a market environment featuring fair competition; third, to maintain and improve the unified domestic market, and promote sufficient market circulation; fourth, to improve the quality policy and technical system to serve high-quality development; fifth, to stick to the bottom line of safety and strengthen the protection of consumers' rights and interests; sixth, to build a modern market supervision system and improve the efficiency of comprehensive market supervision in all respects.

### **3. Improving the Efficiency of Government Services**

According to the *Regulation on Optimizing the Business Environment*, China will speed up the building of a national online platform for government services, simplify administrative licensing services, optimize review and approval procedures, especially for construction projects, regulate intermediary services for administrative approval, cut the number on certificates required, facilitate cross-border trade, and establish a mechanism for government-enterprise

communication. The relevant measures include:

- Promoting the standardization of government services, and compiling and publishing standardized work processes and guidelines for government services, with a view to reducing the number of steps, the amount of materials, and the handling time involved.

- Getting matters processed on site within a specified time, without the need for a second visit, and providing centralized, nearby, online and remote channels.

- Accelerating the building of a national online government service platform to make it possible for government services to be accessed via one website nationwide. Unless otherwise specified by laws or regulations, or under special circumstances involving state secrets, government services will be incorporated into the national online platform as specified by the State Council.

- Facilitating cross-border trade, reducing steps for the approval of imports and exports in accordance with laws, canceling unnecessary supervision requirements, optimizing and simplifying the customs clearance process, improving customs clearance efficiency, regulating and standardizing port charges, lowering customs clearance costs, and promoting the processing of international trade businesses through the "China International Trade Single Window" ([www.singlewindow.cn](http://www.singlewindow.cn)).

- Constantly reducing and standardizing certification-related issues and rolling out the notification commitment system.

#### **4. Popularizing "China International Trade Single Window"**

On August 7, 2019, the World Trade Organization (WTO), in accordance

with the *Trade Facilitation Agreement*, announced that "China International Trade Single Window" measures were implemented in advance on July 19, 2019. In January 2020, China notified the WTO that it had implemented such measures as "determining and publishing the average release time" in the *Trade Facilitation Agreement* in advance, and that China had put all the measures stipulated in the *Trade Facilitation Agreement* into full implementation.

The "China International Trade Single Window" has connected with the 30 systems of departments such as the MOFCOM, the State Administration for Market Regulation, and the State Taxation Administration. It has 22 basic service functions including online cargo declaration, manifest declaration, transportation facilities, regulatory documents, certificates of origin, import quotas, enterprise qualification and user registration, tax handling, export tax rebate, bonded processing trade, cross-border e-commerce, customs clearance, financial services, licensing port logistics, trade in services, inspection and quarantine, lists of port charges, comprehensive services, mobile applications, Hainan Free Trade Port, New International Land-Sea Trade Corridor (ILSTC), and SCO comprehensive economic and trade services. It provides 823 services for all ports across China and various areas such as PFTZs and cross-border e-commerce comprehensive pilot zones, benefiting enterprises in production, trade, warehousing, logistics, e-commerce, and finance. It can basically meet the requirements for "one-stop" and "full-chain" services in the handling of international trade matters. By the end of 2022, the platform had witnessed 6.46 million registered users, with over

18 million applications on a daily basis, and online application, networking based verification and paperless customs clearance achieved for more than 30 types of regulatory documents such as the *Automatic Import License*, *Export License* and *Approval Form for Civil Explosives*. Enterprises can use the "single window" to make applications free of charge, and the level of inclusive services has been continuously improved.

### **5. Intensifying Tax and Fee Cuts**

In recent years, the Chinese government has been continuously implementing policies of tax refunds and tax and fee cuts. These policies have provided strong support to alleviate the burden on business entities and maintain overall stable economic performance. In 2019, tax and fee cuts were intensified with the focus on reducing the burden on manufacturers as well as micro and small enterprises; the accumulated tax and fee cuts topped RMB2.3 trillion. In 2020, 28 preferential tax and fee policies were introduced in seven areas to support COVID-19 prevention and control as well as economic and social development; the accumulated tax and fee cuts exceeded RMB2.6 trillion. In 2021, preferential policies were introduced to support the development of micro and small enterprises and to allow MSMEs in the manufacturing industry to defer tax payments, which stimulated the vitality of business entities. In 2022, a new package of tax-and-fee policies a full range of policies and follow-up measures to stabilize the economy were implemented, and the policy on value-added tax credit refunds was intensified; the accumulated tax refunds, tax and fee cuts, and fee deferrals topped RMB4.2 trillion, effectively alleviating the operating pressure on enterprises. From tax and

fee cuts, to the combination of tax and fee cuts, tax and fee deferrals and value-added tax credit refunds, the tax and fee incentives in China are large-scale and wide-ranging with broad coverage and strong continuity. From 2013 to 2022, the country's accumulated tax refunds, tax and fee cuts, and fee deferrals exceeded RMB13 trillion, effectively alleviating the difficulties faced by enterprises and promoting their high-quality development.

### **2.4.3 Six Cities Launching Pilot Projects for Business Environment Innovation**

On September 8, 2021, it was decided at the Executive Meeting of the State Council that the six cities of Beijing, Shanghai, Chongqing, Hangzhou, Guangzhou and Shenzhen, with a large number of business entities, have been chosen for the launch of pilot projects for business environment innovation that aim to focus on concerns of business entities and the public and further deepen the reform to delegate power, streamline administration, and optimize government services up to international standards as the *Regulation on Optimizing the Business Environment* is implemented and the development of a market-oriented, law-based and internationalized business environment is promoted across China. On November 25, the State Council issued the *Opinions for Implementing the Pilot Program of Business Environment Innovation*, deploying business environment innovation pilot projects in the above-mentioned six cities and accelerating the creation of a world-class business environment that is market-oriented, law-based, and internationalized to further benefit enterprises and people.

First, it is necessary to further eliminate regional division and local

protectionism, and promote the building of a unified and open market system with orderly competition. Unreasonable restrictions on cross-regional operation by enterprises should be removed. The hidden barriers to enterprises outside the region in areas such as government procurement should be removed. The cross-regional recognition and verification of seven types of electronic licenses for passenger and cargo transportation should be promoted.

Second, it is necessary to further facilitate the entry and exit of business entities. When a physical license is issued, the electronic version should be issued at the same time, so as to facilitate enterprises in handling online procedures. The procedures for establishing a bank account should be streamlined and handling time shortened. The annual reports on market supervision, social security, taxation, etc. should be combined in one package. The access standards adapting to new business forms and models should be explored. After a bankruptcy related case is accepted, the bankruptcy administrator should be allowed to access the information on the bankrupt enterprise held by relevant institutions in accordance with laws, and there should be no need to go through the formalities of lifting the security measures when disposing of the seized property.

Third, it is necessary to enhance the convenience of investment and construction. Before land supply, government departments should carry out a package assessment of geological disasters, and soil and water conservation, among others, to strengthen responsibilities. The enterprise can start construction after acquiring the land, without repeated evaluation. The notification and commitment system and online parallel handling of construction

permits should be applied for access projects under municipal administration such as water, electricity and heating.

Fourth, it is necessary to improve the level of opening-up. The online verification of relevant cross-port documents among important trading partners should be promoted. The commercial registration procedures for Hong Kong and Macao investors should be simplified. Bonded bunkering services for international shipping should be supported.

Fifth, it is necessary to innovate and improve supervision. In areas related to the life and health of the people, such as food, medicine, vaccines, and safety, a punitive compensation system should be implemented. The long-term mechanism for curbing arbitrary charges, fines, and quotas should be improved. The monopolistic operation and forced services by intermediary agencies should be eliminated, the differentiated treatment to enterprises in terms of qualification acquisition, bidding and tendering, and protection of rights and interests canceled, and fair competition maintained.

Sixth, it is necessary to optimize services related to enterprises. To address damages caused to the legitimate interests of enterprises due to policy changes and planning adjustments, it is necessary to establish a compensation and relief mechanism. The unified registration system for chattel mortgage and warranty of title should be improved. The isolated islands of information should be addressed at a quicker pace, the scope of system interconnectivity and data sharing between departments and localities expanded, the problems facing business entities required to submit materials repeatedly addressed, and online one-off handling of formalities promoted.

On October 31, 2022, the *Circular of the General Office of the State Council on Replicating and Promoting Innovative Pilot Reform Measures for Business Environment* was rolled out to further improve the national business environment. It comprises 50 reform measures in nine categories, including further breaking such unreasonable limitations as regional division and local protectionism, improving a more open, transparent, regulated and effective market access and exit mechanism, continuously facilitating investment and construction, better supporting innovative development of market entities, continuously promoting higher-level facilitation for cross-border commerce, maintaining a fair competition order, further expanding innovative regulations, protecting the property rights and legitimate rights and interests of market entities of all kinds in accordance with laws, and improving regular services involving enterprises.

#### **2.4.4 Piloting a Comprehensive Reform on the Market-Based Allocation of Production Factors**

On December 21, 2021, the General Office of the State Council issued the *Master Plan for Implementing Pilot Comprehensive Reform of Market-based Allocation of Production Factors* (hereinafter referred to as the "*Plan*") to promote the further development of the reform of the market-based allocation of factors. The *Plan* proposes eight pilot tasks: to further improve the efficiency of allocation of land factors, promote the rational, smooth and orderly flow of labor factors, promote capital factors to serve the development of the real economy, vigorously promote the transformation of

technological factors into real productivity, explore the establishment of rules for circulation of data factors, strengthen the construction of the resource and environment market system, improve the governance of the factor market, and further exert the effect of synergistic allocation of factors.

The *Plan* makes it clear that it is necessary to focus on the implementation of major national strategies, give priority to city clusters, metropolitan areas or central cities with urgent reform needs, solid foundation and great development potential according to different reform tasks, carry out the pilot projects for comprehensive reform of market-based allocation of factors, and put the number and scope of pilot projects under strict control. In principle, priority should be given to exploration into reform involving the market-oriented allocation of factors that is authorized and implemented by the CPC Central Committee and the State Council and organized by other relevant parties. The pilot program lasts from 2021 to 2025. According to the *Plan*, by 2025, the pilot tasks will be basically completed, and marked results achieved in the reform of the market-based allocation of factors as an important demonstration for improving the factor market in China.

#### **2.4.5 Constructing a Unified National Market at a Faster Pace**

On April 10, 2022, the *Opinions of the CPC Central Committee and the State Council on Accelerating the Construction of a Unified National Market* (hereinafter referred to as the "*Opinions*") was announced. According to the *Opinions*, the main goals of accelerating the construction of a unified national market

are: to continue to promote the efficient and smooth development and scale up the domestic market, to accelerate the creation of a stable, fair, transparent, and predictable business environment, to further reduce market transaction costs, to promote technological innovation and industrial upgrading, and to cultivate new advantages in participating in international competition and cooperation. The *Opinions* clarifies the key tasks of constructing a unified national market at a faster pace from six aspects: first, to strengthen the unification of basic market systems and rules; second, to promote high-standard connectivity of market facilities; third, to create a unified market for factors and resources; fourth, to promote the high-level unification of product and service markets; fifth, to promote fair and unified market supervision; sixth, to further regulate market competition and market intervention.

On June 28, 2023, the State Administration for Market Regulation, the National Development and Reform Commission, the Ministry of Finance and the Ministry of Commerce jointly issued a notice to sort through and do away with regulations and practices that impede the development of a unified market and fair competition, especially that impede market access and exit, hinder the free flow of goods and factors, increase production and operation costs, and impact business behavior. These regulations and practices include effective rules, normative documents and other policies and measures relating to the economic activities of business entities formulated by various departments directly under the State Council and local people's governments at or above the county level, as well as

their subordinate departments before December 31, 2022.

#### **2.4.6 The 10th National Teleconference on Deepening the Reforms to Streamline Administration, Delegate Powers, and Optimize Government Services**

On August 29, 2022, the State Council held the 10th national teleconference on deepening the reforms to streamline administration, delegate powers, and optimize government services. It aims to keep deepening the reform to streamline administration, delegate powers, and optimize government services, drive profound shifts in the functions of government, create a market-oriented, law-based and internationalized business environment at a faster pace, vigorously foster and strengthen market entities, safeguard macroeconomic stability and keep major economic indicators within an appropriate range. On October 15, 2022, the General Office of the State Council issued the *Plan of Work Division for Key Tasks of the 10th National Teleconference for Deepening the Reforms to "Streamline Administration, Delegate Powers, Improve Regulation and Strengthen Services"* (hereinafter referred to as the "Plan"), which clearly set out 21 measures in three major aspects, namely unleashing economic growth potential through reform and opening-up, improving the efficiency of government services for market entities and the people, and focusing on promoting the implementation and effectiveness of policies that had been introduced. According to the *Plan*, China should prioritize the cultivation and

growth of market entities as a key focus in deepening the reform to delegate powers, streamline administration, and optimize government services; unswervingly consolidate and develop the public sector, and at the same time unswervingly encourage, support and guide the development of the non-public sector; ensure enterprises under all forms of ownership are treated on an equal footing; protect the property rights and legitimate rights and interests of market entities of all kinds in accordance with laws and give them equal policy support.

#### **2.4.7 Bringing down Institutional Transaction Costs**

On September 7, 2022, the *Opinions of the General Office of the State Council on Further Improving Business Environment and Lowering the Institutional Transaction Costs of Market Entities* (hereinafter referred to as the "Opinions") was issued, pointing out that optimizing the business environment and reducing the institutional transaction costs are important measures to lighten the burden on market entities and stimulate market vitality. The *Opinions* comprises key tasks in five aspects: first, to break down hidden barriers to market access and lower the costs of market access; second, to standardize the charges and fees levied on businesses and ease the burden on market entities; third, to further optimize services related to enterprises and decrease the service costs for market entities; fourth, to further strengthen fair regulation and protect the legitimate rights and interests of market entities; fifth, to further regulate the administrative power and effectively stabilize market entities' expectations on policies.

## **2.5 Full-fledged Investment Promotion Service System and Platforms**

### **2.5.1 Foreign Investment Promotion Service System**

Since the beginning of reform and opening-up, China has gradually developed a systematic service framework to promote foreign investment, putting in place a model of investment promotion services with government departments providing guidance, investment promotion agencies doing the work, and all sectors of society involved in it.

According to the division of responsibilities for departments under the State Council specified in accordance with the *Foreign Investment Law*, MOFCOM, as the competent department for commerce, the National Development and Reform Commission, as the authority for investment, and other relevant departments with respective duties jointly promote, protect and manage foreign investment. Drawing on advanced international experience, MOFCOM has worked to establish a system of foreign investment promotion with Chinese characteristics and a nationwide service network. It also encourages and guides local authorities to set up their own foreign investment promotion agencies, putting in place a multi-level foreign investment promotion system.

At the national level, MOFCOM's Investment Promotion Agency, a national investment promotion institution, is responsible for implementing China's opening-up policies, introducing China's investment environment to the world, building a platform to promote cross-border industrial investment, and conducting investment promotion



activities throughout the country. Social organizations like the China Association of Enterprises with Foreign Investment, the China Council for International Investment Promotion, and the China Council for the Promotion of International Trade also actively participate in foreign investment promotion activities.

Dedicated agencies for investment promotion have been established in most of China's provinces, autonomous regions, municipalities, and major cities. Despite differences in name, local investment promotion agencies perform the same functions such as publicity for localities, activity organization and coordination, and project introduction and tracking. Investment promotion agencies around China continue to optimize their setup with increasingly stable and expanded teams, and greater emphasis has been placed on promoting investment in a distinctive way that takes into account regional advantages.

### **2.5.2 "Invest in China Year" Investment Promotion Events**

In 2023, the Ministry of Commerce launched the yearlong "Invest in China Year" Investment Promotion Events, which covers more than 20 major events. First, comprehensive events include the "Invest in China Year" Launching Ceremony and Guangdong Special Promotional Event in Guangzhou in March, the "Invest in China Year" Forum and Fujian Special Promotional Event in Xiamen in September during China International Fair for Investment & Trade, as well as the "Invest in China Year" Summit and Shanghai Special Promotional Event in November during China International Import Expo (CIIE). Second, major provinces will hold special promotion events in Europe, the Persian Gulf and

other countries or regions. Third, special promotion events will be held in Jiangsu, Chongqing, Hunan, Shanghai, Beijing, Guangxi and other places to attract foreign investment.

"Invest in China Year" Investment Promotion Events has the following characteristics. First, it covers Eastern, Central and Western China, with special promotion events held in both eastern provinces (Guangdong, Shanghai, Jiangsu and Fujian) that are large recipients of FDI and the central and western regions. Second, activities are held both at home and abroad. Besides holding special promotion events in major sources of FDI such as Europe and Gulf countries, tours for multinational enterprises and promotion events for the CIIE will be organized in different parts of China, enabling foreign enterprises to learn more about China and invest in China. Third, equal emphasis is placed on comprehensive activities and special promotion events. Comprehensive activities such as the launching ceremony, the forum and the summit can help build a brand of "Invest in China" while special promotion events for PFTZs, NETDZs and the service sector will help build a bridge for domestic and foreign investment cooperation.

### **2.5.3 Special Task Force for Major Foreign-invested Projects**

Since the outbreak of COVID-19, a special task force for major foreign-invested projects has been established with the approval of the State Council under the foreign trade and investment coordination mechanism (the office is set up at the MOFCOM) to better serve and guarantee the production and operation of foreign-invested enterprises. It aims to provide service and help for foreign-

invested enterprises and key foreign-invested projects to solve various difficulties and problems arising from production, operation and implementation through coordination. All provinces have successively set up their special teams to jointly serve foreign-invested enterprises and projects.

In 2022, the special task force held 84 exchange events with foreign-invested enterprises, chambers of commerce, and associations, helped localities organize more than 1,600 dialogues, communicated with more than 18,000 foreign-invested enterprises to advocate policies and address concerns. Through coordination, special task forces at all levels solved more than 4,000 difficult cases such as entry of personnel from foreign-invested enterprises, customs clearance of goods, as well as resumption of business activities and recovery of industries, thereby effectively stabilizing the operation of enterprises.

Service hotline: (86) 010-85093600

E-mail: [fdiservice@mofcom.gov.cn](mailto:fdiservice@mofcom.gov.cn)

#### **2.5.4 Roundtable Meeting System for Foreign-invested Enterprises**

Relying on the foreign trade and investment coordination service mechanism, China has established a roundtable meeting system for foreign-invested enterprises based on the existing regular communication mechanism with these enterprises, providing more channels for collecting problems, soliciting opinions, responding to and addressing concerns of businesses. Various methods such as symposiums as well as visits to enterprises and production sites are used to engage in open and honest communication with foreign-invested enterprises. Responsible departments have been clearly defined to tighten

ongoing oversight and ensure that the complaints made by enterprises are handled in a proper and timely manner.

#### **2.5.5 Major Exhibitions**

China hosts increasingly diverse foreign investment promotion activities. Central and local governments proactively establish exhibition platforms and expand channels for foreign investment promotion. At the national level, MOFCOM promotes investment and trade exhibitions like the China International Import Expo, China International Fair for Investment & Trade, and Central China Investment and Trade Exposition. These events unleash the full potential of exhibitions by galvanizing resources of governments, organizations and businesses and provide platforms for foreign investors to better understand the investment environment in different places of China and engage in matchmaking and collaboration.

##### **■ China International Import Expo**

China International Import Expo (CIIE) is the world's first large-scale national expo themed on import. Holding the CIIE is a strategic move for China in its new round of high-level opening-up and a significant measure to open its market to the rest of the world. The CIIE is conducive to the strengthening of trade and economic cooperation among countries. It is also a driving force for the growth in global trade and the world economy, and it helps to build a more open world economy.

The CIIE has two components: the exhibition and forum-the Country Exhibition, the Business Exhibition and the Hongqiao International Economic Forum. The CIIE has been successfully held in Shanghai for five times with the total intended transaction volume topping USD340 billion. It has become the platform respectively for the four tasks of

international procurement, investment promotion, cultural exchanges, and opening-up and cooperation, as well as an international public good for the world to share. The Business Exhibition at the Sixth CIIE will be held from November 5 to 10, 2023. Six exhibition areas will still be set up respectively for food and agricultural products, automobiles, technical equipment, consumer goods, medical equipment and healthcare products, and trade in services. The focus will lie on building an innovation incubation area. Great efforts will be made to optimize areas for such fields as low-carbon and eco-friendly energy technologies, artificial intelligence and the crop seed industry. An optical printing area is under active preparation. Besides, targeted measures will be taken to attract investment. Big data will be used to achieve accurate matching between exhibitors and merchants.

Official website: <http://www.ciie.org>

#### ■ **China Import and Export Fair**

The China Import and Export Fair, also known as the Canton Fair, was founded in the spring of 1957 and is held every spring and autumn in Guangzhou. It is the most reputable comprehensive international trading event with the longest history, the largest scale, the most complete range of exhibits, the most buyers participating, the widest range of countries and regions, and the highest trading volume in China.

The Canton Fair has enhanced trade connections between China and the world, and demonstrated China's image and achievements of development. It serves as an outstanding platform for Chinese enterprises to explore the international market and an exemplary base for implementing China's strategies of developing foreign trade. With many years of development, the Canton Fair has

become the first and foremost platform for promoting China's foreign trade, and known as a barometer and wind vane of the foreign trade sector. It is the window, epitome and symbol of China for opening to the outside world.

Official website: <http://www.cantonfair.org.cn>

#### ■ **China International Fair for Trade in Services**

To enhance the international competitiveness of the service industry and service trade, and give full play to their role in accelerating the transformation of the economic development model, the China (Beijing) International Fair for Trade in Services, which has been jointly hosted by MOFCOM and the Beijing Municipal People's Government since 2012, was renamed the China International Fair for Trade in Services in 2019. As China greets a new era for economic development, the fair has also stepped into a new upgraded stage. In 2020, the short form of the name was changed from Beijing Fair to CIFTIS.

The CIFTIS (including the former Beijing Fair) has become an important platform for spreading ideas, coordinating supply and demand, sharing business opportunities, and promoting common development in the field of international service trade. It is one of the largest comprehensive exhibitions in the field of service trade around the world and a leading exhibition in service trade in China.

Official website: <http://www.ciftis.org>

#### ■ **China International Consumer Products Expo**

China International Consumer Products Expo (hereinafter referred to as the "expo"), is the first national expo with the theme of quality consumer goods. Focusing on building Hainan into an international tourism consumption center,

the expo gathers high-end, innovative, high-quality and special products. Bringing together world-renowned consumer brands, it has become a high-end global quality consumer goods display and trading platform featuring different forms of business and categories of products.

Official website: <http://www.hainanexpo.org.cn>

#### ■ **China International Fair for Investment & Trade**

Themed on "Introducing FDI" and "Going Global", the China International Fair for Investment & Trade (CIFIT) is China's only international investment promotion event targeting two-way investment, and also the largest global investment exhibition recognized by the Union of International Fairs (UFI).

The CIFIT has become an international investment event with global influence. In recent years, the CIFIT has focused on the building of three important platforms respectively for two-way investment promotion, authoritative information publication, and investment trend discussion. It is committed to the international, professional, and brand development for products, and building itself into an important platform for high-level opening-up for China. Each session of the CIFIT attracts organizations and enterprises from over 50 countries and regions around the world, as well as over 100,000 buyers from more than 120 countries and regions.

Official website: <http://www.chinafair.org.cn>

#### ■ **Central China Investment and Trade Exposition**

The Central China Investment and Trade Exposition (Central China Expo) focuses on industrial upgrades and transformations as well as investment and trade promotion. It gathers such

activities as investment and trade exhibitions, keynote forums, symposiums, and investment project matchmaking. It serves as a platform for the economic and technological exchanges and cooperation among domestic and foreign buyers, promoting all-round engagement between central China and other regions in China and around the world in terms of markets, capital, and resources.

With the approval of the State Council, the Central China Expo has been held in turn by the six provinces of central China (Hunan, Henan, Hubei, Anhui, Jiangxi, and Shanxi) since 2006. It has been held for 12 sessions and become an important platform for promoting the opening-up in the said six provinces and strengthening regional and international exchanges and cooperation. The expo provides opportunities for traders and investors from home and abroad to explore investment policies of central China, obtain information on key projects and conduct trade contacts for industrial development, and it also serves as a display platform for enterprises from all over the world, especially developing countries and regions.

Official website: <http://expocentralchina.mofcom.gov.cn>

### **2.5.6 Online Service Platforms**

#### ■ **Invest in China**

Invest in China (<http://fdi.mofcom.gov.cn/>) is an online public service platform for China's investment promotion activities. Serving domestic and foreign governments, institutions, and enterprises, it aims to provide more efficient and convenient online services for foreign investors to invest in China and Chinese enterprises to "go global". Information available on Invest in China includes News, Project Database, Investment

Environment, Legal Service, Data Service, and IPAs.

### ■ Investment Project Information Database

The Investment Project Information Database (<http://project.mofcom.gov.cn/>) is an information system for two-way investment promotion projects that gives equal priority to "introducing FDI" and "going global". By virtue of its large coverage, massive information, widespread influence, and convenient inquiry, it is an efficient online service platform for governments at all levels to attract investment, for enterprises to conduct investment cooperation, and for domestic and foreign investors to display and promote their investment projects. The Investment Project Information Database has set up specific columns for projects released by such entities as investment promotion agencies, development zones and enterprises, making it convenient for users to search and filter information based on the type of entities publishing project information.

## 2.6 Complete High-level Opening-up Platforms

### 2.6.1 Pilot Free Trade Zones

The establishment of pilot free trade zones (hereinafter referred to as "PFTZs") is a strategic and milestone measure of significance taken by the CPC Central Committee with Comrade Xi Jinping at its core to promote reform and opening-up in the new era. The main purpose is to launch pilot projects in liberalization and facilitation of trade and investment, financial services for the real economy, and acceleration of transforming governments' functions with institutional innovation as

the core and accumulation of experience that can be replicated and scaled as the basic requirement, to intensify the efforts in pressure test of opening to the outside world, and to explore new ways and accumulate new experience for comprehensively deepening reform and expanding opening-up. In line with the decisions and deployment of the CPC Central Committee and the State Council, the China (Shanghai) Pilot Free Trade Zone was inaugurated in September 2013. Up to now, a total of 21 PFTZs have been established in Shanghai, Guangdong, Tianjin, Fujian, Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan, Shaanxi, Hainan, Shandong, Jiangsu, Guangxi, Hebei, Yunnan, Heilongjiang, Beijing, Hunan, and Anhui. The China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area has also been established and the China (Zhejiang) Pilot Free Trade Zone expanded. Covering the eastern, western, southern, northern and central China, these PFTZs have made a large number of achievements of institutional innovation and created world-leading industrial clusters, making important contributions to the high-quality development.

A series of important policies have been issued, including the *Notice by the State Council of the Several Measures for Supporting the Deepening of Reform and Innovation in Pilot Free Trade Zones*, and the *Measures for Promoting Reform and Innovation on Trade and Investment Facilitation in Pilot Free Trade Zones*. Up to now, the State Council has issued 28 overall plans, plans for deepening development, and plans for expansion of regions for PFTZs, and assigned more than 3,400 pilot tasks to the 21 PFTZs. A large number of important measures for fundamental reforms and high-level opening-up have been advanced,

including China's first negative list for foreign investment access, first "single window" for international trade, a free trade account system, and the trailblazing approach of "separating permits and certificates from business licenses", effectively leading and driving forward the nationwide reform and opening-up process. As of the end of 2021, 278 institutional innovation outcomes of PFTZs had been replicated and scaled nationwide or in certain areas, bringing the benefits of reform and opening up to all.

In June 2023, the State Council issued *Several Measures on Piloting High-standard International Rules and Institutional Opening-up in Eligible Pilot Free Trade Zone and Free Trade Port*. This document focuses on six aspects, including trade in goods, trade in services, temporary entry of business personnel, digital trade, business environment, and risk prevention and control. The pilot project will be first implemented in Hainan Free Trade Port and eligible pilot free trade zones in such places as Shanghai, Guangdong, Tianjin, Fujian and Beijing to align with high-standard international economic and trade rules and steadily expand institutional opening-up.

As the pioneers for further opening-up, PFTZs enjoy a higher degree of opening-up than that of other areas in China. For instance, the original 190 items on the negative list on the market access of foreign investment for PFTZs were reduced to 27 in 2021. On top of the opening-up measures adopted nationwide, PFTZs have lifted restrictions on foreign investment in such fields as Chinese medicinal herbs and value-added telecommunications, which has intensified the stress test for opening-up.

Based on its own strategic positioning, location conditions, and industrial

foundation, the PFTZs have carried out in-depth differentiated exploration, solved development problems, and continuously cultivated and expanded advantageous industrial clusters to bring together new industries, and new business forms and models, stimulate market vitality, and turn themselves into models and leaders in high-quality development.

The favorable institutional environment of the PFTZs has effectively invigorated business entities and accelerated the clustering of export-oriented entities. In 2022, the 21 PFTZs put RMB222.52 billion of foreign capital into actual use, accounting for 18.1% of China's total, and the total value of their foreign trade reached RMB7.5 trillion, growing by 14.5% year on year and accounting for 17.8% of China's total. They made positive contributions to stabilizing foreign trade and foreign investment.

### **2.6.2 Hainan Free Trade Port**

At the 30th Anniversary Conference of the Establishment of Hainan Province and Hainan Special Economic Zone on April 13, 2018, Chinese President Xi Jinping announced that "the CPC Central Committee has consented to building a pilot free trade zone across Hainan Island, and providing support for Hainan to explore and phase in policies and the necessary institutional framework on building a free trade port with Chinese characteristics". This is a major national strategy that President Xi Jinping has planned, deployed, and promoted in person. This is a major policy made by the CPC Central Committee after in-depth research, full consideration and rational planning, while taking into account the needs of both domestic and international economic growth.

On June 1, 2020, the CPC Central

Committee and the State Council officially promulgated the *Master Plan for the Construction of Hainan Free Trade Port* (hereinafter referred to as the "*Master Plan*"), which specifies the institutional design and phased arrangement for the construction of Hainan Free Trade Port.

On June 10, 2021, the 29th session of the Standing Committee of the 13th National People's Congress (NPC) voted to adopt the *Hainan Free Trade Port Law of the People's Republic of China*, which came into force on the date of promulgation. Liberalization and facilitation of trade and investment are important parts of the Law.

In terms of trade liberalization and facilitation, it will introduce the liberalization and facilitation system featuring zero tariffs for trade in goods. For trade in services, it will implement the liberalization and facilitation policies featuring relaxed restrictions on both market access and business operations.

In terms of investment liberalization and facilitation, a streamlined investment approval system shall be implemented in an all-round manner, investment promotion and investment protection systems improved, property rights protection strengthened, the special negative list of foreign investment access and the special list of liberalized market access applied, and enterprises granted access to the market with a prior commitment. The negative list of foreign investment access specifically applicable to Hainan Free Trade Port has been formulated by the relevant departments of the State Council in conjunction with Hainan Province and issued after being approved by the State Council. The special list (special measures) for the relaxation of market access in Hainan Free Trade Port has been formulated by the relevant departments of the State Council in

conjunction with Hainan Province.

In December 2020, the National Development and Reform Commission and the MOFCOM issued the *Special Administrative Measures for Foreign Investment Access to Hainan Free Trade Port (Negative List) (2020 Edition)*, which took effect on February 1, 2021. The 2020 Edition involves 27 items on the negative list, with the highest level of opening-up across China. There are three main areas for opening-up, involving efforts to promote the opening of key areas such as value-added telecommunications and education, to expand the opening of business services, and to relax the restrictions on access to manufacturing and mining industries.

Hainan Free Trade Port official website: <http://www.hnftp.gov.cn>

### **2.6.3 Cross-border E-commerce Comprehensive Pilot Zones**

The establishment of cross-border e-commerce comprehensive pilot zones (hereinafter referred to as "comprehensive pilot zones") is a major decision made by the State Council. Since 2015, the State Council has approved the establishment of 165 comprehensive pilot zones in seven batches, basically covering all the 31 provinces, autonomous regions and municipalities and constituted a development pattern featuring land-sea connection and mutual complementarity of the east and the west. By promoting innovation in institutions, management and service, the comprehensive pilot zones have established an institutional framework underpinned by the "six systems" respectively for information sharing, financial services, intelligent logistics, e-commerce integrity, statistical monitoring and risk prevention and control, and the "two platforms" including

the online comprehensive service platform and the physical industrial park. They have also developed nearly 70 practices based on exploration and mature experience to be replicated and rolled out nationwide. Policies and measures such as the exemption of value added tax on cross-border e-commerce retail exports and consumption tax, and the assessment based collection of income tax are applicable to the comprehensive pilot zones. The industrial chain and ecosystem is increasingly adapted to the development of cross-border e-commerce. Customs statistics showed that China's cross-border e-commerce imports and exports in 2022 reached RMB2.1 trillion, up by 7.1%. Comprehensive pilot zones contributed more than 90% to the total value.

#### **2.6.4 National Comprehensive Pilot Demonstration for Wider Opening-up in the Service Sector**

National comprehensive pilot demonstration for wider opening-up in the service sector is an important measure adopted by the CPC Central Committee and the State Council to promote high-level opening-up. In May 2015, the comprehensive pilot project was first launched in Beijing, and six rounds of continuous exploration have been launched within eight years. In 2020, the State Council gave its approval to Beijing to create a national demonstration zone on the basis of the first three rounds of pilot projects. In April 2021, the pilot projects were launched in Tianjin, Shanghai, Hainan, and Chongqing for the first time, shaping a "1 + 4" pattern. On December 3, 2022, the State Council allowed a further six cities, including Shenyang, to launch

comprehensive pilot programs for opening up the service sector. The six cities can carry out the pilot programs for a period of three years, starting from the date when their plans for the programs were approved. As a result, a "1 + 4 + 6" pilot demonstration pattern has formed for wider opening-up in the service sector.

As of December 2022, 97% of the 123 pilot measures in the plan of the demonstration zone in Beijing have been implemented, and over 80% of the 203 pilot tasks in the other four provinces and cities in the "1 + 4" pattern, including Tianjin, put into action. Positive results have been achieved in such aspects as the pilot trials in implementation of policies, the implementation of projects, the development of industrial parks with distinctive characteristics, and the international and regional cooperation. These pilot provinces and cities have systematically integrated innovations in areas such as open development of industries, liberalization and facilitation of trade and investment, and the reform of systems and mechanisms. More than 100 innovations have been promoted nationwide in eight batches, accumulating experience and exploring paths for the opening-up of the service sector in China.

In 2022, the five provinces and cities in the "1 + 4" pattern realized an added value of RMB9.8 trillion in the service sector, accounting for 70.4% of the regional GDP, 17.6 percentage points higher than the national average. Their use of foreign capital in the service sector amounted to USD49.92 billion, accounting for 36.3% of the country's total. That highlighted their greater role as a leader and model in promoting the opening-up and development of the service sector in China.



### **2.6.5 National Economic and Technological Development Zones**

In 1984, the State Council approved the establishment of the first batch of 14 National Economic and Technological Development Zones (hereinafter referred to as "NETDZs") along China's coastal areas. Up to now, a total of 230 NETDZs (112 in the east, 68 in the central region and 50 in the west) have been established in 31 provinces (including autonomous regions and municipalities). The NETDZs are important powerhouses driving China's reform and opening-up initiative, where sound infrastructure and investment environment in line with international standards are developed in designated zones. Foreign capital has been introduced into NETDZs to develop industrial systems with advanced manufacturing and modern service sectors as the mainstay. The automobile, information technology, and smart manufacturing sectors have become the leading ones in the NETDZs, which have become the driving force for economic development of their host cities and the surrounding areas. On May 18, 2019, the State Council issued the *Opinions of the State Council on Promoting Innovation and Development of National Economic and Technological Development Zones and Creating a New High Ground of Reform and Opening-up*. This document put forward 22 measures in five areas, namely building a higher-quality open economy, granting greater autonomy on reform, building a modern industrial system, creating a more efficient platform for domestic and international cooperation, and better guaranteeing the supply of factors of production and enhancing the intensive utilization of resources. To sum up, innovation in opening-up, science and technology and institutional arrangement

in NETDZs has played a positive role in China's endeavor to pursue higher-level cooperation and higher-quality economic development, and to create a new high ground for reform and opening-up. In 2022, the NETDZs achieved a regional GDP of RMB15 trillion, accounting for 11.4% of the GDP. The total import and export volume was RMB10 trillion, accounting for 21.5% of the country's total. The actual use of foreign capital reached RMB259.64 billion, accounting for 21.1% of the country's total.

### **2.6.6 National High-Tech Industrial Development Zones**

China's national high-tech industrial development zones (hereinafter referred to as "national high-tech zones") are built to develop high-tech industries, adjust industrial structures, promote the transformation of traditional industries, and enhance China's international competitiveness. Driven by innovation, national high-tech zones promote development through reform. They boast remarkable achievements in high-tech industrialization, high concentration of high-tech enterprises, active private technology enterprises, and strong atmosphere of innovation and entrepreneurship. They are also focal points for the influx of financial resources.

Up to now, the total number of national high-tech zones has reached 178, and 23 independent innovation demonstration zones have been established with the support of 66 national high-tech zones. In 2021, the total output value of 169 national high-tech zones reached RMB15.3 trillion, a year-on-year nominal increase of 12.8% and equivalent to 13.4% of China's GDP.

By the end of 2021, there were more than 1,200 universities and over 4,400

research institutes in the national high-tech zones. More than half of China's national platforms such as national enterprise technology centers, national key laboratories and national engineering technology research centers gathered in the national high-tech zones, where the number of high-tech enterprises increased from less than 20,000 in 2012 to 115,000.

In July 2020, the State Council issued the *Several Opinions on Promoting High-quality Development of National High-tech Industrial Development Zones*, proposing tasks and measures in six areas: improving independent innovation capabilities, further stimulating the vitality of enterprises for innovation and development, moving the industry up the value chain, intensifying open innovation, creating a high-quality development environment, and strengthening guidance to different types of areas, and organizational management.

### 2.6.7 State-level New Areas

A state-level new area undertakes major national strategic tasks for development and reform and opening-up. It is a national comprehensive functional area approved to be established in the relevant area of a specific city on the basis of the relevant administrative area and area of special functions. Since the establishment of the Pudong New Area in Shanghai in the early 1990s, there have been 19 state-level new areas established in total (eight in the east, two in the central region, six in the west, and three in the northeast). After nearly 30 years of development, more state-level new areas with larger scales have been established as dynamic areas with faster growth.

In January 2020, the General Office of the State Council issued the *Guiding Opinions on Supporting State-level New*

*Areas in Deepening Reform and Innovation and Accelerating High-quality Development*, which put forward supporting measures to five ends: more technological innovations in key areas, accelerated quality development of the real economy, continuous progress in creating new systems and mechanism advantages, higher-level opening-up, and higher-standard construction management. This move will help to transform the state-level new areas into trailblazers of high-quality development, pioneers in the new round of reform and opening-up, and new benchmarks for urban construction.

### 2.6.8 Special Customs Supervision Areas

A Special Customs Supervision Area refers to a specific area approved by the State Council, established within China's territory, granted with special functions and policies, and subject to the enclosed supervision by the customs in collaboration with relevant departments. By the end of 2022, a total of 168 Special Customs Supervision Areas had been set up in 31 provinces (including autonomous regions and municipalities). Among them are 156 comprehensive bonded zones, eight bonded zones, two bonded port areas, one export processing zone, and the Zhuhai-Macao Cross-border Industrial Zone (Zhuhai Park). Special Customs Supervision Areas cover about 450 square kilometers in total according to the planning. As China gradually deepens reform and opening-up, Special Customs Supervision Areas have become trailblazers in building an open economy and clusters for the transformation and upgrading of processing trade. They play an important role in international industrial transfer and foreign trade as well as coordinated regional economic development and job creation. In 2022,

the import and export value of all Special Customs Supervision Areas nationwide came to RMB8.4 trillion, a year-on-year increase of 7.4%.

### **2.6.9 Major Experimental Areas for Development and Opening-up along the Border**

A major experimental area for development and opening-up along the border is a comprehensive development and opening-up platform established along the border with the approval of the State Council, and an important support for the joint construction of the six major international economic cooperation corridors under the Belt and Road Initiative. Up to now, the State Council has approved the establishment of nine such areas, including Dongxing, Pingxiang and Baise in Guangxi, Ruili and Mengla (Mohan) in Yunnan, Tacheng in Xinjiang, Manzhouli and Erenhot in Inner Mongolia, and Suifenhe-Dongning in Heilongjiang. In 2015, the State Council issued the *Opinions on Several Policies and Measures for Supporting the Development and Opening-up of Major Border Areas* with 31 policies and measures in eight aspects such as stabilizing and revitalizing border areas, personnel exchanges, processing and logistics, tourism, and infrastructure construction to support the development of key border areas including major experimental areas at a faster pace. In accordance with the requirements approved by the State Council and the implementation plan issued by the National Development and Reform Commission, the said major experimental areas should focus on institutional innovation, accumulate replicable and scalable practices and boldly explore new models of cross-border

economic cooperation, new mechanisms to promote the development of border areas, and new paths to bring prosperity to border areas and their residents. The major experimental areas have become an important economic growth driver for border areas in China and a main platform for opening up and cooperation.

### **2.6.10 Border (Cross-border) Economic Cooperation Zones**

The construction of border (cross-border) economic cooperation zones is an important decision made by the CPC Central Committee and the State Council to promote opening-up in border areas. After 30 years of construction, the border (cross-border) economic cooperation zones have continuously fortified their economic strength and developed into an increasingly important platform for deepening cooperation with neighboring countries and regions and a major driver of the economic and social development of border regions.

The border economic cooperation zones are established within the territory of China. At present, China has 18 border economic cooperation zones, which are distributed in eight border provinces and regions.

Cross-border economic cooperation zones are special economic zones demarcated by China and its neighboring countries in their border areas. They are established for the purpose of collaboration and interconnected development. China has already built the China-Kazakhstan Khorgos International Border Cooperation Center and the China-Laos Mohan-Boten Economic Cooperation Zone in collaboration with Kazakhstan and Laos respectively.

## 3. Legal System for Foreign Investment in China

### 3.1 An Introduction to the Chinese Legal System

#### 3.1.1 The Chinese Legal System

Through more than 70 years of unremitting joint efforts since the founding of the People's Republic of China and 40-plus years of reform and opening-up, a socialist legal system with Chinese characteristics has taken shape. The building of law-based government has steadily progressed. The judicial system continues to improve. Across the Chinese society, the awareness of the rule of law has been increased significantly.

As an inseparable whole underpinned by *Constitution of the People's Republic of China*, the Chinese Legal System consists of constitutional, civil and commercial laws, administrative, economic, social and criminal laws, litigation and non-litigation procedural laws, as well as other legal branches. Administrative and local regulations are integral part of the legal system. The *Constitution* is the fundamental law of the country, assuming the ultimate commanding position in the socialist system of laws with Chinese characteristics. People of all ethnic groups, all government agencies, the armed forces, all political parties or public organizations, and all enterprises and public institutions within China must take the *Constitution* as the basic standard of conduct and have a duty to uphold the dignity of the *Constitution* and ensure its implementation. The *Constitution* has supreme legal authority in the

socialist system of laws with Chinese characteristics. All laws, administrative and local regulations must be made in accordance with the *Constitution* and must not contravene the *Constitution*.

The *Constitution* stipulates that the NPC and NPCSC exercise the legislative power of the State. The laws enacted by the NPC and NPCSC establish the important and basic legal systems in construction of the nation's economic, political, cultural, social, and ecological civilization. They constitute the main body of the socialist system of laws with Chinese characteristics. The laws must not be contravened by administrative or local regulations.

The State Council formulates administrative regulations in accordance with the *Constitution* and laws. Administrative regulations may regulate matters concerning the implementation of the provisions of the laws and the performance of the administrative functions and powers of the State Council. For matters to be governed by laws formulated by the NPC and NPCSC, the State Council may enact administrative regulations first in its place with authorization from the NPC and NPCSC.

The people's congresses and their standing committees of the provinces, autonomous regions, municipalities, cities with subordinate districts, and autonomous prefectures may, in accordance with the *Constitution* and laws, formulate local regulations. The people's congresses of the ethnic autonomous areas have the power to

formulate autonomous and separate regulations on the basis of the political, economic, and cultural characteristics of the local ethnic group(s). The people's congresses and their standing committees of the provinces and cities where special economic zones are located may, upon authorization by the NPC, formulate and enforce regulations within the limits allowed by the special economic zones.

The ministries and commissions, and directly affiliated institutions with the administrative functions of the State Council, the People's Bank of China, and the National Audit Office may formulate regulations within the scope of their functions and powers and in accordance with laws and the administrative regulations, decisions, and orders of the State Council. The people's governments of provinces, autonomous regions, municipalities, cities with subordinate districts, and autonomous prefectures may formulate regulations in accordance with laws, the administrative and local regulations of their provinces, autonomous regions, and municipalities.

The judicial interpretation is also an important source of laws in China. The judicial interpretation of Chinese laws specifically refers to interpretations made by the Supreme People's Court of the People's Republic of China and the Supreme People's Procuratorate that have universal judicial effects on the specific governing laws and procuratorial work based on the powers granted by law. The judicial interpretation has a legal effect, but it shall not contravene the *Constitution* and laws. Courts can directly quote judicial interpretations as the basis for judgment.

Although China is not a country that practices case law, some judicial cases are effective guidance for judicial practice.

Such judicial cases in China are called Guiding Cases, and are issued by the Supreme People's Court of the People's Republic of China and the Supreme People's Procuratorate. As of now, the Guiding Case system is not a formal source of law, but it provides important references for judges dealing with similar cases.

### **3.1.2 Alignment with International Rules**

China actively participates in the reform and building of the global governance system, maintains and improves the multilateral economic governance mechanism, and deepens multilateral, bilateral and regional cooperation, to promote openness and development of the world.

China has always been a staunch proponent of, active participant in, and significant contributor to the multilateral trading system. On December 11, 2001, China formally joined the World Trade Organization (WTO). Over the past two decades, China has comprehensively strengthened its compliance with multilateral trade rules, earnestly fulfilled its commitment to opening-up in the fields of goods and services, and fortified the protection of intellectual property rights. Its opening-up policy has become more stable, transparent and predictable. To promote alignment with WTO rules, the Chinese central government has reviewed and revised more than 2,300 pieces of laws and regulations, and local governments more than 190,000 pieces, establishing a system of laws, regulations and policies in line with WTO rules. To open up its market, China has significantly reduced tariffs and fulfilled its accession commitment in this regard in 2010. Overall tariffs rate dropped from 15.3% in 2001 to

9.8% in 2010, and further to 7.4% in July 2021 as China reduced the tariff on its own accord and fulfilled the tariff concession commitments under the expansion agreement of the WTO's *Information Technology Agreement*. China has opened up its services market extensively. It had kept its promise of opening up 100 sub-sectors under nine categories in the service sector by 2007 and has actually opened up nearly 120 sub-sectors by now. As regards rules compliance, China has continuously ratcheted up protection of intellectual property rights, actively fulfilled its transparency obligations, and always respected and conscientiously implemented the rulings under the dispute settlement mechanism. China has actively participated in the reform of the WTO, by putting forward the "three basic principles" and "five suggestions"<sup>8</sup>, submitting proposals for reform, and promoting the formulation of rules in emerging fields such as e-commerce and investment facilitation.

China has implemented the strategy of upgrading free trade areas and signed 19 free trade agreements (FTAs) with 26 countries and regions, with partners covering Asia, Oceania, Latin America, Europe and Africa. The volume of trade between China and its free trade partners accounts for about 35% of its total foreign trade. On January 1, 2022, the *Regional Comprehensive Economic Partnership Agreement* (RCEP) came into force. It is the largest free trade agreement in the

world by far, involving the world's second and third largest economies. The total population, GDP and trade of the 15 member countries account for about 30% of the world's total.

On September 16, 2021, China formally applied to join the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership* (CPTPP). China is willing to, through reforms, fully align itself with the CPTPP rules and standards and make commitments to high-level openness in the field of market access that exceed its existing FTA practices, so as to provide CPTPP members with market access opportunities that come with huge commercial interests. On November 1, 2021, China formally applied to join the *Digital Economy Partnership Agreement* (DEPA). China is willing to provide cooperation opportunities and a broad market for companies of DEPA members and tighten digital economy cooperation among each other, thus contributing to innovation and sustainable development among members.

With increasingly close ties with the world economy, China has entered into bilateral investment treaties and FTAs containing investment chapters with more than 100 countries and regions; China has signed agreements on the prevention of double taxation with 112 countries and regions (including the tax arrangements between the Chinese mainland and Hong Kong and Macao, and tax treaties between the Chinese mainland and Taiwan).

8. "Three basic principles": First, the WTO reform shall preserve the core values of the multilateral trading system; second, the WTO reform shall safeguard the development interests of developing members; third, the WTO reform shall follow the practice of decision-making by consensus.

"Five suggestions": First, the WTO reform should uphold the primacy of the multilateral trading system; second, the priority of the WTO reform is to address the existential problems faced by the WTO; third, the WTO reform should address the imbalance of trade rules, and respond to the latest developments of our time; fourth, the WTO reform should safeguard special and differential treatment for developing members; fifth, the WTO reform should respect the members' development models.

## 3.2 The Legal System for Foreign Investment

### 3.2.1 Overview

China encourages foreign investors to invest in China in accordance with laws. China also protects the legitimate rights and interests of foreign investors and foreign-invested enterprises in accordance with laws. China has always followed the rule of law in utilizing foreign investment. In the early stage of reform and opening-up, China successively formulated the *Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures*, *Law of the People's Republic of China on Wholly Foreign-owned Enterprises*, and the *Law of the People's Republic of China on Chinese-Foreign Contractual Joint Ventures* (collectively referred to as the "Three Laws on Foreign Investment"), laying a legal foundation for China to attract foreign investment. Since then, in order to meet the needs of foreign capital use, China has continuously established and improved its legal system for foreign investment. This has helped to shore up the confidence of foreign investors and improvement of the investment environment.

On March 15, 2019, the *Foreign Investment Law of the People's Republic of China* (hereinafter referred to as the "*Foreign Investment Law*") was approved at the second session of the 13th National People's Congress, replacing the "three Laws on foreign investment" as the new fundamental law on foreign investment in China. The *Foreign Investment Law* sets a basic framework for China's new legal system for foreign investment, affirms that the "pre-establishment national treatment plus a negative list" management system is to be implemented for foreign investment, and further strengthens investment

promotion and protection. In December of the same year, the State Council issued the *Implementing Regulations for the Foreign Investment Law of the People's Republic of China* (hereinafter referred to as the "*Implementing Regulations*"), detailing the main legal systems defined by the *Foreign Investment Law*. The *Foreign Investment Law* and its *Implementing Regulations* came into effect on January 1, 2020. Foreign investment will henceforth enjoy a market environment with higher stability, transparency, predictability, and fairer competition.

### 3.2.2 Market Access for Foreign Investment

China is implementing an administration system of "pre-establishment national treatment plus a negative list" for foreign investment in accordance with the *Foreign Investment Law*.

"Pre-establishment national treatment" refers to the treatment given to foreign investors and their investment during the investment access stage, which is not lower than that given to their domestic counterparts.

The "negative list" refers to special administrative measures for foreign investment access in specific fields as stipulated by the State. Foreign investors are not allowed to invest in any field which the negative list deems "forbidden" to foreign investors. For those fields that the negative list merely "restricts" from foreign investment, foreign investors must meet the conditions set out by the negative list. Fields not included in the negative list for foreign investment access shall be managed in accordance with the principle of treating domestic and foreign investment equally.

The *Special Administrative Measures for Foreign Investment Access (Negative*

*List*) (2021 Edition) and the *Special Administrative Measures for Foreign Investment Access to Pilot Free Trade Zones (Negative List)* (2021 Edition) were released on December 27, 2021, and took effect on January 1, 2022. The 2021 editions of the negative lists for foreign investment access for China and pilot free trade zones are further reduced to 31 and 27 entries. The main changes include further opening up the manufacturing industry, widening access to the service sector in pilot free trade zones, improving targeted administration, and optimizing overall implementation. All manufacturing sectors are open to foreign investors in the PFTZs.

In addition to relevant laws and regulations and the negative list for foreign investment access, foreign investors and foreign-invested enterprises should also follow the *Negative List for Market Access (2022 Edition)*. In this list, the State Council clearly lists the industries, fields, businesses, etc. that are forbidden or restricted from investing or operating in China. Governments at all levels have adopted corresponding law-based administrative measures. The items in the list are divided into two categories: prohibited and licensed matters. For prohibited areas, business entities are not allowed to enter, administrative agencies are not allowed to approve and ratify the relevant matters, and relevant procedures are not allowed. For areas with access under a license, business entities must apply in accordance with qualification requirements and procedures, technical standards and licensing requirements. Administrative agencies are to make decisions on whether to grant access or not (in accordance with laws and regulations), or business entities shall gain access in accordance with the access

conditions and methods stipulated by governments. For industries, fields, and businesses not included in the negative list for market access, all kinds of business entities shall be granted entry on an equal footing and in accordance with laws.

The opening-up of the financial sector has been advancing in an orderly manner. On April 28, 2018, the China Securities Regulatory Commission (CSRC) issued the *Measures for the Administration of Foreign-invested Securities Companies*, allowing foreign investors to hold up to 51% shares in securities companies and fund management companies and the businesses of foreign-invested securities companies to enjoy national treatment (fund management companies have been offered national treatment already); on August 24, 2018, the CSRC issued the *Measures for the Administration of Foreign-invested Futures Companies*, allowing foreign investors to hold up to 51% shares in futures companies. On June 14, 2019, the CSRC clarified that in accordance with the principle of treating domestic and foreign investment equally, foreign shareholders are allowed to implement "one participation, one control" over joint venture securities companies and joint venture fund management companies. Specifically, one institution should hold shares in no more than two securities companies (fund management companies), of which the institution should have controlling stakes in no more than one securities company (fund management company). In the first half of 2020, the CSRC lifted restrictions on the equity ratio of foreign investors in securities, funds, and futures companies, and foreign-invested institutions enjoy national treatment in terms of business scope and regulatory requirements. On July 10, 2020, the CSRC and the former



China Banking and Insurance Regulatory Commission jointly revised and issued the *Measures for the Administration of Securities Investment Fund Custody Business* (hereinafter referred to as "the *Measures*"), allowing foreign banks' branches in China to apply for the qualification for operating securities investment fund custody business, with financial indicators such as net assets calculated on the basis of the overseas head office of the bank. The *Measures* also clarifies the responsibilities of overseas head offices and makes more stringent arrangements for risk control. All of the foreign banks' branches in China are subject to the *Measures*. The *Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors* (hereinafter referred to as "the *Measures*") and their supporting rules, which came into effect on November 1, 2020, eases foreign access of QFII and RQFII, optimizes access management, expands the range of securities, futures and funds varieties that can be invested in, and facilitates investment operations.

The *Decision to Amend the Detailed Rules for the Implementation of the Regulation of the People's Republic of China on the Administration of Foreign-invested Insurance Companies*, published on March 19, 2021, clarifies the access conditions for foreign insurance group companies and overseas financial institutions, improves shareholder change and access requirements, and cancels restrictions on foreign shareholding. On December 3, 2021, the China Banking and Insurance Regulatory Commission issued the *Notice on Clarifying Measures for the Opening up of the Insurance Intermediary Market*, allowing overseas insurance

brokerage companies with actual business experience and in compliance with relevant regulations of the China Banking and Insurance Regulatory Commission to invest in and set up insurance brokerage companies in China to operate in the area of insurance brokerage, and allowing foreign insurance group companies and foreign-invested insurance group companies in China to invest in and set up insurance intermediaries to operate in insurance intermediary. On December 10, 2021, the China Banking and Insurance Regulatory Commission issued the *Rules on Insurance Asset Management Companies (For Consultation)*, which removes the equity cap of foreign insurance companies in insurance asset management companies and sets forth qualification criteria applicable to all domestic and overseas shareholders.

On May 27, 2022, the People's Bank of China, CSRC and the State Administration of Foreign Exchange (SAFE) issued a joint announcement on *Issues Concerning Further Facilitating Overseas Institutional Investors' Investment in China's Bond Market* to coordinate and simultaneously promote the opening up of interbank and exchange bond markets. On November 10, 2022, the People's Bank of China and SAFE released the *Regulations on the Administration of Funds for Foreign Institutional Investors to Invest in China's Bond Market* (hereinafter referred to as "the *Regulations*"), improving and clarifying the requirements for the administration of funds for foreign institutional investors to invest in and promoting the further opening up of China's bond market. The *Regulations* standardizes the administration rules for capital accounts, capital receipt and payment, funds exchange and remittance, and statistical monitoring involved in

foreign institutional investors' investment in China's bond market, improves the administration of spot foreign exchange settlement and sale, and allows foreign institutional investors to handle them through third-party financial institutions other than settlement agents. Besides, the *Regulations* optimizes foreign exchange risk management policies, further expands foreign exchange hedging channels for foreign institutional investors, and lifts restrictions on the number of counterparties involved in over-the-counter transactions.

On August 26, 2022, the People's Bank of China included Deutsche Bank (China) and Société Generale de France (China) in the list of financial institutions as carbon emission reduction support tools. Next, other willing and qualified foreign-invested financial institutions will also be incorporated. This move reflects that China attaches great importance to green transformation, adheres to opening up, treats foreign-invested financial institutions equally and gives them national treatment.

### 3.2.3 Investment Promotion

#### ■ Catalogue of Industries for Encouraging Foreign Investment

China implements policies to encourage and guide foreign investment. For foreign investment in fields specified in the *Catalogue of Industries for Encouraging Foreign Investment*, those qualified are eligible for preferential policies in areas such as taxation; qualified foreign-invested enterprises investing in the encouraged industries in western regions are eligible for a lower enterprise income tax rate of 15%; the land for encouraged foreign-invested manufacturing projects of intensive use can be offered preferentially; the base

price of land transfer can be no lower than 70% of the corresponding lowest national standard price for industrial land.

On October 26, 2022, the National Development and Reform Commission and the Ministry of Commerce issued the *Catalogue of Industries for Encouraging Foreign Investment (2022 Edition)* (hereinafter referred to as "the *Catalogue*"), which came into force on January 1, 2023. The *Catalogue* consists of two parts: (1) National Catalogue of Industries for Encouraging Foreign Investment; (2) Catalogue of Industries with Advantages for Foreign Investment in the Central and Western Regions. The national catalogue highlights the high-quality development of the manufacturing industry and promotion of technology iteration and upgrading at a faster pace, on the basis of adding new items and optimizing the structure. The catalogue for the central and western regions adds new items, expands the existing items, and further improves the regional layout of foreign investment, on the basis of adjusting measures to local conditions and taking into account local resources and industrial conditions. The *Catalogue (2022 Edition)* has 1,474 items, among which 239 are new and 167 are modified from that in the previous catalogue released in 2020. Specifically, the national catalogue encompasses 519 items, among which 39 are new and 85 are modified; the catalogue for the central and western regions includes 955 items, among which 200 are new and 82 are modified.

#### ■ Spurring Foreign Investment Quality and Quantity by Focusing on the Manufacturing Industry

On October 13, 2022, six ministries including the National Development and Reform Commission and the Ministry of Commerce jointly issued the *Several*

*Policies and Measures on Spurring Foreign Investment Quality and Quantity by Focusing on the Manufacturing Industry*, proposing 15 policies and measures in three aspects to further intensify efforts to attract investment to the manufacturing industry, focus on solving prominent problems faced by foreign-invested enterprises, comprehensively strengthen foreign investment promotion and services, and boost the high-quality development with foreign capital utilization.

#### ■ Encouraging Foreign Investment in Establishing R&D Centers

On January 11, 2023, the General Office of the State Council forwarded the *Several Measures on Further Encouraging Foreign Investment in Establishing R&D Centers* (hereinafter referred to as “the Measures”) issued by the Ministry of Commerce and the Ministry of Science and Technology, pointing out that foreign-invested R&D centers are an important part of China's scientific and technological innovation system. To accelerate the implementation of the innovation-driven development strategy and expand international scientific and technological exchanges and cooperation, it is necessary to increase the support for the establishment of R&D centers by foreign investment in China to carry out scientific and technological R&D and innovation activities and better utilize their positive roles in serving the creation of a new development pattern and promoting the high-quality development. The *Measures* proposes a total of 16 policies and measures in four aspects.

#### ■ Equal Participation in Competition

With regard to the various policies supporting enterprise development, foreign-invested and domestic-funded

enterprises enjoy equal access to rights including but not limited to government funding, land supply, tax cuts and fee reductions, licensing and permits, and the setting of standards, project reports, and human resources. As regards the organization form, institutional framework and standard of conduct, all relevant provisions of the *Company Law of the People's Republic of China*, the *Law of the People's Republic of China on Partnership* and other laws shall be applied to both domestic and foreign-invested enterprises.

The government treats the products and services produced by domestic and foreign-invested enterprises equally in procurement activities in accordance with laws. No organization should obstruct or restrict foreign-invested enterprises from freely entering the government procurement market in local regions and industries. Foreign-invested enterprises shall not face discrimination in the release of government procurement information, supplier assessment and qualification examinations, bid evaluation standards, etc., nor are they to be restricted in terms of supplier qualifications for the ownership form, organization form, shareholding structure, investor nationality, and product/service brand by the government's procurement staff or agents. No organization should treat the products and services provided by foreign-invested enterprises in China differently from those provided by domestic-funded enterprises in terms of government procurement. The above regulations guarantee the right of foreign-invested enterprises to participate in Chinese government procurement through fair competition in accordance with laws. On October 13, 2021, the Ministry of Finance issued the *Circular of the Ministry of Finance on*

*Implementing Related Policies Concerning Equal Treatment to Domestic and Foreign-invested Enterprises in Government Procurement Activities*, requiring that relevant departments should ensure equal participation of domestic and foreign-invested enterprises in government procurement activities; implement requirements concerning equal treatment to domestic and foreign-invested enterprises in government procurement activities; and equally safeguard the legitimate rights and interests of both domestic and foreign-invested enterprises. All regions shall, in a timely manner, abolish and rectify rules and practices that are in violation of the circular, as well as illegal rules and unlawful practices of setting up candidate pools, directories, or qualification databases for products and suppliers.

Foreign-invested enterprises enjoy fair treatment in the formulation and application of various standards. The State shall guarantee that foreign-invested enterprises can participate equally in setting standards (in accordance with laws) and shall improve information disclosure and social supervision for the setting of standards. Compulsory standards formulated by the State shall apply equally to domestic and foreign-invested enterprises. No technical requirements higher than the compulsory standards shall be specifically applied to foreign-invested enterprises. Domestic and foreign-invested enterprises shall participate in the formulation and revision of national standards, industry standards, local standards, and group standards on an equal basis in accordance with laws. Foreign-invested enterprises may formulate enterprise standards either by themselves or jointly with other enterprises as needed.

### 3.2.4 Investment Protection

#### ■ Expropriation and Compensation

According to the *Foreign Investment Law*, the State is not to expropriate any investment made by foreign investors. In special cases where expropriation is necessary for the public interest, the State may expropriate or requisition the investment of foreign parties in accordance with laws. Such expropriation or requisition shall be made pursuant to statutory procedures, and fair and reasonable compensation given in a timely manner.

The *Implementing Regulations* further clarifies that for the expropriation of foreign parties' investment conducted by the State for the public interest, legal procedures must be followed in a nondiscriminatory manner, and timely compensation must be made based on the investment's market value. Foreign investors who are dissatisfied with the expropriation or requisition decision may apply for administrative reconsideration or file an administrative lawsuit in accordance with laws.

#### ■ Freedom of Technological Cooperation

Technological cooperation is an essential mode of cooperation between foreign-invested enterprises and their partners. It plays an important role in releasing the full potential of their respective advantages to achieve the goals of investment.

According to the *Foreign Investment Law* and its *Implementing Regulations*, China encourages foreign investors to engage in technological cooperation with its partners on a voluntary basis by following business rules. Conditions for technological cooperation should be determined by all investment parties through negotiation and on an equal footing. No administrative department (including organizations

authorized by laws or regulations to manage public affairs) or its staff member shall force (or compel in disguised forms) foreign investors or foreign-invested enterprises to transfer technology by means of administrative licensing, inspection, punishment, compulsion, or any other administrative means.

It is stipulated in the second paragraph of Article 31 of the *Administrative License Law of the People's Republic of China* that administrative bodies and the staff thereof shall not take the transfer of technology as a condition for obtaining an administrative license. It is prohibited to either directly or indirectly request technology transfer in the process of administrative licensing.

#### ■ Building Trustworthy Local Governments

Local people's governments at all levels and relevant departments shall strictly keep policy commitments made to foreign investors and foreign-invested enterprises and perform all contracts entered into in accordance with laws ("policy commitments" refer to written commitments made by local people's governments at all levels and relevant departments within their statutory authority regarding the supporting policies, preferential treatment or conveniences that foreign investors and foreign-invested enterprises can enjoy in their respective regions). Breach of contract is prohibited on the grounds of adjustment of the administrative region, change of the government, adjustment of the institution or functions, or replacement of the relevant persons in charge. If government departments make alterations to policy commitments or contractual agreements out of the necessity of national and social interests, they must proceed in accordance with statutory authority and procedures, and

provide timely and fair compensation for any losses suffered by foreign investors or foreign-invested enterprises in accordance with laws.

#### ■ Smoothing Complaint Channels for Foreign-invested Enterprises

In accordance with the *Foreign Investment Law* and its *Implementing Regulations*, China has established a mechanism for foreign-invested enterprises' complaints and settlements to handle problems raised by foreign-invested enterprises or their investors more promptly and to coordinate and improve relevant policies and measures. Should foreign-invested enterprises or foreign investors deem any administrative act by an administrative body or the staff thereof to have infringed upon their legitimate rights and interests, they may seek mediation and resolution through the complaint mechanism for foreign-invested enterprises or report to the relevant departments through other legal channels.

The *Rules on Handling Complaints of Foreign-invested Enterprises* (hereinafter referred to as the *Rules*) promulgated after revision in 2020 clearly stipulates that the Ministry of Commerce, in conjunction with other relevant departments, establishes an inter-ministerial joint meeting system for complaints of foreign-invested enterprises. The Ministry of Commerce is responsible for handling complaints in the following situations: (1) where the matter is related to the relevant departments under the State Council, people's governments of provinces, autonomous regions and municipalities; (2) where the matter has a significant national or international impact. The Ministry of Commerce establishes the National Center for Complaints of Foreign-invested Enterprises, which is responsible for handling the complaints. Local people's

government at and above the county level shall designate a department or institution for handling complaints in their respective jurisdictions and according to their due responsibilities. The following complaints related to foreign investment can be reported to the Complaint Agencies: (1) applications made by foreign-invested enterprises to Complaint Agencies for coordination to resolve matters, alleging that administrative actions of administrative agencies and their staff have infringed on their legitimate rights and interests; (2) reports by foreign-invested enterprises about issues concerning investment environment and suggestions about improvements of relevant policies and measures to Complaint Agencies.

The *Rules* attaches great importance to protecting the rights and interests of the complainants, and stipulates that the complaints shall not affect the rights of the complainants to put forth administrative reconsideration and administrative litigation in accordance with laws; it requires the Complaint Agencies to take effective measures to protect complainants' trade secrets, confidential business information and personal private information obtained during the process of handling complaints; no organization or individual may suppress or retaliate against complainants who raise matters or apply for coordination to resolve matters through the complaint mechanism for foreign-invested enterprises.

By the end of 2022, more than 2,800 Complaint Agencies for foreign investment had been established at all levels across China, complaint systems for foreign investment had been formulated or revised in 28 provinces, complaint handling guidelines for foreign investment had been developed and published by 28 provincial-level Complaint Agencies, well-

equipped local complaint networks for foreign investment had been established in and the lists of Complaint Agencies have been published by the majority of regions. The Complaint Agencies of the central and local governments, under a working mechanism established for information sharing and mutual coordination, provide more accessible and efficient services for complainants. With the gradual improvement of China's business environment, Complaint Agencies at all levels have actively helped foreign-invested enterprises solve pre-complaint disputes. Their function of "prioritizing prevention of complaints and providing services before complaints" has become increasingly prominent.

The relevant regulations on the filing, acceptance, and handling of complaints are detailed in the *Rules on Handling Complaints of Foreign-invested Enterprises*. (For the flow chart, see: 4.5 Complaint Management for Foreign-invested Enterprises)

### 3.2.5 Investment Management

#### ■ Information Reporting System

China has established an information reporting system for foreign investment. Foreign investors or foreign-invested enterprises shall submit investment information to the competent commercial departments via the enterprise registration system and the National Enterprise Credit Information Publicity System. Investment information submitted by foreign investors or foreign-invested enterprises must be authentic, accurate, and complete.

The *Measures for Reporting Foreign Investment Information* and the *Announcement on Matters Related to the Information Report on Foreign Investment* have been in effect since January 1, 2020.

Foreign investors and foreign-invested enterprises shall submit the initial report, any report of modification or cancellation, and the annual report to the competent commercial department in accordance with the requirements of the above-mentioned documents.

#### ■ Foreign Investment Project Management

The National Development and Reform Commission formulates and implements macroeconomic development strategies and plans to coordinate and supervise the development of the national economy. If a foreign investment involves a fixed asset investment project, it needs to go through investment project approval and filing in the same way as domestic-funded enterprises.

#### ■ National Security Review

The *Foreign Investment Law* stipulates that foreign investors and foreign-invested enterprises engaged in investment activities within Chinese territory shall abide by Chinese laws and regulations and shall not jeopardize the national security and public interests of the People's Republic of China. China has established a security review system for foreign investment and conducts security review on any foreign investment that does or may affect the national security of China. The results of the security review arrived at in accordance with laws shall be considered as the final decision.

As approved by the State Council, the *Measures for the Security Review of Foreign Investment* was promulgated on December 19, 2020 and came into force on January 18, 2021. It clearly stipulates the scope of foreign investment that should be subject to security review, which involves two aspects: (1) investment in fields related to national defense and security, such as the military industry and its supporting

industries, as well as investment in areas surrounding military facilities and military industry facilities; (2) investment in, and acquisition of actual control over, companies in nine areas concerning national security, including important agricultural products, and important energy and resources. Applications for foreign investment security review are received by the Government Service Center of the National Development and Reform Commission. For consultation methods, please refer to the Announcement No. 4 [2019] of the National Development and Reform Commission.

#### ■ Review of Concentration of Business Operators

China has established a system to review the concentration of business operators. If the investment activities carried out by foreign investors or foreign-invested enterprises within the territory of China constitute a concentration of business operators and meet the declaration standards stipulated by the State Council, the business operators shall declare to the *Anti-Monopoly Law* enforcement agency under the State Council in advance, and no concentration may be implemented if they fail to do so.

## 3.3 Enterprise Registration

### 3.3.1 Investors

Foreign investors include foreign natural persons, enterprises, and other organizations.

### 3.3.2 Organization Forms of Foreign-invested Enterprises

Foreign-invested enterprises in China mainly have two organization

forms: companies and partnerships. The provisions of the *Company Law of the People's Republic of China* and the *Law of the People's Republic of China on Partnerships* are respectively applied to the organization form, organizational structure, and norms of conducts of foreign-invested enterprises established after January 1, 2020. Foreign-invested enterprises are no longer divided into Chinese-foreign equity joint ventures, Chinese-foreign contractual joint ventures, and wholly foreign-owned enterprises. Foreign-invested enterprises shall apply for the registration of companies or partnerships in accordance with laws and regulations such as the *Foreign Investment Law* and its *Implementing Regulations*, and *Regulations on the Registration and Administration of Market Entities*.

#### ■ Companies

Foreign investors are entitled to establish limited liability companies and joint-stock limited companies within the territory of China.

A limited liability company refers to an economic organization that is funded and established by fewer than 50 shareholders, each of whom bears limited liability to the company within the limit of his/her subscribed capital contribution. A limited liability company shall also bear limited liability for its debts with all its assets. A joint-stock limited company refers to an economic organization whose registered capital is composed of equal shares that are raised through the issuance of shares (or stock warrants), whose shareholders are each liable to the company within the limit of his/her subscribed shares, and that is likewise liable for its own debts with all its assets. Both a limited liability company and a joint-stock limited company shall be registered in accordance with the *Regulations of the People's*

*Republic of China on the Registration and Administration of Market Entities*.

#### ■ Partnerships

Foreign investors are entitled to set up general partnerships and limited partnerships within the territory of China.

A general partnership is composed of general partners who bear unlimited joint and several liabilities for the debts thereof. A limited partnership is composed of the general partners who bear unlimited joint and several liabilities for the debts of the partnership and the limited partners who are liable for the debts of the partnership within the limit of their subscribed capital contribution.

#### ■ Resident Representative Offices of Foreign Enterprises in China

The resident representative offices of foreign enterprises established in China (hereinafter referred to as the "representative offices") shall abide by Chinese laws and regulations (including the *Regulations on the Administration of Registration of Resident Offices of Foreign Enterprises*).

A representative office is an office set up within the territory of China engaged in non-profit activities related to the business of foreign enterprises. It does not have the status of a legal person and is not entitled to engage in profit-making activities. A representative office is only entitled to engage in the market research, exhibitions, and publicity activities related to the products or services of foreign enterprises and the liaison activities related to foreign enterprises' product sales, service delivery, domestic sourcing, and domestic investment.

### 3.3.3 Mergers and Acquisitions (M&A) of Domestic Enterprises by Foreign Investors

Foreign investors' acquisition of the



shares, equity, property shares, or other similar rights and interests of enterprises within the territory of China either by merger, acquisition, or other means falls into the category of foreign investment stipulated in the *Foreign Investment Law*. Currently, mergers and acquisitions by foreign investors are mainly regulated by laws and regulations such as the *Foreign Investment Law* and its *Implementing Regulations*, *Provisions on M&A of Domestic Enterprises by Foreign Investors*, and *Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors*.

### 3.4 Foreign Exchange Administration

In China, the Chinese currency renminbi (RMB) is freely convertible under the current account and is still under certain management under the capital account. The "current account" refers to items that occur frequently in economic transactions between a country and its foreign nation counterparts, including foreign trade income and expenses, non-trade transactions, and unrequited transfer. The "capital account" refers to the increase or decrease of assets and liabilities arising from the export and import of capital in the balance of payments. It reflects changes in the claims and debts between a country and its foreign nation counterparts expressed in terms of currency, including the transfer of physical or financial assets between residents and non-residents. It mainly consists of three categories: direct investment, securities investment, and cross-border lending.

China is gradually opening up its capital accounts. The number of convertible items is gradually increasing, as

is the degree of convertibility. Specifically, direct investment has been opened up and cross-border securities investment channels expanded significantly, while macroprudential management has been exercised for foreign debts. There are only a few items under cross-border securities investment and personal capital accounts that have not been fully opened.

The State Administration of Foreign Exchange (SAFE) and local administrations of foreign exchange are responsible for foreign exchange supervision and control. In accordance with the relevant regulations, China implements the management of foreign exchange registration for foreign investors' domestic direct investment (DDI). Organizations and individuals involved in DDI activities must apply for foreign exchange registration before engaging in such transactions. Foreign-invested enterprises now can complete foreign exchange registration with banks under the jurisdiction of their subordinate SAFE branches (administrative offices).

The use of capital and renminbi funds obtained through the foreign exchange settlements of foreign-invested enterprises shall follow the principles of authenticity and self-use within the scope of business. It shall also comply with foreign exchange regulations. Foreign investors are entitled to freely conduct inward and outward remittance of their investment in RMB or foreign exchange when it comes to their contribution of capital, profits, and capital gains within the territory of China.

### 3.5 Labor Employment

The employment of labor by foreign-invested enterprises within the territory of

China shall comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and other laws and regulations.

### **3.5.1 Labor Contracts**

Foreign-invested enterprises are entitled to determine their institutional settings and needs for personnel and to recruit employees in China on their own or entrust recruitment to professional staffing agencies. Foreign-invested enterprises shall sign a written Labor Contract with any employed personnel. The labor contract must include the following items: the name, domicile, legal representative or the person in charge of the employer; the name, address and resident ID or other valid ID number of the employee; the term of the labor contract, the content and place of work, working hours, rest and holidays, labor remuneration, social insurance, housing provident fund, labor protection, working conditions, protections against occupational hazards, etc. In addition to the essential content listed above, the employer and the employee are also entitled to include the probation period, training for the employee, the employee laborer's obligation of confidentiality, supplementary insurance and welfare treatment, and other matters on the labor contract.

Labor contracts are divided into fixed-term contracts, open-ended contracts, and those whose terms are based on the completion of certain tasks. For labor contracts whose terms exceed three months but are less than one year, the probation period is not to exceed one month; for labor contracts whose terms are more than one year but less than

three years, the probation period is not to exceed two months; for labor contracts with a fixed term of no less than three years or labor contracts with no fixed term, the probation period is not to exceed six months.

In addition, foreign-invested enterprises are entitled to dispatch labor for temporary, auxiliary, or substitutable posts of duty. Dispatched labor shall account for no more than 10% of the total labor.

### **3.5.2 Working Hours**

On the whole, China adopts a standard system of eight-hour workdays and 40-hour work weeks. If the standard system cannot be implemented due to limitations resulting from the nature of the work or the characteristics of production, systems of irregular working hours and comprehensive working hour calculation are permissible upon approval.

Employers shall ensure that their employed laborers have at least one day off every week. To meet the needs of production and operation, employers are allowed to extend their employees' working hours following consultation with the trade union and with the employee. The extended working time is generally not to exceed one hour per day; if employers need to further extend working hours under special circumstances, the extended working time shall not exceed three hours per day or 36 hours per month in total; furthermore, extended working hours are only allowable on the condition that they do not harm the health of employees. Laborers are entitled to overtime pay. If the laborer is required to extend working hours beyond the legal standard in accordance with laws, he/she shall be paid no less than 150% of the hourly wage stipulated in the

labor contract; if the laborer is required to work on a rest day (usually Saturday and Sunday) in accordance with laws and compensatory leave cannot be arranged, he/she shall be paid no less than 200% of the hourly or daily wage stipulated in the labor contract; if the laborer is required to work in legal holidays in accordance with laws, he/she shall be paid no less than 300% of the hourly or daily wage stipulated in the labor contract.

### **3.5.3 Holidays and Vacations**

There are 11 statutory paid holidays every year in China: New Year's Day (one day), Spring Festival (three days), Tomb-Sweeping Day (one day), Labor Day (one day), Dragon Boat Festival (one day), Mid-Autumn Festival (one day), and National Day (three days).

Laborers who have worked continuously for at least 12 months are entitled to paid annual leave. If a laborer has worked for more than one year and less than 10 years in total, he/she is entitled to five days' annual leave; if one has worked for between 10 and 20 years, he/she is entitled to 10 days' annual leave; if one has worked for a total of 20 years or longer, he/she is entitled to 15 days' annual leave. National statutory holidays, rest days, and the period during which workers are suspended from work with pay due to work-related injuries shall not be deducted from the days of annual leaves. Moreover, workers also enjoy marriage leave, bereavement leave, maternity leave, etc. in accordance with laws.

### **3.5.4 Social Insurance and Housing Provident Fund**

China's social insurance mainly includes basic endowment insurance, basic medical insurance, employment injury

insurance, unemployment insurance, and maternity insurance. Foreign-invested enterprises and their employees shall pay social insurance premiums in accordance with laws to ensure that their employees may receive material assistance from the government and society in cases of old age, illness, work injury, unemployment, and childbirth. Qualified foreign-invested enterprises may set up enterprise annuities according to regulations as further efforts to better safeguard the interests of employees.

Foreign nationals employed in China shall be covered by China's social insurance in accordance with laws.

If a person employed in China is from a country that has signed bilateral or multilateral agreements on social insurance with China, his/her social insurance shall be handled in accordance with the provisions of the agreements.

Foreign-invested enterprises and their on-the-job employees shall contribute to the housing provident fund in accordance with the *Regulations on the Management of Housing Provident Fund*.

### **3.5.5 Rescission and Termination of Labor Contracts, and Economic Compensation**

If the employer and the employee reach an agreement through consultation, their labor contract may be terminated. In absence of such an agreement, the laborer is entitled to unilaterally terminate the labor contract under the following conditions/circumstances: when notifying the employer in writing 30 days in advance; when notifying the employer three days in advance during the probation period; due to some fault of the employer (e.g. failing to pay the employee remuneration on time and/or in full,

failing to pay social insurance premiums for the employee in accordance with laws, etc.). The unilateral termination of the labor contract by the employer is subject to stricter conditions and must meet certain legal prerequisites, for example, if the laborer is proved to fail to meet the conditions of employment during the probation period, due to some major fault of the laborer, if the laborer is laid off due to economic reasons of the employer, etc.

The labor contract is terminated when the labor contract expires, the laborer begins to enjoy basic endowment insurance in accordance with laws, or the employer decides to disband.

If the employer proposes to terminate the labor contract through negotiations with the employee, or cancels or terminates the labor contract due to legal circumstances such as the employee's disqualification or layoffs for economic reasons, economic compensation shall be paid. Economic compensation shall be paid to the laborer based on the number of years the laborer has worked for the employer in the amount of one month's salary per year employed. If the laborer has been employed for less than a year but more than six months, the employer shall still pay the laborer one month of salary; if the laborer has been employed for less than six months, the employer shall pay the laborer the equivalent of a half of month's salary.

### 3.5.6 Work Permit

Foreign-invested enterprises employing foreigners in China shall complete relevant procedures, such as work permits, for the employees in accordance with laws. Since 2017, China has introduced a unified work permit system for foreigners working in China. Foreigners working in China shall apply for

relevant visas and residence permits with the *Notification Letter of Foreigner's Work Permit in China* and the *Work Permit for Foreigners*. High-end foreign talent can enjoy various favorable policies such as "notification + commitment", acceptance of application without prerequisite for certain materials, and green channels.

The acceptance and approval of the permit shall be handled by relevant local administrative departments in charge of foreigner-related matters through the unified system (<https://fuwu.most.gov.cn/lhgzweb/>).

For relevant classification standards and processing procedures, please refer to the *Notice of the State Administration of Foreign Experts Affairs on Printing and Distributing the Provisional Service Guide for Work Permits for Foreigners Working in China (Interim)* (WZF [2017] No. 36).

## 3.6 Intellectual Property Protection

China has a sound legal system for the protection of intellectual property rights, providing a wide range of relief and channels of enforcement. China is also a contracting party of most international intellectual property conventions.

In 2021, the CPC Central Committee and the State Council issued the *Outline of Building an Intellectual Property Rights Powerhouse (2021-2035)* (hereinafter referred to as the "Outline"), proposing that remarkable results be achieved in building China into an intellectual property rights powerhouse with more stringent protection, higher social satisfaction, greater market value, and significantly improved brand competitiveness by 2025. By 2035, China will have ranked

among the top in the world in terms of comprehensive intellectual property competitiveness and become a world-class intellectual property rights powerhouse with Chinese characteristics. In accordance with the *Outline*, the State Council issued the *14th Five-Year National Plan for Intellectual Property Protection and Application*, which sets out five key tasks: (1) comprehensively strengthening intellectual property protection to stimulate the innovation vitality of the whole society; (2) improving the effectiveness of intellectual property transfer and transformation to support the innovation and development of the real economy; (3) building the intellectual property service system to better benefit people with innovation outcomes; (4) promoting international cooperation in intellectual property to help build an open economy; (5) encouraging talent cultivation and cultural construction in intellectual property to reinforce the foundation for business development. To strengthen intellectual property protection, six special projects have been proposed, including trade secret protection, data intellectual property protection, construction of intellectual property protection institutions, development of a system to protect new plant varieties, geographical indication protection, and building of first-class patent and trademark examination institutions.

China adopts a system of intellectual property protection covering both administrative and judicial channels. With the *Outline* as the core and the support from the *Opinions of the Supreme People's Court of the People's Republic of China on Strengthening the Trial of Cases Involving Intellectual Property Rights in the New Era to Provide Effective*

*Judicial Services and Support for Building China into an Intellectual Property Rights Powerhouse* (released on October 29, 2021) currently in place, China's judicial protection system for intellectual property has seen continuous improvement. In 2014, special courts for intellectual property rights cases in Beijing, Shanghai, and Guangzhou all held special trials on intellectual property rights. In 2019, the Intellectual Property Court of the Supreme People's Court of the People's Republic of China began to hear intellectual property appeals from professional and technical intellectual property right cases across the nation. Since then, these courts have gradually unified standards of adjudication for intellectual property right cases. Up to now, the people's courts have established a specialized trial system for intellectual property rights consisting of the Intellectual Property Court of the Supreme People's Court, Beijing Intellectual Property Court, Shanghai Intellectual Property Court, Guangzhou Intellectual Property Court, Hainan Free Trade Port Intellectual Property Court, and 26 intellectual property courts in Nanjing, Suzhou, Wuhan and other places. On April 22, 2021, the Supreme People's Court issued the *Plan of the People's Courts for Judicial Protection of Intellectual Property Rights (2021-2025)*, which defines the goals, tasks, measures and implementation blueprints for judicial protection of intellectual property rights during the 14th Five-year Plan period in China. The intellectual property examination and approval mechanism and the level of judicial protection are seeing continuous improvement in China, promoting the overall efficiency of the intellectual property right protection system. According to the *Law of the People's Republic of China Against Unfair*

*Competition*, the State Administration of Market Regulation and local market regulators at or above the county level are responsible for the administrative enforcement for trade secret protection.

In 2018, China reestablished the China National Intellectual Property Administration (CNIPA), thus achieving the centralized and unified management of patents, trademarks, geographical indications, and layout designs of integrated circuits. The CNIPA is responsible for the protection of intellectual property rights, trademark registration, patent review, registration for the layout designs of integrated circuits, issuance of administrative rulings such as review and invalidation of trademarks, patents, and layout designs of integrated circuits, and the development and implementation of a unified verification system for geographical indications. In terms of intellectual property protection, the administrative enforcement of trademark and patent law is under the jurisdiction of the Comprehensive Law Enforcement Team of Market Regulation. The CNIPA is responsible for the business guidance of trademark and patent law enforcement, while the State Administration for Market Regulation is responsible for the organization and guidance of trademark and patent law enforcement, further optimizing the mechanism of administrative law enforcement on intellectual property rights. According to the *Copyright Law of the People's Republic of China* and other laws, regulations, and policies, the National Copyright Administration of the People's Republic of China, provincial copyright bureaus, and local cultural market comprehensive law enforcement agencies are responsible for administrative law enforcement of copyrights; thus

together they constitute the national system of copyright administrative law enforcement.

In November 2019, the General Office of the CPC Central Committee and the General Office of the State Council issued the *Opinions on Strengthening Intellectual Property Protection* (hereinafter referred to as the "*Opinions*"), proposing that by 2025, social satisfaction with intellectual property protection will reach and remain at a high level, the protection capacity will be effectively improved, the protection system will be more complete, the business environment respecting intellectual values will be better optimized, and the basic supporting role of the intellectual property rights system in stimulating innovation will be more effectively managed. To implement the *Opinions* with high standards, the CNIPA issued the *Promotion Plan for Thoroughly Implementing the Opinions on Strengthening Intellectual Property Protection* in November 2022, which clarifies the key tasks and 114 specific measures in six aspects for implementing the *Opinions* from 2022 to 2025.

On June 20, 2022, the CNIPA issued the *Plan for the Development of National Intellectual Property Protection Demonstration Zones*, proposing that by 2025, about 20 cities (regions) nationwide will be selected to complete the relevant work. After evaluation and approval, these demonstration zones will become the intellectual property protection hubs of China. The key tasks of the demonstration zones include strengthening the overall planning of intellectual property protection, making more efforts to protect intellectual property rights in accordance with laws, strengthening the full-chain protection of intellectual property rights, deepening the reform of

intellectual property protection systems and mechanism, promoting international cooperation and exchanges in intellectual property rights within the region, and safeguarding intellectual property right-related national security.

On March 2, 2022, the State Administration for Market Regulation issued the *Plan of National Pilot Work on Innovation in Trade Secret Protection*, to establish a national pilot working mechanism on innovation in trade secret protection, strengthen institutional innovation and regulatory law enforcement, improve service systems, build a market environment featuring fair competition for various entities, including foreign-invested enterprises, create a sound, open environment in line with high-standard international economic and trade rules, and promote the overall improvement of trade secret protection nationwide.

Chinese laws protect the following categories of intellectual property rights: patents (including inventions, utility models, and appearance designs), trademarks, geographical indications, copyrights (including computer software) and neighboring rights, layout designs of integrated circuits, new varieties of plants, trade secrets, etc.

## 3.7 Tax Administration<sup>9</sup>

### 3.7.1 Introduction to the Tax System

#### ■ Taxation Environment

China's competent department of taxation is the State Taxation Administration

directly subordinate to the State Council. Responsible for nationwide tax collection management, it has four levels of subsidiary taxation organs (provincial, municipal, county, and township), which carry out tax collection within the scope of their respective administrations under the leadership of the State Taxation Administration. Local taxation bureaus at and below the provincial level implement a dual-leadership management system led by the State Taxation Administration and supported by the provincial people's governments (including provincial-level autonomous region and municipal governments). Effective January 1, 2019, with the transfer of responsibilities, all social insurance premiums for government organs, public institutions, and urban and rural residents are now collected by tax departments. In principle, the basic pension and other insurance premiums of corporate employees will continue to be collected in accordance with the current tax collection system; meanwhile, a reasonable scope has been determined for non-tax revenue whose collection is now the responsibility of tax departments. The State Taxation Administration has successively issued a number of new measures to optimize the tax business environment and facilitate private tax/fee payment. These have simplified tax procedures in line with policies on tax refunds and tax/fee cuts and the tax system reform to "streamline administration, delegate power, strengthen regulation, and improve services".

The Customs of the People's Republic of China is the country's supervisory and administrative authority for the entry and exit of articles. In accordance with laws, it levies customs duties and other taxes

9. This section does not cover all the rules in the tax law. Moreover, in practice, due to possible changes in laws and regulations, it is recommended that enterprises immediately consult professional service agencies on whether or not to take an action.

and fees on goods allowed to be imported and exported, as well as inbound and outbound articles. The State Council established the General Administration of Customs to administer all customs across China in a unified manner. The import duties levied by the customs on the country's behalf shall be collected by the customs in accordance with laws, and the regulations on the administration of customs duties shall be applied.

### ■ Tax Categories

Like other countries in the world today, China adopts a compound tax system of multiple tax types. Under the current system, 18 types of tax are divided into the following categories according to the object of taxation:

✓ Income taxes: enterprise income tax, individual income tax

✓ Turnover taxes: value-added tax, consumption tax, tariff

✓ Property taxes and act taxes: house property tax, deed tax, vehicle and vessel tax, stamp tax, city and town land use tax, land value increment tax, tonnage tax, resource tax, urban maintenance and construction tax, vehicle purchase tax, farmland conversion tax, tobacco tax, environmental protection tax

This *Investment Guide* will give an overview of the five major tax categories.

#### (1) Enterprise Income Tax

Enterprises and other organizations that have obtained income within the territory of China are the taxpayers responsible for payment of the enterprise income tax in accordance with regulations.

Enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with laws of a foreign country (region) but which are actually under the

administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with laws of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China.

The statutory tax rate for resident enterprise income obtained both within and outside Chinese territory is 25%. For non-resident enterprises that have institutions or establishments within Chinese territory, the statutory tax rate of 25% applies to the income of those institutions or establishments obtained within the Chinese territory, as well as to the income obtained from outside Chinese territory but in actual relation to the institutions or establishments within China. For non-resident enterprises that have no institutions or establishments inside China, or that have institutions or establishments inside China but whose incomes have no actual relation to those institutions or establishments within China, it shall pay enterprise income tax on the incomes derived from China at the reduced rate of 10% (a lower tax rate agreed upon or tax exemption under applicable tax treaties, if any, shall be enforced).

Enterprise income tax is calculated according to the tax year, beginning on January 1 and ending on December 31 of the Gregorian calendar. Enterprise income tax shall be prepaid on a monthly or quarterly basis, and final settlement shall be carried out at the end of the year.

#### (2) Individual Income Tax

On January 1, 2019, China established a comprehensive and classified individual income tax system that is fairer and more reasonable than its predecessor.



It has further clarified the definition of and criteria for "resident individual", adjusted and optimized the structure of tax rates, raised basic deduction levels for the income tax, set up special expense deductions, adjusted the tax reporting system, set up the credit mechanism, and introduced the anti-tax avoidance clause for individuals.

An individual who is domiciled in China, or an individual who is not domiciled in China but has resided in China for an aggregate of 183 days or more within a tax year, shall be regarded as a resident individual. Income received by a resident individual from within China or overseas shall be subject to individual income tax in accordance with laws. In addition, according to the *Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China*, for an individual who is not domiciled within the territory of China, if the person resides within Chinese territory for 183 days or more per year for less than six consecutive years, the person shall be exempted from individual income tax for incomes derived from outside the Chinese territory and paid by entities or individuals outside the Chinese territory after filing with the competent tax authorities; if an individual is absent from China for more than 30 days in any year in which he/she resides in China for 183 days or more, the consecutive years when he/she has resided in China for 183 days or more shall be counted anew.

An individual who is not domiciled in China and does not reside in China, or an individual who is not domiciled in China but has resided in China for less than an accumulated 183 days within a tax year, shall be regarded as a non-resident individual. Income received by a non-resident individual from within China

shall be subject to individual income tax in accordance with laws. According to the *Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China*, for an individual who is not domiciled within the Chinese territory, if he/she has resided within China for no more than 90 days in a tax year, his/her income that is derived within the territory of China and paid by an employer outside the Chinese territory but not borne by the employer's institutions or establishments within the territory of China shall be exempted from individual income tax.

The individual income tax year begins on January 1 and ends on December 31 of the Gregorian calendar. For comprehensive income in excess of the specified amounts, seven-level progressive tax rates ranging from 3% to 45% shall apply; for income from business operation in excess of the specified amounts, five-level progressive tax rates ranging from 5% to 35% shall apply; for income from interest, dividends or bonuses, income from leasing of assets, income from transfer of assets, and incidental income, a flat tax rate of 20% shall apply (A lower tax rate agreed upon or tax exemption under applicable tax treaties, if any, shall be enforced).

For foreign nationals, the following categories of income are temporarily exempted from the individual income tax: (1) dividends and bonuses obtained from foreign-invested enterprises; (2) wages and salaries that are paid to foreign experts in accordance with relevant regulations of China; (3) foreign persons who qualify as resident individuals may apply for tax exemptions on housing subsidies, language training fees, child education expenses, etc.; or, they may opt to enjoy special expense deductions from the individual income tax from January 1, 2019 to December 31, 2021. Regarding

item (3), once a foreign national chooses one or the other, he/she may not change that decision within the tax year. On December 31, 2021, the *Announcement of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of Relevant Preferential Individual Income Tax Policies Including Allowances and Subsidies for Foreign Individuals* (Announcement No. 43 [2021] of the Ministry of Finance and the State Taxation Administration) was released, stipulating that the validity period of preferential policies for foreign individuals such as allowances and subsidies will be extended to December 31, 2023.

### **(3) Value-added Tax (VAT)**

On May 1, 2016, China's business tax was altogether replaced by the value-added tax (VAT). Those subject to the VAT include organizations and individuals that sell goods, provide processing, repair, replacement and marketing services, manage intangible assets or real estates, or import goods within the territory of the People's Republic of China. Besides the rate of 0, there are three value-added tax rates, 13%, 9%, and 6%. For small-scale taxpayers, the VAT rate is 3%, except as otherwise provided. Customs is responsible for collecting VAT on imports. The periods for VAT payment are one day, three days, five days, 10 days, 15 days, one month or one quarter.

From 2017 to 2022, China introduced a series of reform measures to simplify the rate structure and reduce VAT rates, with supporting policies including input deductions for domestic passenger transport services, additional deductions for production and consumer-oriented services, and the implementation of the VAT credit refund system. Since then, the efforts to enhance VAT credit refund have been stepped up. From April 1,

2022, newly added credits of micro and small enterprises and enterprises in manufacturing, research and technical services, electricity, heating, gas and water production and supply, software and information technology services, ecological protection and environmental governance, and transportation, storage, and postal services will be fully refunded on a monthly basis and outstanding VAT credits will be refunded in one lump sum. From July 1, 2022, the scope of such policies is extended to cover enterprises in the following industries: wholesale and retail; agriculture, forestry, animal husbandry, and fishery; accommodation and catering; resident services, repairs and other services; education; health and social work; and culture, sports and recreation.

### **(4) Tariffs**

For goods permitted by the People's Republic of China to be imported and exported, the customs shall levy tariffs in accordance with relevant laws and administrative regulations. The taxpayers of tariffs on imported and exported goods are the consignees of imported goods and consigners of goods for export.

The following highlights import tariffs. In recent years, China has taken the initiative to introduce a series of new measures to reduce import tariffs. In 2018, China proactively reduced the most-favored-nation import tariff rate, making substantial tax reductions on pharmaceuticals, automobiles and auto parts, high-demand consumer goods, and certain industrial products. The tariff rate fell to 7.5% from 9.8% in 2010 on the whole. In July 2021, China fulfilled its tariff concession commitments under the expansion agreement of the WTO's *Information Technology Agreement*, and the tariff was reduced to 7.4% on the whole. In addition, China imposes provisional tariffs

lower than the most-favored-nation rates on certain imported goods. Since January 1, 2022, China has imposed provisional import tariffs on 954 items.

### **(5) Consumption Tax**

Organizations and individuals engaged in the production, consigned processing and import of taxable consumer goods within the territory of the People's Republic of China, as well as other organizations and individuals selling taxable consumer goods determined by the State Council, are the taxpayers responsible for paying consumption tax in accordance with laws. Commodities subject to the consumption tax fall into 15 major categories: cigarettes, liquor, high-end cosmetics, precious stones and jewelry, firecrackers/fireworks, petroleum products, motorcycles, cars, golf balls and golf equipment, luxury watches, yachts, disposable wooden chopsticks, solid wood flooring, batteries, and paints/varnishes. Consumption tax rates are either flat or lump-sum tax rates. The amount of consumption tax payable shall be calculated by the ad valorem, specific tax, or composite method (combining the ad valorem and specific tax methods). Customs is authorized to collect consumption tax on taxable imported consumer goods. Taxpayers importing taxable consumer goods must pay the applicable taxes within 15 days of the issuing of the Customs Consumption Tax Pay-In Warrant by Customs.

### **3.7.2 Preferential Enterprise Income Tax**

At present, a tax system is in effect to ensure that "preferential treatment is mainly granted to industries, with regional preferences as a complement." Income of enterprises derived from agriculture, forestry, animal husbandry, and fishery

projects, public infrastructure projects, environmental protection projects, energy conservation projects and water saving projects can enjoy tax exemption or reduction; high-tech enterprises are taxed at the reduced rate of 15%; western China enterprises in industries specifically encouraged by the government are taxed at the reduced rate of 15%; enterprise income tax incentives can be enjoyed with extra tax deductions on the research and development costs; small, low-profit enterprises also receive preferential tax treatment. This *Guide* focuses on the noteworthy preferential tax policies on foreign investment introduced in China in recent years. Enterprises are advised to refer to specific laws and regulations for the preferential tax policies of particular categories.

These preferential tax policies include:

(1) High-tech enterprises enjoy a preferential tax rate of 15%.

(2) The amount of taxable income will be reduced to 25% and enterprise income tax will be levied at 20% for small, low-profit enterprises. The policy will be in effect until December 31, 2024.

(3) Effective through December 31, 2030, enterprises in western China in industries designated by the government for special encouragement shall enjoy a preferential tax rate of 15%.

(4) Starting from the tax year that production/operation income is first generated, enterprises engaged in public infrastructure projects with major support from the government shall enjoy the "three-year exemption and three-year half rate" enterprise income tax incentive.

(5) Enterprises engaged in agriculture, forestry, animal husbandry, or fishery projects shall pay enterprise income tax at a reduced rate or be exempted from it.

(6) Starting from the tax year that production/operation income is first generated, enterprises engaged in eligible environmental protection or energy/water conservation projects shall enjoy the "three-year exemption and three-year half rate" enterprise income tax incentive. Enterprises purchasing specialized equipment for environmental protection, energy or water conservation, or production safety, 10% of the investment in equipment can be deducted from the tax amount payable.

(7) A weighted deduction of 100% of an enterprise's R&D expenditures shall be applied after the actual enterprise R&D expenditure is taken out in accordance with regulations; where enterprise R&D expenditure generates intangible assets, 200% of the cost of intangible assets shall be amortized.

(8) Enterprise income from technology transfer not exceeding RMB5 million within a tax year shall be exempted from the enterprise income tax; that which exceeds RMB5 million shall be taxed at half of the rate. From January 1, 2020, resident enterprises registered in specific areas of the Zhongguancun National Independent Innovation Demonstration Zone will be exempted from enterprise income tax for the portion of eligible technology transfer income not exceeding RMB20 million in a tax year and will be exempted from enterprise income tax by half for the portion exceeding RMB20 million.

(9) Starting from the tax year that production/operation income is first generated, newly founded high-tech enterprises located in any of China's five special economic zones or the Shanghai Pudong New Area shall enjoy a "two-year exemption and three-year half rate" enterprise income tax incentive.

(10) Venture capital enterprises

making eligible venture capital investments can enjoy deduction for the tax amount payable at a certain percentage of the amount invested.

(11) Income from equity investments, including interest earned from the government bonds and stock dividends of resident enterprises, as well as certain specified income of non-profit organizations, are exempted from the enterprise income tax.

(12) Foreign investors reinvesting their profits in China are temporarily exempted from the withholding income tax.

(13) Eligible cutting-edge service enterprises across the nation shall pay the enterprise income tax at a reduced rate of 15%.

### 3.7.3 Import Tax Policies for Supporting Scientific and Technological Innovation

According to the *Notice by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on the Import Tax Policies for Supporting Scientific and Technological Innovations during the 14th Five-Year Plan Period* (CGS [2021] No. 23), tariffs, as well as value-added taxes and consumption taxes in the import link, are exempted from January 1, 2021, to December 31, 2025 for articles imported by scientific research institutions, technological development institutions, and schools for scientific research, technological development and teaching that China fails to produce or whose domestic counterpart fails to meet the demand due to inadequate performance. Foreign-invested R&D centers that meet the conditions can enjoy this policy.

According to the *Notice of the Ministry of Finance, the Publicity Department of the CPC Central Committee, the National*

*Development and Reform Commission, the Ministry of Education, the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Civil Affairs, the Ministry of Commerce, the Ministry of Culture and Tourism, the General Administration of Customs, and the General Administration of Taxation on Measures for the Administration of Import Tax Policies for Supporting Scientific and Technological Innovations during the 14th Five-Year Plan Period* (CGS [2021] No. 24), the provincial-level competent department for commerce, together with the provincial-level finance and taxation departments and the customs with jurisdiction over foreign-invested R&D centers, shall review the list of foreign-invested R&D centers. The provincial-level competent department for commerce shall notify the customs with jurisdiction over the foreign-invested R&D centers of the review results by letter, with a copy to the provincial-level finance and taxation departments, and a report to the Ministry of Commerce.

### **3.7.4 Transfer Pricing**

In relation to the final achievements of the Action Plan on Base Erosion and Profit Shifting (BEPS) issued by the Organization for Economic Co-operation and Development (OECD), the State Taxation Administration issued its own announcements and management measures. Based on the tax authorities' taxation practices and technological conditions in the field of transfer pricing in recent years, the State Taxation Administration has improved the requirements for reporting concurrent data on associated transactions (including main documents, local documents and documents on special matters applicable to certain types of transactions) as well as

requirements for the Country-by-Country Reporting Form. When an enterprise meets the conditions for preparing the three above-mentioned documents (including the amount of related transactions), it shall prepare the relevant documents and observe regulations on the object of exemption, the preparation deadline, and the submission deadline.

Enterprises that see transactions with related parties shall submit an annual report on related transactions before the date of the final settlement of enterprise income following the end of an accounting year. The taxpayer that meets certain requirements shall fill in the Country-by-Country Reporting Form. The reporting form adopts a form numbering system similar to that of the annual enterprise income tax return. Enterprises are required to fill in the relevant information. Chinese tax authorities' special tax adjustment administration is becoming more comprehensive, real-time and dynamic. Proactive risk management will be ramped up, the focus shifted from ex-post investigation to ongoing analysis such as associated annual reporting, data from the same period, and risk analysis and assessment, and taxpayers encouraged to adapt themselves to the shift.

### **3.7.5 Tax Conventions**

China is actively establishing an international tax governance system aligned with China's new opening-up landscape. Domestically, China upgrades its international tax system and tax collection system; internationally, China engages in in-depth global tax cooperation. As of the end of December 2022, China's agreements on the prevention of double taxation had covered 112 countries and regions (including the tax arrangements between the Chinese

mainland and Hong Kong and Macao, and tax treaties between the Chinese mainland and Taiwan). In addition, China has signed three multilateral tax conventions and 10 tax information exchange agreements. An increasing number of tax collection and management partners can be found in most economies in the world.

The agreements on prevention of double taxation have played a positive role in the prevention of double taxation for cross-border taxpayers from both contracting parties, while enhancing tax certainty, strengthening economic cooperation, promoting bilateral capital, technology, and personnel exchanges, ramping up tax cooperation, and stimulating economic and trade development. On October 14, 2019, the State Taxation Administration of China released the *Administrative Measures for Managing Treaty Benefits to Non-resident Taxpayers*, which simplifies procedures required for non-resident taxpayers to enjoy treaty benefits. The measures instate a change from "submission at the time of declaration" to "retention for later inspection" ("self-assessment of eligibility, claiming treaty benefits, and retaining documents for inspection"). This modification can significantly ease the burden on non-resident taxpayers and withholding agents throughout the declaration process.

### 3.8 Dispute Resolution

The primary ways to resolve disputes include litigation, arbitration, mediation and reconciliation. Administrative disputes with administrative organs can be settled through administrative reconsideration and administrative litigation, among

others. Mediation is recommended in the process of litigation, reconsideration and arbitration.

China's court system consists of the Supreme People's Court of the People's Republic of China, local people's courts at various levels (including superior people's courts, intermediate people's courts, and basic people's courts), and specialized people's courts (military courts, maritime courts, intellectual property courts, financial courts, etc.).

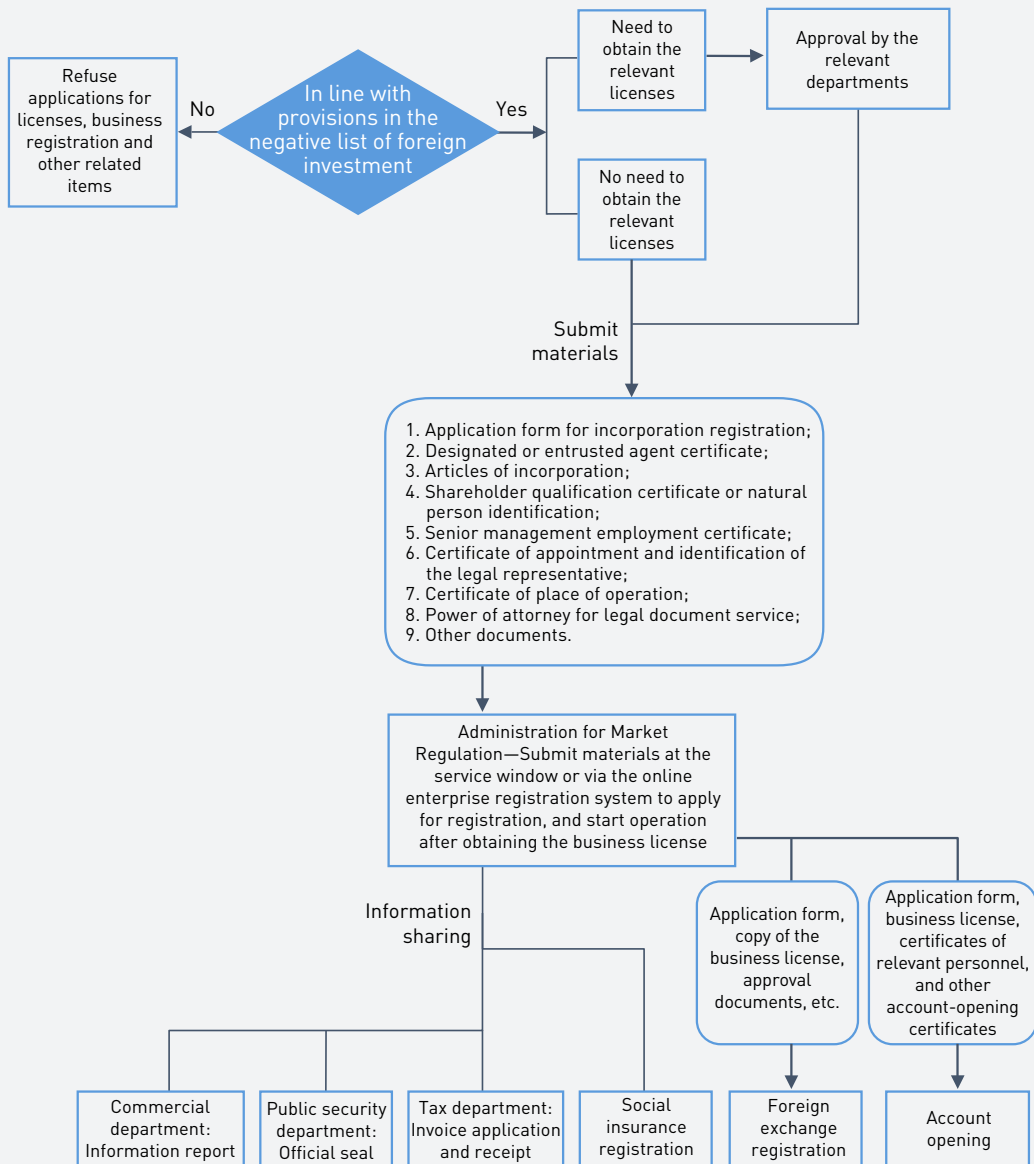
China has an international arbitration mechanism. It has set up 277 arbitration institutions with a team of over 50,000 arbitrators, including more than 2,000 Hong Kong, Macao, Taiwan and international arbitration experts. Beijing, Shanghai, Guangdong, and Hainan are committed to building international commercial arbitration centers. The China International Economic and Trade Arbitration Commission (CIETAC), China Maritime Arbitration Commission (CMAC), Beijing Arbitration Commission (BAC) and Shenzhen Court of International Arbitration (SCIA) are world-renowned standing commercial arbitration bodies, well-known both nationally and internationally for their independence, impartiality, and efficiency.

Mediation mechanisms in China include people-to-people mediation, administrative mediation, industry mediation, and commercial mediation. Mediation organizations are seen in communities, key industries, and professional fields across urban and rural areas in China. Flexible, accessible, low-cost, efficient, and confidential, they play an important role in resolving various civil and commercial disputes.

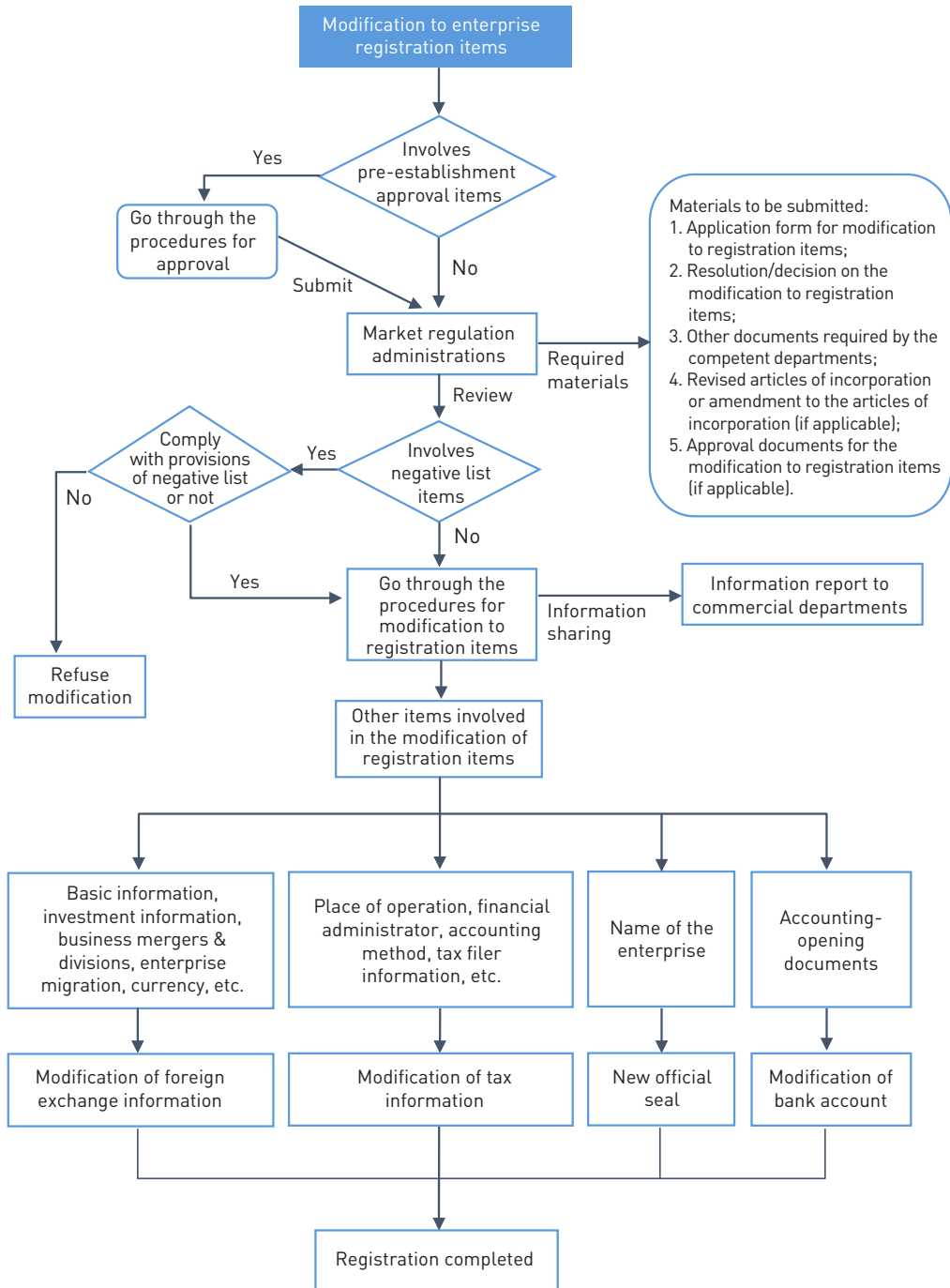
# 4. Procedures for Foreign Investment

## 4.1 Enterprise Incorporation/Modification

### 4.1.1 Enterprise Incorporation

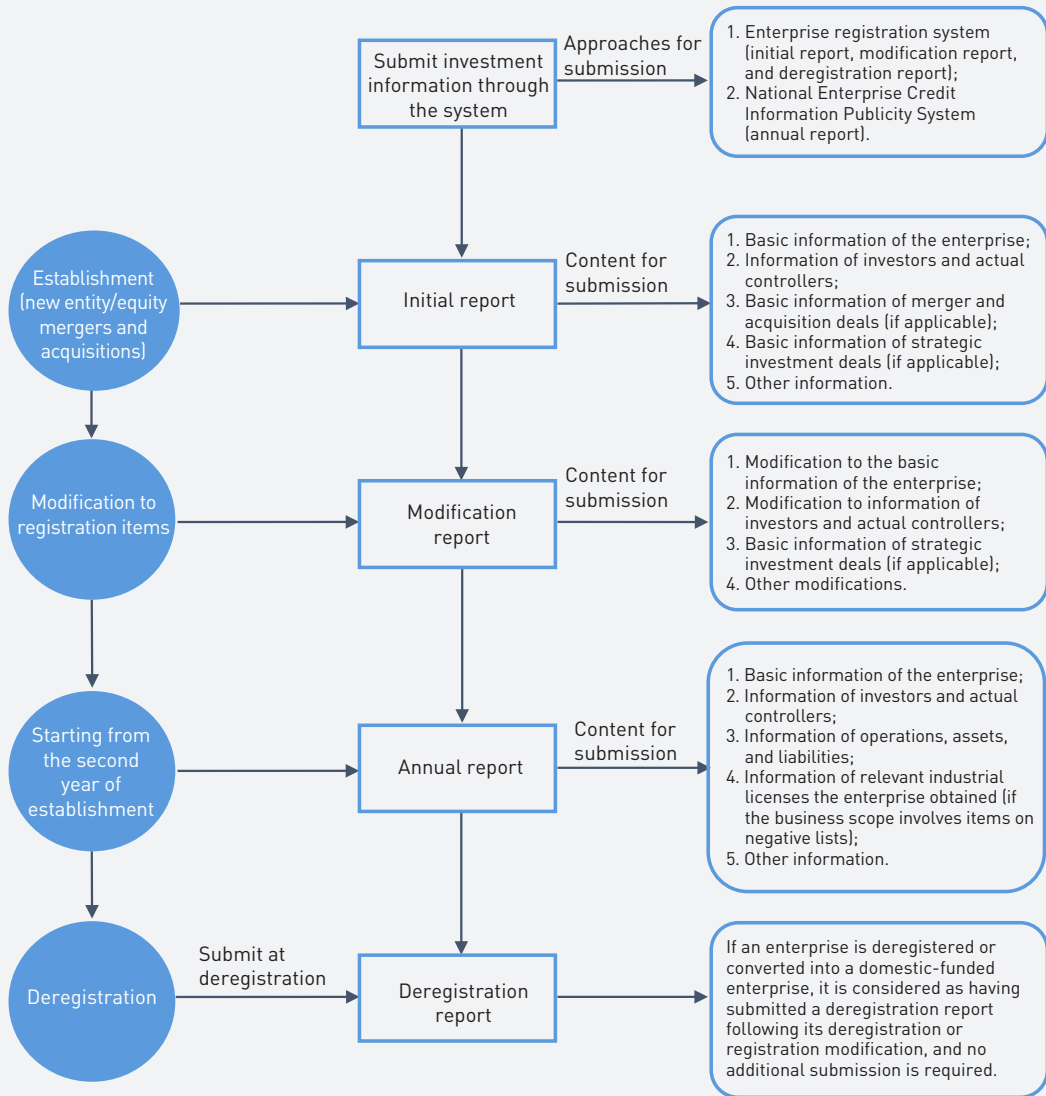


## 4.1.2 Enterprise Modification

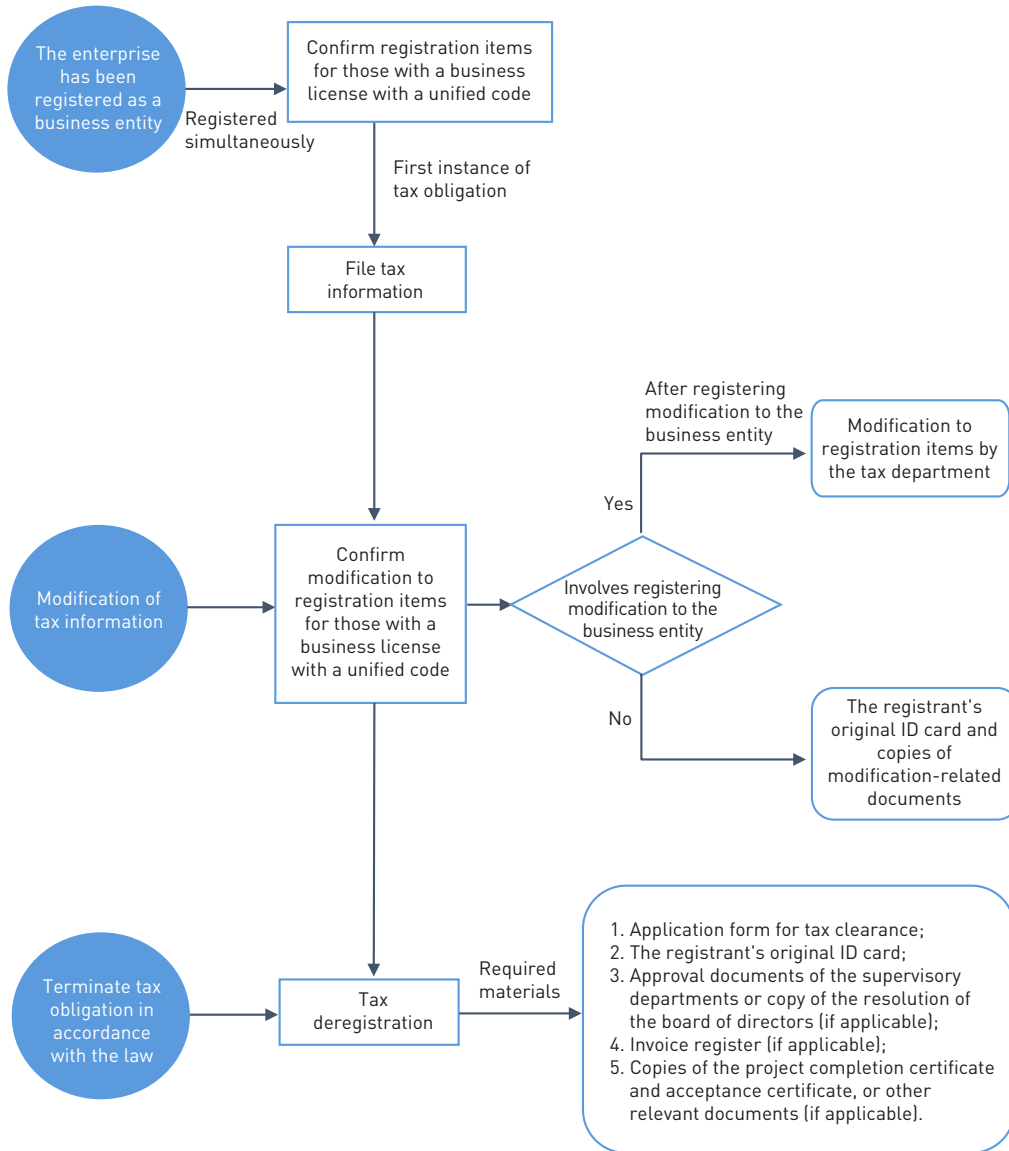




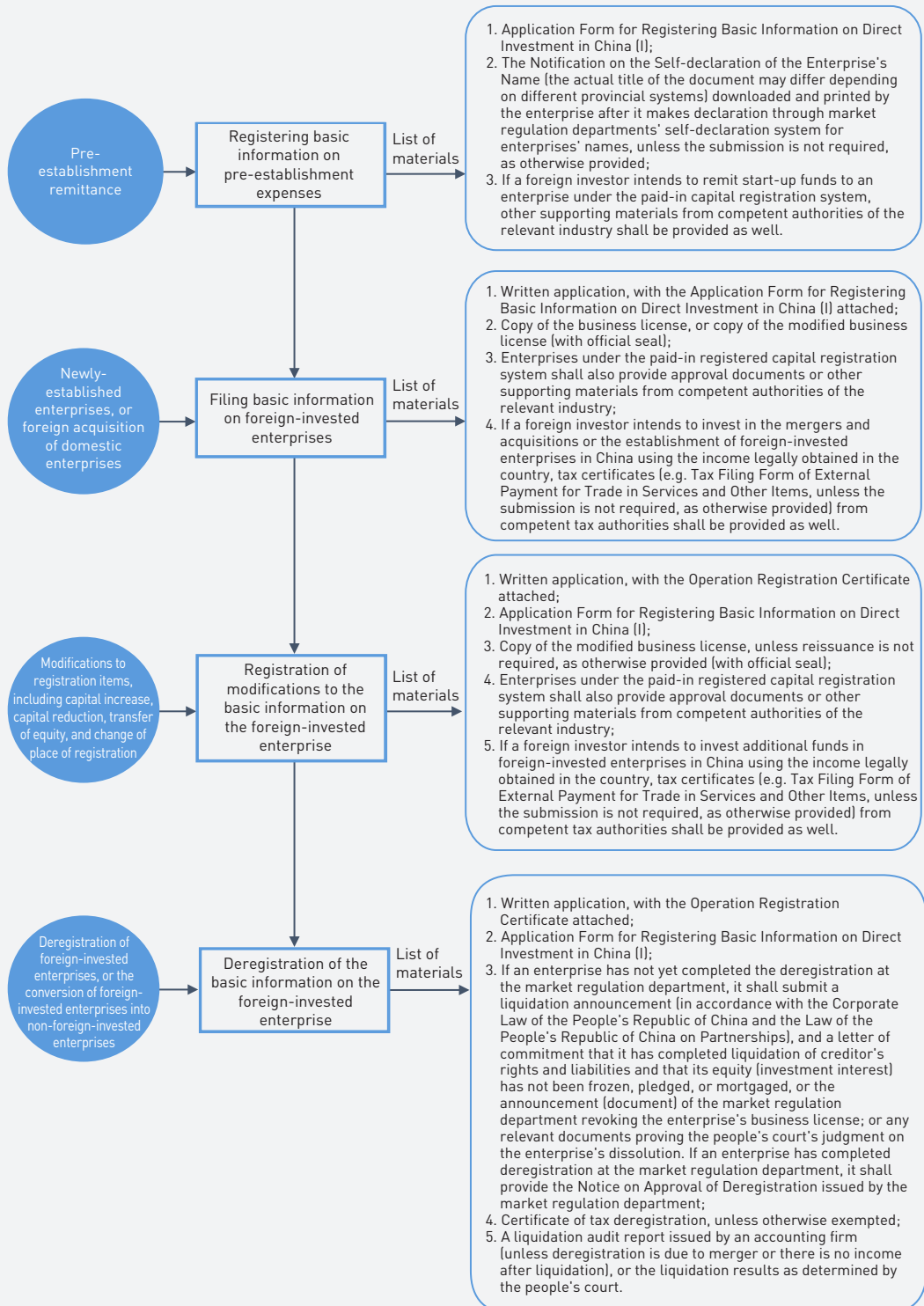
### 4.1.3 Enterprise Information Report



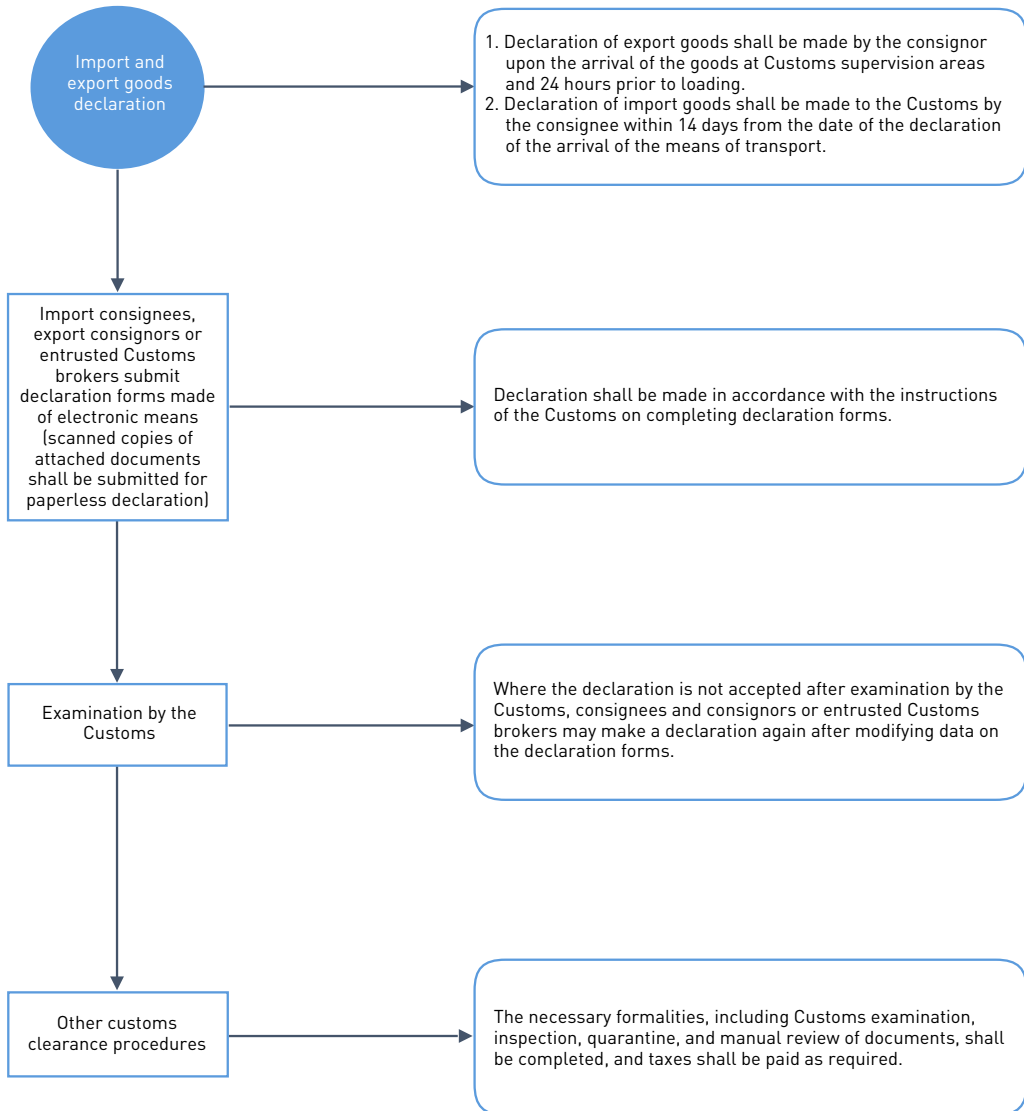
## 4.2 Taxation



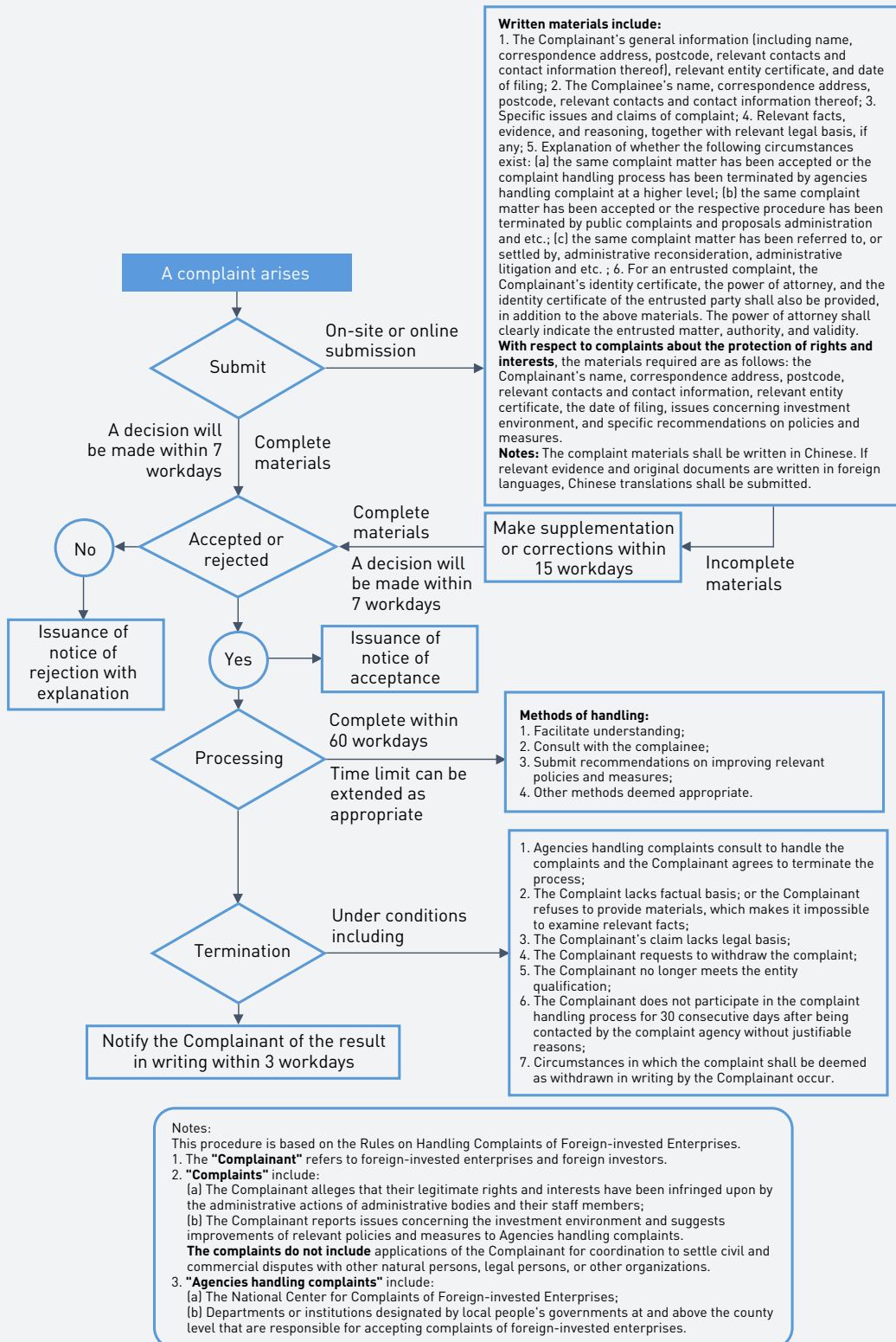
## 4.3 Foreign Exchange



## 4.4 Customs



## 4.5 Complaint Management for Foreign-invested Enterprises



## 5. Foreign Nationals in China

### 5.1 Entry and Residence

The *Exit and Entry Administration Law of the People's Republic of China* is applicable to the entry and exit of foreign nationals, as well as their stay and residence in China. Chinese visa-issuing authorities are authorized to, according to relevant regulations, determine the type, frequency, period of validity, and duration of stay of visas, reject foreign nationals' applications for visas, or cancel or confiscate issued visas.

The National Immigration Administration and the Ministry of Foreign Affairs of the People's Republic of China manage entry and exit affairs in accordance with their respective responsibilities. Embassies and consulates of the People's Republic of China in foreign countries and other missions overseas commissioned by the Ministry of Foreign Affairs issue entry visas to foreign nationals. Exit/entry border inspection authorities shall be responsible for carrying out exit/entry inspections. The stay and residence of foreign nationals in China are managed by public security organs under local people's governments at or above the county level and their exit/entry administrations.

Chinese visas are categorized as diplomatic, courtesy, official, and ordinary. Ordinary visas come in 12 categories and 16 types. These are issued to foreign nationals coming to China for non-diplomatic and non-official purposes: work, study, family visits, tourism, business, or as talent invited to work in China. Foreign nationals can apply for a visa that suits

the purpose of their visit, or enter China visa-free if they meet the certain criteria. Foreigners who need to enter China urgently for humanitarian reasons, are invited to enter China for urgent business or emergency repair work, or have other urgent needs and hold documents that prove the relevant departments' approval of applying for port visas may apply for port visas and enter China. Travel agencies that organize inbound tourism in accordance with relevant state regulations may apply for group tourist visas from port visa authorities.

Foreign nationals entering China shall defer to the inspection of the China Immigration Inspection and the health quarantine of China Customs, go through the prescribed procedures, and enter China only upon approval. Foreign nationals carrying animals, plants, or currencies into China shall abide by relevant laws of China as well as the regulations of the customs and financial regulatory authorities. Except for prohibited items, foreign nationals can carry a reasonable amount of luggage that is for self-use into China duty free.

Foreign nationals whose visas indicate that they need to apply for residence permits after entry shall, within 30 days of entry, apply to the exit/entry administration of the public security organ under the local people's government at or above the county level for residence permits. The validity period of the residence permit indicates how long the permit holder can stay in China. Foreign nationals should leave China before the last day of the duration of stay prescribed on the visa they hold or the expiry of the

validity period of their residence permits. Where the duration of stay of visa needs to be extended, the visa holder shall file an application with the exit/entry administration of the public security organ under the local people's government at or above the county level in the place of his stay at least seven days prior to the expiry of the duration specified in the visa. Foreigners residing in China who apply for the extension of the duration of residence shall, at least 30 days prior to the expiry of the validity period on their residence permits, file applications with the exit/entry administrations of public security organs under local people's governments at or above the county level. Foreign nationals' residence permit for work is valid for a minimum of 90 days and a maximum of five years, while the residence permit for purposes other than work is valid for a minimum of 180 days and a maximum of five years. Foreign nationals who have made prominent contributions to the economic and social development of China or who meet other conditions for permanent residence may apply for permanent residence in China.

Foreign nationals who wish to work in China need to obtain work permits and residence permits for work as required by relevant regulations.

The Chinese government optimized immigration administration policies and measures starting from January 8, 2023, in compliance with the country's downgraded COVID-19 response measures. Services related to the application for extension, renewal and reissuance of ordinary visas, issuance, renewal and reissuance of stay permits, and issuance, extension, renewal and reissuance of residence permits by foreign nationals were resumed. Foreign nationals should comply with Chinese regulations

on inspection and quarantine as well as pandemic prevention and control after entering China. Passengers traveling to China by air are required to learn China's pandemic prevention policies in advance and comply with the regulations of China Customs on inspection and quarantine as well as pandemic prevention and control after entering China.

The Chinese government has released instructions relevant to foreign nationals' visa application, customs clearance, residence permits, and departure from China. For details, please visit the following two websites: <http://s.nia.gov.cn/mps/bszy/>; <http://cs.mfa.gov.cn/wgrlh/>. For relevant policies and more information, please go to the service windows of the exit/entry administrations of the local public security organs, dial 12367, or visit the website of the National Immigration Administration.

## 5.2 Housing

In accordance with such regulations as the *Notice on Adjusting the Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market* and the *Notice of the Ministry of Housing and Urban-Rural Development and the State Administration of Foreign Exchange on Further Regulating the Administration on House Purchase by Overseas Institutions and Individuals*, branches and representative offices set up by foreign institutions in China (except for companies approved to engage in real estate businesses) and foreign individuals working or studying in China can purchase commercial properties for personal use based on their actual needs. Foreign individuals in cities where

there are policy restrictions on housing purchase shall abide by the local policies and regulations when purchasing a house. Each foreign individual is only allowed to buy one house for personal use in China. Overseas institutions with branches or representative offices within the territory of China can only purchase non-residential houses for their offices in cities where they are registered.

In addition, foreign nationals are not prohibited from renting out or selling houses in China.

### 5.3 Education

Foreign nationals can enroll their children either in schools specifically built for their children or ordinary primary/secondary schools and kindergartens in accordance with the relevant policies formulated by the local provincial administrative departments of education. Schools specifically built for the children of foreign nationals mainly admit their children (of foreign nationality) who live together with them legally in the province, autonomous region, or municipality directly under the central government. They can offer pre-school, primary school, and secondary school education, and adopt a foreign education model.

### 5.4 Medical Services

China's medical care system is composed of general hospitals, specialized hospitals, community health service centers and stations, outpatient departments, clinics, and emergency centers, which are of various types, sizes, and functions. There

are non-profit public medical institutions run by the government as well as social medical institutions run by non-government forces (including medical institutions that are Chinese-foreign joint venture or Chinese-foreign cooperatives). Foreign nationals can seek medical treatment at institutions of their choice.

"120" is the emergency number in all parts of China that one can turn to for emergency medical response before hospitalization. It provides first aid, emergency treatment in transit, and patient monitoring beyond hospital boundaries. Almost all general hospitals have an emergency department to provide emergency medical treatment for patients in need.

According to the *Social Insurance Law of the People's Republic of China* and the *Interim Measures for Social Insurance System Coverage of Foreigners Working within the Territory of China*, foreign workers legally employed in China shall take out the Urban Employee Basic Medical Insurance (UEBMI) and enjoy the same medical insurance treatment as other insured workers. Foreign nationals can refer to the official website of their local administrative department of medical security for the list of hospitals covered by basic medical insurance, as well as the scope and ratio of medical insurance reimbursement.

Foreign nationals (or their employers) may purchase commercial medical insurance to cover additional risks not yet covered by basic medical insurance.

### 5.5 Travel

China is endowed with rich resources, boasting abundant natural and cultural



attractions. Most cities and counties are open to foreign nationals, who do not have to apply for a travel permit to visit the tourist attractions open to them—a valid passport and a Chinese visa or residence permit would suffice. Foreign nationals wishing to visit the tourist attractions that are not open to them should apply to the local municipal or county-level public security bureau for a travel permit. Without permission, foreign nationals may not enter areas closed to the public. For guidance to foreign nationals on visiting China, please visit: <http://www.gov.cn/banshi/wjrs/lygg.htm>.

A number of qualified travel agencies, car rental companies, and flight and hotel booking agencies in China facilitate the travel of foreign visitors. For details, please consult any travel book or visit travel portals.

## 6. Overview of Provinces (Autonomous Regions and Municipalities)

### 6.1 Beijing Municipality

#### ■ Introduction

As the capital of China, Beijing is the national center of politics, culture, international exchanges and technological innovation. Beijing occupies a leading position both domestically and globally in multiple strategic emerging industries, ranking first among global research cities for many years in a row. Beijing brings together a wealth of factors, such as science and technology, finance, culture and talent. It gathers 54 Fortune Global 500 companies, more than 4,100 business headquarters, and 28,200 national-level high-tech enterprises, ranking first in the world in the number of active researchers. Beijing is a global leader in technological innovation, a high-end driver of economic growth, and a preferred destination for innovative talents. For more information, please refer to *Invest in Beijing • Foreign Investment Guidelines for Beijing*.

#### ■ Investment Promotion Policy

*Opinions of the People's Government of Beijing Municipality on Expanding Opening-up and Improving the Utilization of Foreign Investment* (JZF [2018] No. 12)

*Regulations of Beijing on Promoting High-quality Development of Headquarters* (JZF [2021] No. 3)

*Several Measures of Beijing on Further Keeping Foreign Investment Stable* (JSZFZ [2021] No. 14)

*Regulations of Beijing on Supporting the Establishment and Development of Foreign-invested R&D Centers* (JZBF [2022] No. 11)

#### ■ Key Industries

High-end, precision and cutting-edge industries: new-generation information technology, medicine and health, new energy and intelligent connected vehicles, green and smart energy, future industries such as quantum information industry, new materials, artificial intelligence, satellite internet and robotics.

Modern services: finance, culture, technology service, information service, professional service, life service.

#### ■ Contact Information

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**Beijing Investment Promotion Service Center**

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Website: <http://invest.beijing.gov.cn/>

**Beijing Municipal Task Force for Foreign Investment**

Hotline: +86-10-55579343

### 6.2 Tianjin Municipality

#### ■ Introduction

As one of the four municipalities directly under the central government in China, Tianjin has an area of nearly 12,000 square kilometers and a resident population of 13.63 million. Tianjin is accelerating the construction of a national advanced R&D and manufacturing base, a core area for international shipping in

northern China, a demonstration area for financial innovation and operation, and a pilot area for reform and opening-up ("one base and three areas"). In recent years, Tianjin has accelerated the development of financial service, headquarters economy, business economy, exhibition economy, cultural and creative design, and platform innovation economy. It plans to build a financial street, Tiankai Higher Education Innovation Park, and the core area of the "design capital" Haihe Liulin in the central urban area. Tianjin is steadily developing into an international consumption center and a regional business center, and building eight landmark business areas and 14 district-level business areas. For more information, please refer to *Foreign Investment Guidelines of Tianjin*.

#### ■ Investment Promotion Policy

*Notice of 13 Departments Including Tianjin Commission of Commerce on Printing and Distributing Several Regulations of Tianjin on Encouraging Multinational Corporations to Establish Regional Headquarters and Headquarters-type Institutions* (JSHG [2019] No. 2)

*Notice of Tianjin Commission of Commerce and Tianjin Municipal Science and Technology Bureau on Printing and Distributing Implementation Measures of Tianjin on Further Encouraging Foreign Investors to Establish R&D Centers* (JSWG [2023] No. 2)

*Notice of Tianjin Development and Reform Commission and Other Departments on Printing and Distributing Specific Measures of Tianjin to Expand, Keep, and Improve Foreign Investment by Focusing on the Manufacturing Industry* (JFGWZ [2023] No. 7)

*Notice of the General Office of Tianjin Municipal People's Government on Printing and Distributing Several Policies and Measures of Tianjin for the High-*

*quality Development of the Manufacturing Industry* (JZBG [2023] No. 4)

*33 Policies and Measures of Tianjin on Promoting a Good Start of Economic Operation in Q1 and Overall Improvement Throughout the Year*

#### ■ Key Industries

As the birthplace of modern Chinese industry, Tianjin is one of the cities with the most complete industrial system in China. Tianjin is enhancing the fundamental role of manufacturing. It is accelerating the development of a "1+3+4" industrial system led by smart technologies, focusing on biomedicine, new energy, and new materials, and supported by equipment manufacturing, automobile, petrochemical, and aerospace industries. It is also building 12 key industrial chains, including information technology application and innovation, integrated circuits, high-end equipment, biomedicine, and green petrochemical industry.

#### ■ Contact Information

**Tianjin Commission of Commerce**

Tel.: +86-22-58665762

E-mail: sswjwzc@tj.gov.cn

Website: <http://shangwuju.tj.gov.cn>

**Tianjin Municipal Task Force for Foreign Investment**

Hotline: +86-22-23300140

## 6.3 Hebei Province

#### ■ Introduction

Hebei, or "Ji" for short, with its provincial capital Shijiazhuang, is located in north China, north of the Zhanghe River, facing the Bohai Sea in the east and bordering Beijing and Tianjin. It has an area of 188,800 square kilometers, a population of 75.91 million, and a

coastline of 487 kilometers. Hebei has 8,243 kilometers and 8,326 kilometers of railways and expressways in operation, ranking second and fifth in the country respectively, with an average of 4.38 kilometers and 4.42 kilometers per 100 square kilometers. Hebei has seven civil transport airports and three ports, with 246 productive berths and a designed throughput capacity of 1.16 billion tons, ranking third in the country. Hebei has jurisdiction over 11 prefecture-level cities. Hebei is the only province in China with plateaus, mountains, hills, plains, lakes and seashores. It is an important grain and cotton production area in China. According to preliminary calculations, its regional GDP came to RMB4.23704 trillion in 2022. Some industries and products in its industrial production occupy a crucial position in China. In order to advance a Chinese path to modernization, Hebei has identified the converging point between plans of the CPC Central Committee and its reality, and proposed 23 scenarios for a Chinese path to modernization in Hebei, including eight key scenarios, such as a province strong in new energy, transportation, port industry, logistics, quality and tourism, as well as Digital Hebei and Hebei for recreation.

#### ■ Investment Promotion Policy

*16 Policies and Measures on Keeping the Fundamentals of Foreign Trade and Foreign Investment Stable*

*Measures for the Approval of Foreign-invested R&D Centers in Hebei to Enjoy the Import Taxation Policy Supporting Scientific and Technological Innovation During the 14th Five-Year Plan Period*

#### ■ Key Industries

During the 14th Five-Year Plan period, Hebei spurs foreign investment quality and quantity, and stimulates its development potentials. It enhances the supporting

role of 12 leading industries, including steel, equipment, petrochemical, food, medicine, information intelligence, new energy, new materials, modern trade and logistics, culture and tourism, financial service, and urban agriculture, and builds a modern industrial system with advanced manufacturing as the core, modern service and modern agriculture as the two wings.

#### ■ Contact Information

#### **Investment Promotion Division 1 and Division 2 of Hebei Provincial Department of Commerce**

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E-mail: hbswt302@163.com, hbtc301@163.com

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Tel.: +86-311-87909683/87909235

E-mail: hbmf888@163.com

Website: <http://swt.hebei.gov.cn/investheb>

#### **Hebei Provincial Task Force for Foreign Investment**

Hotline: +86-311-87909587/87909370

## 6.4 Shanxi Province

#### ■ Introduction

Shanxi, a province in central China known as “Jin”, has a permanent population of 34.8048 million. Shanxi is located in the middle of the Yellow River Basin, connecting the east and the west, the north and the south, with prominent location advantages. With abundant natural resources, Shanxi is one of the birthplaces of the Chinese nation. Shanxi merchants enjoy an international reputation in Europe and Asia. As

China's only national province-wide resource-based economic transformation comprehensive supporting reform pilot zone, Shanxi strives to build a resource-based economic transformation and development demonstration zone, a vanguard of the energy revolution, and a new pacesetter for inland opening-up. The Taiyi Integrated Economic Zone, comprehensive reform demonstration zone, and various development zones have attracted plenty of internationally renowned enterprises and major projects. For more information, please refer to *Foreign Investment Guidelines of Shanxi*.

#### ■ Investment Promotion Policy

*Several Opinions of the People's Government of Shanxi Province on Promoting the Growth of Foreign Investment* (JZF [2018] No. 6)

*Implementation Opinions of the People's Government of Shanxi Province on Actively and Effectively Utilizing Foreign Investment to Promote High-quality Economic Development* (ZF [2019] No. 23)

*Implementation Opinions of the People's Government of Shanxi Province on Further Improving the Utilization of Foreign Investment in Key Areas* (JZF [2021] No. 26)

*Several Measures of Shanxi Province on Undertaking the Transfer of Foreign-invested Manufacturing Industries in Eastern China* (JSZ [2023] No. 123)

#### ■ Key Industries

Shanxi strives to build a modern industrial system led by energy, manufacturing, digital economy, culture and tourism, health care, modern service, and modern agriculture. In terms of manufacturing, Shanxi is developing 10 key industrial chains, including special steel materials, new energy vehicles, high-end equipment manufacturing, wind power equipment, hydrogen

energy, aluminum and magnesium deep-processing, PV, modern medicine, third-generation semiconductors, and synthetic biology.

#### ■ Contact Information

##### Department of Commerce of Shanxi Province

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Website: <http://swt.shanxi.gov.cn/>

##### Shanxi Investment Promotion Bureau

Tel.: +86-351-96301/4675010

E-mail: [sxts666666@163.com](mailto:sxts666666@163.com)

Website: <http://www.shanxiinvest.com/>

##### Shanxi Provincial Task Force for Foreign Investment

Hotline: +86-351-4082117

## 6.5 Inner Mongolia Autonomous Region

#### ■ Introduction

The Inner Mongolia Autonomous Region is located in the northern frontier of China, spanning the northwest, north and northeast of China, bordering eight domestic provinces, Russia and Mongolia. Established in 1947, it has a permanent population of 24.01 million, with its capital Hohhot. In 2022, its regional GDP came to RMB2.3159 trillion, a year-on-year increase of 4.2%. Inner Mongolia is accelerating the construction of an important bridgehead for China's opening-up to the north. It has built a number of open economic platforms, including one national-level exhibition (China-Mongolia Expo), three national economic and technological development zones, three comprehensive bonded areas, and five national cross-border e-commerce comprehensive pilot zones. It is applying

for the establishment of the Mongolia-China Zamiin-Uud and Erenhot Economic Cooperation Zone. Various parks will undertake investment promotion projects and domestic and foreign industrial transfers. For more information, please refer to the Foreign Investment section of the Commerce Department of Inner Mongolia Autonomous Region website.

#### ■ Investment Promotion Policy

*Notice of the People's Government of Inner Mongolia Autonomous Region on Actively and Effectively Utilizing Foreign Investment to Promote High-quality Economic Development* (NZF [2019] No. 13)

*Notice on Printing and Distributing Several Measures of the Inner Mongolia Autonomous Region on Keeping Foreign Investment Stable* (NSWZZ [2022] No. 425)

*Notice of the People's Government of Inner Mongolia Autonomous Region on Printing and Distributing the List of Policies to Stabilize, Accelerate and Optimize High-quality Industrial Development in 2023* (NZF [2023] No. 3)

*Notice of the General Office of the People's Government of Inner Mongolia Autonomous Region on Promoting Nine Policies and Measures for the Revitalization of Dairy Industry* (NZBF [2022] No. 18)

*Opinions of the People's Government of Inner Mongolia Autonomous Region on Promoting High-end, Intelligent and Green Development of the Manufacturing Industry* (NZF [2022] No. 6)

#### ■ Key Industries

Aiming to build a national key energy and strategic resource base and a national key agricultural and livestock product production base with high quality, Inner Mongolia transforms traditional industries, develops emerging industries, and establishes chains and clusters of pillar industries. It also develops industrial

clusters of green agricultural and livestock product processing, new energy, new materials, new chemical industry, modern equipment manufacturing, biomedicine, digital economy, and modern service, as well as key industrial chains of dairy, corn, beef cattle, mutton sheep, cashmere, potato, forest and grass, wind power equipment, PV equipment, hydrogen energy equipment, energy storage equipment, new energy vehicles, modern coal chemical industry, rare earth new materials, non-ferrous metals, and biopharmaceuticals. In 2022, the added value of industries above the designated size increased by 8.1%. In breakdown, the added value of strategic emerging industries increased by 19.9%; that of the high-tech manufacturing increased by 33.6%; and that of the new energy equipment manufacturing increased by 75.3%.

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## 6.6 Liaoning Province

#### ■ Introduction

Liaoning has a temperate continental monsoon climate with four distinct seasons, concentrated rainfall and abundant sunshine. Liaoning has jurisdiction over 14 prefecture-level cities (including Shenyang and Dalian, as sub-provincial cities), 16 county-

level cities, 25 counties (including 8 autonomous counties of ethnic groups), and 59 municipal districts. With its unique location advantages, complete transportation facilities, solid industrial foundation, strong scientific research strength and broad cooperation platform, Liaoning serves as an important growth driver of the national economy and plays a pivotal role in the overall development of the country.

#### ■ Investment Promotion Policy

*Notice of Department of Commerce of Liaoning Province, Department of Science & Technology of Liaoning Province, Department of Public Security of Liaoning Province, Department of Finance of Liaoning Province, Provincial Administration for Market Regulation, Dalian Customs, and Shenyang Customs on Printing and Distributing Several Policies to Further Promote the Development of Foreign Economic Relations and Trade in the "New Breakthrough" Three-Year Action of Liaoning's Comprehensive Revitalization (LSKF [2023] No. 62)*

#### ■ Key Industries

Liaoning strives to complete the Three Major tasks of industrial restructuring. The first is to transform and upgrade traditional industries, including eight industrial chains of automobile, power transmission and transformation equipment, gas turbine, compressor, shipbuilding and marine engineering equipment, grain and oil, aquatic products processing, and livestock & poultry and meat processing. The second is the in-depth development of raw materials and deep processing industries, including six industrial chains of olefin, arene, fine chemical, high-quality steel materials, and advanced non-ferrous metal materials. The third is to cultivate and expand emerging industries, including 10

industrial chains of robotics, CNC machine tool, advanced medical equipment, civil aviation, hydrogen energy, nuclear industry, biomedicine, integrated circuits, emergency response, and information technology application innovation.

#### ■ Contact Information

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#### Liaoning Provincial Task Force for Foreign Investment

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## 6.7 Jilin Province

#### ■ Introduction

Jilin, or "Ji" for short, is located in the central part of Northeast China, with a population of 24.073 million. Its capital Changchun is the provincial center of politics, economy, science, education, culture, finance and transportation, known as the "Automobile City", "Film City", "Science, Education and Culture City", "Forest City" and "Sculpture City". Thanks to its proximity to the border and the sea, Jilin is one of the nine border provinces in China and an important window for China's opening-up to the north under the Belt and Road Initiative. Yunchun at the eastern end of Jilin is only 15 kilometers away from the Sea of Japan and 4 kilometers away from the Posyet Bay in Russia. It is an important channel for Jilin's and even China's foreign trade and exchanges. Jilin is a pilot province for national ecological development, with 51 nature reserves. The Changbai Mountain Nature Reserve has been designated as a "Man and Biosphere" nature reserve by the United Nations. Jilin has gathered

a number of colleges and universities, including 37 undergraduate colleges (3 "Double First-Class" colleges, 9 colleges that grant doctoral degrees, 19 colleges that grant master's degrees, 1 college included in National Special Needs Doctoral Talents Training Program, and 1 college included in National Special Needs Master Talents Training Program), 29 higher vocational (technical) colleges (4 colleges included in the Program of High-level Development of Higher Vocational Schools and Disciplines with Chinese Characteristics), and 14 adult colleges. Jilin has 22 academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering, 11 state key laboratories, 155 provincial key laboratories, 5 national engineering technology research centers, and 238 provincial scientific and technological innovation centers.

#### ■ Investment Promotion Policy

*Opinions of the People's Government of Jilin Province on Implementing the High-quality Development and Gradient Cultivation Project of Specialized, Sophisticated, Distinctive and Innovative Small and Medium-sized Enterprises* (JZF [2022] No. 1)

*Science and Technology Incentive Measures of Jilin Province* (The People's Government of Jilin Province Order No. 276)

*Notice of the General Office of the People's Government of Jilin Province on Several Measures to Actively Expand Effective Investment and Accelerate Project Construction* (JZBMD [2022] No. 13)

*Notice of the General Office of the People's Government of Jilin Province on Several Measures to Further Promote the Stable Development of Business Economy in Response to the COVID-19 Pandemic* (JZBMD [2022] No. 8)

#### ■ Key Industries

Jilin boasts advantages in revitalizing old industrial bases. It has relatively developed processing and manufacturing industries, and five key industries of automobile, petrochemical, food, equipment manufacturing, and medicine and health. In particular, it leads the country in automobile and high-speed rail manufacturing. Located in the world-renowned "Golden Corn Belt" and "Golden Rice Belt", Jilin is an important commodity grain production base in China. It ranks first in the country in the per-capita share of grain, ratio of commodity grain to total grain output, grain transfer volume, and corn export volume for many consecutive years. Jilin has strong advantages and competitive edge in technologies of new energy and intelligent connected vehicles, rail transit, optics, applied chemistry, solid state physics, optoelectronics (aerospace), new-generation information technology, biomedicine, new materials, scientific instruments, modern agriculture, and modern Chinese medicine.

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## 6.8 Heilongjiang Province

#### ■ Introduction

Located in the core area of Northeast Asia, in the northeast of China, Heilongjiang is an important window



for China's opening-up to the north. Heilongjiang is China's "Large Granary" with excellent ecological environment, such as border rivers, wetlands, forests, and unparalleled ice and snow landscapes. Heilongjiang provides huge opportunities for investment and entrepreneurship, with outstanding development potential, strong scientific research strength, outstanding advantages in science and education, and prominent advantages in economic and trade cooperation with Japan, South Korea and Russia. Heilongjiang has continuously improved its business environment to attract investment and talents. For more information, please refer to the *Investment Guidelines of Heilongjiang Province*.

#### ■ Investment Promotion Policy

*Notice of the People's Government of Heilongjiang Province on Printing and Distributing Incentive Measures of Heilongjiang for Encouraging Foreign Investment (Trial) (HZG [2021] No. 12)*

*Notice on Implementing Several Measures of the Ministry of Commerce and the Ministry of Science and Technology on Further Encouraging Foreign Investment to Establish R&D Centers (HSLH [2023] No. 13)*

#### ■ Key Industries

Heilongjiang continues to implement the industrial revitalization plan and accelerates the construction of the "4567" modern industrial system, that is, developing four new economic development engines of the digital economy, biological economy, ice and snow economy, and creative design industry, cultivating and developing five strategic emerging industries of aerospace, electronic information, new materials, high-end equipment, and intelligent agricultural machinery, enabling the upgrading of six traditional advantageous industries of energy, chemical, food, medicine, automobile, and light industry,

and accelerating the development of seven service industries of information service, modern finance, modern logistics, service-oriented manufacturing, tourism and health care, old-age care, and culture and entertainment.

#### ■ Contact Information

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#### Heilongjiang Provincial Task Force for Foreign Investment

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## 6.9 Shanghai Municipality

#### ■ Introduction

Shanghai sits in the east of China, at the estuary of the Yangtze River, facing the Pacific Ocean. It is one of the regions with the most dynamic economic development, the highest degree of openness, and the strongest innovation capability in China. Shanghai is the largest economic center, an important international financial center, and an important international shipping center in China. As one of the most international regions in China, it has been rated as one of the Most Attractive Chinese Cities for Expats for nine consecutive years. By the end of 2022, multinational companies had set up 891 regional headquarters and 531 foreign-invested R&D centers in Shanghai. As efforts have been made to strengthen its function of gathering and allocating global resources, Shanghai has always ranked first among the cities in the Chinese mainland in attracting regional headquarters and foreign-invested R&D centers of multinational companies.

### ■ Investment Promotion Policy

*Provisions of Shanghai Municipality on Encouraging Multinational Corporations to Establish Regional Headquarters* (HFG [2022] No. 17)

*Provisions of Shanghai Municipality on Encouraging the Establishment and Development of Foreign-invested Research and Development Centers* (HFBG [2020] No. 15)

*Action Plan of Shanghai Municipality on Enhancing Confidence, Expanding Demand, Stabilizing Growth and Promoting Development* (HFG [2023] No. 1)

*2022 Shanghai Pujiang Talent Program* (HKZN [2022] No. 15)

### ■ Key Industries

Give full play to the leading role of three major industries: Focus on key fields such as integrated circuits, biomedicine and artificial intelligence, align with national strategies, promote the integrated layout of innovation and industrial chains, cultivate and expand backbone enterprises, strive to double the industrial scale, and work to build a highland for innovative development of the three major industries with international competitiveness.

Promote the development of six key industrial clusters: Aim at the frontier of industrial development, highlight the concept of cluster development and promote the brand of "Made in Shanghai". In inheriting, innovating and upgrading existing competitive industries, we will focus on building six key industrial clusters with industrial comparative advantages, interactive integration of manufacturing and services, and great potential for future development: electronic information, life health, automobile, high-end equipment, new materials and modern consumer goods.

### ■ Contact Information

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#### Shanghai Foreign Investment Development Board

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#### Shanghai Municipal Task Force for Foreign Investment

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## 6.10 Jiangsu Province

### ■ Introduction

Jiangsu is located on the eastern coast of China, in the lower reaches of the Yangtze River, and at the intersection of the the Silk Road Economic Belt and the 21st Century Maritime Silk Road. It is an important part for the integrated development of the Yangtze River Economic Belt and the Yangtze River Delta region, and one of the most dynamic regions with great development potential in China. With 1% of China's area and 6% of the country's population, Jiangsu has registered more than 10% of its total economic output.

As an inclusive highland for opening-up, Jiangsu has established 361 pairs of friendship cities with 66 countries and regions, as well as economic and trade ties with 230 plus countries and regions. More than 390 Fortune Global 500 enterprises have invested in the province. Over the years, Jiangsu has ranked among the top in China in actual use of foreign capital and second in total foreign trade.

Jiangsu is an innovative and industrial highland with advanced science and education. Jiangsu has 168 institutions

of higher learning, with 2.4 million college students, and 44,000 high-tech enterprises. The output value of the province's high-tech industry exceeds RMB7.8 trillion. Jiangsu is one of the regions in China that boast the most intensive resources, the most dynamic activities and the most fruitful achievements in innovation.

#### ■ Investment Promotion Policy

*Several Opinions of Jiangsu Provincial People's Government on Promoting Quality and Efficiency Improvement of Foreign Investment* (SZF [2018] No. 67)

*Opinions of the CPC Jiangsu Provincial Committee and Jiangsu Provincial People's Government on Several Policies and Measures to Promote High-quality Development of Open Economy* (SF [2019] No. 2)

*Several Opinions of Jiangsu Provincial People's Government on Better Leveraging Foreign Capital to Promote Investment, Secure and Stabilize Businesses* (SZF [2020] No. 43)

*Notice of the General Office of Jiangsu Provincial People's Government on Circulating the Opinions of the Department of Commerce and the Department of Finance of Jiangsu Province on Encouraging Multinational Corporations to Establish Regional Headquarters and Functional Institutions in Jiangsu* (2021 Edition) (SZBF [2021] No. 4)

#### ■ Key Industries

New power (new energy) equipment, construction machinery, Internet of Things, cutting-edge new materials, biomedicine and new medical devices, high-end textiles, integrated circuits, marine engineering equipment and high-tech ships, high-end equipment, energy conservation and environmental protection, core information technology, automobile and parts, new displays, etc.

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## 6.11 Zhejiang Province

#### ■ Introduction

Zhejiang province is located on the south wing of the Yangtze River Delta in the southeast coast of China, and borders the East China Sea to the east, Fujian to the south, Jiangxi and Anhui to the west, and Shanghai and Jiangsu to the north. In 2022, Zhejiang's GDP reached RMB7.77 trillion, up 3.1% year on year. The average income of Zhejiang's residents stood at RMB60,302, ranking third in China. In terms of the income level of urban and rural residents, Zhejiang ranked first among all the provincial-level regions of China for the 22nd and 38th consecutive years respectively. The total foreign trade of the province stood at around RMB4.68 trillion, up 13.1% year on year. The actual use of foreign capital expanded 5.2% year on year to USD19.3 billion, ranking fifth in China.

#### ■ Investment Promotion Policy

*Several Measures to Further Support Stable Foreign Trade and Investment and Promote Consumption* (ZZBF [2022] No. 62)

*Several Measures for Greater Efforts to Attract and Utilize Foreign Investment* (ZZBF [2023] No. 22)

#### ■ Key Industries

Zhejiang accelerates the construction of a modern industrial system with advanced manufacturing as the backbone, digital economy as the core, modern transportation and logistics system as the artery, and modern infrastructure as the support. The system features deep integration of modern service sector with advanced manufacturing and modern agriculture, and of digital economy with real economy. The province solidly promotes the high-end, intelligent and green development of the manufacturing industry, and vigorously cultivates "415X" advanced manufacturing clusters.

#### ■ Contact Information

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**Zhejiang Provincial Task Force for Foreign Investment**

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## 6.12 Anhui Province

#### ■ Introduction

Anhui Province was founded in the 6th year during the reign of Emperor Kangxi of the Qing Dynasty (1667). It is also commonly known as "Wan" for it has Wanshan Mountains and was home to ancient Wan Kingdom during the Spring and Autumn Period. Located in central

and eastern China, Anhui is the most dynamic part of the Yangtze River Delta. The province is about 570 km long from north to south and 450 km wide from east to west. It covers a total area of 140,100 square kilometers, accounting for about 1.45% of China's territorial area. Anhui now has 16 prefecture-level cities, 9 county-level cities, 50 counties and 45 municipal districts. Anhui has a long history, numerous talents, impressive mountains and rivers, and a superior location. With geography and landform integrating the northern and southern parts of China, the province is an epitome of beautiful China. For more information, please refer to the WeChat official account of Anhui Waizi (lit. Anhui Foreign Investment).

#### ■ Investment Promotion Policy

*Action Plan of Anhui Province to Stabilize Foreign Trade and Investment and Promote Consumption* (WZBM [2022] No. 44)

*Support Policy for "Anhui's Round-the-world Trip" 10,000 Enterprises and 100 Delegations Going Global in 2023* (WLWYCB [2023] No. 1)

#### ■ Key Industries

Emerging industries such as new-generation information technology, artificial intelligence, new materials, new energy and energy conservation and environmental protection, new energy vehicles and intelligent connected vehicles, high-end equipment manufacturing, smart household appliances and home, life health, green food, and digital creativity.

#### ■ Contact Information

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## 6.13 Fujian Province

### ■ Introduction

Fujian, also commonly known as "Min", is located on the southeast coast of China, connecting the Yangtze River Economic Belt with the Guangdong-Hong Kong-Macao Greater Bay Area. It faces Taiwan, a treasure island of China, and is backed by the vast hinterland of central and western China. It has jurisdiction over 9 cities with districts, and Pingtan Comprehensive Experimental Zone. The province has a land area of 124,000 square kilometers and a sea area of 136,000 square kilometers. At the end of 2022, the permanent population was 41.88 million.

In recent years, Fujian has accelerated the generation of innovation momentum, further optimized the industrial structure, coordinated the development of urban and rural areas, continuously improved people's living standards, and maintained excellent eco-environmental quality. In 2022, the province's GDP reached RMB5.3 trillion, up 4.7%; the total foreign trade was RMB1,982.85 billion, up 7.6%; the actual use of foreign capital was USD4.99 billion, of which high-tech and manufacturing industries attracted 15.1% and 51.7% respectively, up 3.8 and 12.4 percentage points from the previous year. Up to now, over 60,000 foreign-invested enterprises have been established, the actual use of foreign capital has exceeded USD140 billion, and Fortune Global 500 companies have set up more than 200 foreign-invested projects in Fujian.

### ■ Investment Promotion Policy

*Notice of the Department of Commerce of Fujian Province and Other Four Departments on the Measures for the Approval of Foreign-invested R&D Centers*

*during the 14th Five-Year Plan Period (MSW [2021] No. 107)*

*Notice of the Department of Commerce of Fujian Province and the Department of Finance of Fujian Province on Several Policies and Measures to Spur Foreign Investment Quality and Quantity (MSWG [2023] No. 3)*

*Notice of the Department of Commerce of Fujian Province and Fuzhou Central Sub-branch of the People's Bank of China on Further Supporting Fujian-based Businesses to Expand Cross-border Use of RMB to Promote Trade and Investment Facilitation (MSW [2023] No. 50)*

*Letter of Fujian Provincial Development and Reform Commission and Other Five Departments on Spurring Foreign Investment Quality and Quantity with a Focus on the Manufacturing Sector (MFGWJH [2023] No. 77)*

*Notice of Fujian Provincial Department of Industry and Information Technology and the Department of Finance of Fujian Province on Relevant Measures to Promote the Current Stable Industrial Growth in Fujian Province (MGXLYX [2023] No. 15)*

### ■ Key Industries

Vigorously promote investment with a focus on the optimization and upgrading of industries above RMB1 trillion such as electronic information, mechanical equipment and petrochemical; the establishment of industrial chains and clusters in strategic emerging industries such as new energy, new materials, biomedicine and artificial intelligence; the intelligent and green transformation and upgrading of traditional industries such as textiles, shoes, clothing and food processing; focus on the deep integration of modern service industry with advanced manufacturing and modern agriculture; industrial fields with a multiplier effect on

economic growth such as digital, marine, green, culture and tourism economy.

#### ■ Contact Information

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#### Fujian Provincial Task Force for Foreign Investment

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## 6.14 Jiangxi Province

#### ■ Introduction

Located in central China, Jiangxi is the only province adjacent to the Yangtze River Delta, Pearl River Delta and Southeast Fujian Delta. It has unique geographical advantages of linking the south with the north, as well as the east with the west, and connecting to rivers and seas. Jiangxi, rich in natural resources, is hailed as "an ancient Copper Capital of China" "the Tungsten Capital of the World" "the Lithium Capital of Asia" and "the Kingdom of Rare Earth". In recent years, Jiangxi has continued to vigorously promote the high-standard opening-up strategy, and its main economic indicators have ranked among the top in China. In 2022, Jiangxi's GDP totaled RMB3.20747 trillion, up 4.7% year on year, which is 1.7 percentage points higher than the national average and ranks first in China. Jiangxi has vigorously promoted the "No.1 Development Project" to develop the digital economy, and the "No.1 Reform

Project" to optimize and upgrade the business environment, accelerated digital industrialization and industrial digitization, focused on promoting the integration and innovation of digital technology and real economy, and striven to create a market-oriented, law-based and world-class business environment.

#### ■ Investment Promotion Policy

*Opinions on Further Promoting the "No.1 Development Project" to See the Digital Economy Do Better and Get Stronger* (GF [2022] No. 4)

*Opinions on Further Promoting the "No.1 Reform Project" to Optimize and Upgrade the Business Environment* (GF [2022] No. 5)

*Notice on the Labor of Division Plan for Key Tasks in Deepening the "Reform to Delegate Power, Streamline Administration, and Optimize Government Services" in Jiangxi Province to Continuously Optimize the Business Environment* (GFT [2022] No. 116)

*Policies and Measures on Further Improving Business Environment and Lowering the Institutional Transaction Costs of Market Entities* (GFT [2022] No. 121)

*Several Measures on Further Consolidating and Enhancing the Economic Recovery Momentum for a Brighter Outlook* (GBF [2023] No. 2)

#### ■ Key Industries

Electronic information, non-ferrous metals, aviation, lithium battery and photovoltaic new energy, new materials of tungsten and rare earth metals, refining and chemical integration and new chemical materials, equipment manufacturing, mobile Internet of Things, textiles, green food, biomedicine (traditional Chinese medicine), etc.

#### ■ Contact Information

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## 6.15 Shandong Province

### ■ Introduction

Located on the eastern coast of China, Shandong is an important economic powerhouse with a large population and cultural appeal. With a land and sea area of nearly 160,000 square kilometers respectively, the province has jurisdiction over 16 cities and 136 counties (county-level cities and districts). It is the only province in China with household registered population and the permanent population both over 100 million. It is renowned for being home to Mount Taishan, Baotu Spring, and Confucius. In 2022, the province's GDP reached RMB8.7 trillion, ranking third in China; the value-added output of industries above the designated size, fixed-asset investment, total foreign trade and actual use of foreign capital increased by 5.1%, 6.1%, 13.8% and 6.3% respectively.

As Shandong is a key production area of grain and cash crops in China with a solid agricultural foundation, its gross agricultural product exceeds RMB1 trillion, ranking first in China. With outstanding industrial advantages, the operating revenue of industrial enterprises above the designated size tops RMB10 trillion, ranking third in China. With 41 large categories and 197 medium sectors, Shandong is one of the provinces with the

most complete industrial categories, the strongest foundation, the best structure and the most complete supporting facilities. Its coastal resource abundance index ranks first in China, and its gross ocean product accounts for one-sixth of the country's total. Shandong boasts multiple high-end opening-up platforms. It is accelerating the construction of pilot zones for green, low-carbon, high-quality development, pilot free trade zones and China-SCO Local Economic and Trade Cooperation Demonstration Areas. Shandong has 139 economic development zones at the provincial level and above, including 16 national economic and technological development zones, ranking third in China. There are 14 comprehensive bonded zones in the province. For more information, please visit <https://www.selectshandong.com/>.

### ■ Investment Promotion Policy

Factor guarantee policies for key foreign-invested projects in Article 28 of the *Notice of the People's Government of Shandong Province on Issuing the Implementation Opinions on Promoting High-quality Development of the Real Economy and the List of Policies for "Securing Stable Growth" in 2023* (the third batch) (LZF [2023] No. 4)

Continuing to implement the case-by-case approval system for major foreign-invested projects in the industrial chain in Article 27 of, incentive policies for regional headquarters of multinational corporations to use foreign investment in Article 183 of, and encouraging foreign creditor's right to be transferred into increased registered capital in Article 209 of the *Notice of the People's Government of Shandong Province on Issuing the List of Policies for "Securing Stable Growth" in 2023* (the first batch) (LZF [2022] No. 18)

*Detailed Rules for the Implementation of Incentive Policies for Major Foreign-invested Projects in Shandong Province* (LSZ [2022] No. 123)

*Letter on Accelerating the Pilot Work of Qualified Foreign Limited Partners* (LSH [2022] No. 61)

*Measures of Shandong Province on Encouraging Multinational Corporations to Establish Regional Headquarters* (LSF [2020] No. 3)

#### ■ Key Industries

Shandong has vigorously cultivated the top 10 industries, namely new-generation information technology, high-end equipment, new energy and new materials, modern marine, medical care and healthcare, high-end chemical, modern efficient agriculture, culture and tourism, modern financial services and modern light industrial textiles.

#### ■ Contact Information

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## 6.16 Henan Province

#### ■ Introduction

Henan is an important birthplace of the Chinese nation and Chinese civilization. With a large population, it is a major agricultural producer and economic powerhouse. It is a rising inland province with strong emerging industries, cultural, appeal, and openness. It has

superior location and transportation, a solid industrial foundation, broad market space and great development potential. In recent years, Henan has seized the two national strategic opportunities of ecological conservation and high-quality development in the Yellow River Basin and promoting high-quality development in central China in the new era, grounded its efforts in the new development stage, followed the new development philosophy, and integrated into the new development paradigm. It has fostered an opening-up pattern featuring coordination over air, land, sea, and in the cyberspace, and collaboration between Zhengzhou Airport Economy Comprehensive Pilot Zone, China (Henan) Pilot Free Trade Zone, Cross-border E-commerce Comprehensive Pilot Zone, Zhengzhou-Luoyang-Xinxiang National Independent Innovation Demonstration Zone and National Big Data (Henan) Comprehensive Pilot Zone. In 2022, the province's GDP was RMB6,134.505 billion, up 3.1% year on year; its total import and export value was RMB852.41 billion, up 4.4% year on year; its actual use of foreign capital was USD1.779 billion, up 118.24%; its total retail sales of consumer goods were RMB2.44 trillion; the total grain output stood at 135.787 billion jin (67.8935 billion kilograms), ranking second in China.

#### ■ Investment Promotion Policy

*Notice of the Department of Finance of Henan Province and the Department of Commerce of Henan Province on Issuing the Measures for the Administration of Provincial-level Special Funds for Investment Promotion in Henan Province* (YCM [2022] No. 46)

*Notice of the Department of Commerce of Henan Province and the Department of Finance of Henan Province on Issuing the Interim Provisions on*



*Encouraging Multinational Corporations to Establish Regional Headquarters and Functional Institutions* (YSZ [2022] No. 12)

*Notice of the Department of Commerce of Henan Province, the Department of Finance of Henan Province, Henan Provincial Tax Service of the State Taxation Administration and Zhengzhou Customs District People's Republic of China on Issuing the Measures for Recognition of Foreign-invested R&D Centers in Henan Province* (YSWZ [2021] No. 17)

*Notice of the Department of Commerce of Henan Province and Other Eight Departments on Issuing the Interim Measures for the Recognition and Administration of International Cooperation Parks in Henan Province* (YSWZ [2021] No. 18)

#### ■ Key Industries

Henan Province has a complete industrial system, including 40 large categories, 197 medium sectors and 583 small subsectors. The resilience and competitiveness of the industrial and supply chains have been continuously improved. The agricultural product processing industry in the province is worth of RMB 1 trillion, with an 80% conversion rate of grain and edible oil through processing and a 65% industrialization rate for staple foods. It produced half of ham sausage, one-third of instant noodles, one-quarter of steamed buns, three-fifths of glutinous rice balls, and seven-tenths of dumplings in the country. The heavy chemical industry and capital-intensive industries, such as black and non-ferrous metal, petrochemical and coal chemical, and equipment manufacturing, have accelerated their development. Meanwhile, technology-intensive enterprises such as electronics, biotechnology, new materials, and electrical engineering have grown

rapidly, laying a foundation for the strong industrial sector.

#### ■ Contact Information

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## 6.17 Hubei Province

#### ■ Introduction

Hubei is located in the central region of China and is a transportation hub connecting all provincial-level regions. Hubei is rich in scientific and educational resources, with 130 universities, 1.7 million college students, and 30 national key laboratories. Hubei is abundant in natural resources, also known as the "Province of a Thousand Lakes." In 2022, the 14th Meeting of the Conference of the Contracting Parties to the Ramsar Convention on Wetlands was successfully held in Wuhan. The business environment is continuously improving, and the total number of advantageous industries for foreign investment in the central and western regions ranks first in the central region. In the national evaluation of integrated government services, Hubei has been upgraded from the "high" group to the "very high" group, and the overall customs clearance time for imported and exported goods has been compressed to 38.1 hours and 0.75 hour, which is better than the national average. For more information, please refer to <http://www.hubei.gov.cn/jmct/>

#### ■ Investment Promotion Policy

*Several Measures to Spur Foreign*

*Investment Quality and Quantity* (EZBF [2023] No. 21)

#### ■ Key Industries

Hubei has a complete industrial system, a strong foundation, and possesses all 41 large categories, 17 industries worth RMB100 billion, and 5 national industrial bases. As a province with a significant manufacturing industry, Hubei is accelerating the cultivation and construction of a modern industrial system, which includes 5 pillar industries worth RMB1 trillion, 10 advantageous industries worth RMB500 billion, and 20 characteristic industry clusters worth RMB100 billion. The focus is on five advantageous industries, namely optoelectronic information, new energy and intelligent connected vehicles, life and health, high-end equipment, and Beidou satellite, as well as eight emerging characteristic industries, including computing power and big data, artificial intelligence, software and information services, quantum technology, modern textiles and clothing, energy conservation and environmental protection, intelligent home appliances, and new materials. The aim is to build world-class industrial clusters.

#### ■ Contact Information

**Department of Commerce of Hubei Province**

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**Hubei Provincial Task Force for Foreign Investment**

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## 6.18 Hunan Province

#### ■ Introduction

Hunan province is located in the central region of China and in the middle

reaches of the Yangtze River. It is named "Hunan" because most of its territory is located south of Dongting Lake, and it is also known as "Xiang" because the province's largest river, the Xiang River, runs through it. Hunan province has a total territorial area of 211,800 square kilometers, making it the 10th largest province in China. In 2022, the permanent population of Hunan was 66.04 million, making it the 7th most populous province in the country. The province's GDP reached RMB4,867.037 billion, ranking 9th in the country. Hunan ranked first in central China in terms of actual use of foreign capital, with USD3.5 billion, and attracted 188 of the Fortune Global 500 companies to invest in the province. The province's total import and export value was RMB705.8 billion. With more than 1,700 Hunan-based enterprises going global, Hunan has ranked first in central China for outbound investment for many years, and its economic and trade "circle of friends" covers 227 countries and regions. Currently, Hunan province has national-level platforms, such as Xiangjiang New Area, Dongting Lake Ecological Economic Zone, the industrial transfer demonstration zone of Southern and Western Hunan, the demonstration zone for comprehensive low-altitude airspace management reform, and the China (Hunan) Pilot Free Trade Zone. It has 144 provincial-level and above industrial parks, 7 customs special supervision zones, 6 cross-border e-commerce comprehensive pilot zones, and 3 national first-class ports. Events such as the China-Africa Economic and Trade Expo and the World Computing Conference are permanently hosted in Hunan.

#### ■ Investment Promotion Policy

*Several Policies and Measures to Further Strengthen Investment Promotion in Hunan Province* (XZBF [2020] No. 38)

*Several Policies and Measures to Support the Coordinated Development of the Advanced Manufacturing Supply Chain* (XZBF [2021] No. 49)

*Several Policies and Measures to Support Stable Foreign Trade and Investment* (XSF [2022] No. 31)

#### ■ Key Industries

Hunan Province has established a complete and strong industrial system, forming four world-class industrial clusters in engineering machinery, rail transit, independent and manageable secure multi-party computation, and small and medium-sized aircraft engines. Additionally, it has six nationally recognized industrial clusters in advanced energy storage materials, advanced hard materials and tools, power transmission and transformation, new energy vehicles, modern petrochemicals, and biopharmaceuticals. Hunan also has 15 industries worth RMB100 billion, including engineering machinery, rail transit, automobile, electrical engineering and appliances, metallurgy, building materials, non-ferrous metals, petrochemicals, food, pharmaceuticals, light industry, textiles, tobacco, power, and electronic information.

#### ■ Contact Information

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**Hunan Provincial Task Force for Foreign Investment**

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## 6.19 Guangdong Province

#### ■ Introduction

Guangdong is located in the

southernmost part of the Chinese mainland, with a total land area of 179,700 square kilometers, accounting for approximately 1.87% of the country's total land area. It has the longest coastline on the Chinese mainland, stretching for 4,114 kilometers. Guangdong has a complete industrial system, strong innovation capabilities, and a favorable business environment. It benefits from the national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area, the Shenzhen Pilot Demonstration Zone, as well as the Hengqin, Qianhai, and Nansha cooperation zones. Moreover, it enjoys market dividend formed by more than 15 million business entities, 70 million workers, and 127 million permanent residents. In 2022, Guangdong's GDP reached RMB12.9 trillion, ranking first in the country for 34 consecutive years. The province's total import and export value was RMB8.31 trillion, maintaining its position as the country's top trading province for 37 consecutive years. In addition, Guangdong utilized USD27.89 billion of foreign capital. For five consecutive years, Guangdong has ranked first in China in terms of regional comprehensive innovation capabilities. For three consecutive years, the integrated government service capabilities of the People's Government of Guangdong Province have ranked first in the country.

#### ■ Investment Promotion Policy

*Regulations on the Protection of Foreign Investment Rights and Interests in Guangdong Province* (Announcement No. 101 of the Standing Committee of the 13th Guangdong Provincial People's Congress)

*Several Policies and Measures for Accelerating the Investment and Construction*

*of Advanced Manufacturing Projects in Guangdong Province* (YF [2021] No. 21)

*Several Policies and Measures for Guangdong Province to Further Expand Opening-Up and Actively Utilize Foreign Investment (Revised)* (YF [2018] No. 78)

*Measures of Guangdong Province on Encouraging Multinational Corporations to Establish Regional Headquarters (Revised)* (YSWGZ [2021] No. 3)

### ■ Key Industries

During the 14th Five-Year Plan period, Guangdong Province will focus on developing 10 key strategic industries, including new-generation electronic information, green petrochemicals, intelligent home appliances, automobiles, advanced materials, modern light industrial textiles, software and information services, ultra-high-definition video display, biopharmaceuticals and health, and modern agriculture and food. In addition, the province will also prioritize the development of 10 emerging industries with strategic significance, including semiconductors and integrated circuits, high-end equipment manufacturing, intelligent robots, blockchain and quantum information, cutting-edge new materials, new energy, lasers and additive manufacturing, digital creativity, emergency response and environmental protection, and precision instruments and equipment.

### ■ Contact Information

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**Guangdong Provincial Task Force for Foreign Investment**

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## 6.20 Guangxi Zhuang Autonomous Region

### ■ Introduction

Guangxi Zhuang Autonomous Region is located in southwestern China, and adjacent to Guangdong, Hunan, Guizhou, and Yunnan provinces. It borders the northern part of the Beibu Gulf and faces Southeast Asia. Guangxi is the only provincial-level region in China that is connected to the ASEAN countries by both land and sea, serving as an important gateway and frontier for China's opening-up to the ASEAN and the world. It is also one of the most convenient seaports in the southwestern region of China. Guangxi Zhuang Autonomous Region has a total land area of 237,600 square kilometers, with a total supply of state-owned land for construction of about 19,000 hectares. As of the end of 2022, the region had a permanent population of 50.47 million people. Guangxi has abundant mineral resources, with a variety of minerals and large reserves. Non-ferrous metals, particularly aluminum and tin, are the most prominent mineral resources. Guangxi is one of the 10 key non-ferrous metal production areas in China. In 2022, Guangxi Zhuang Autonomous Region achieved a GDP of RMB2,630.087 billion, representing a 2.9% increase over the previous year.

### ■ Investment Promotion Policy

*Notice of the People's Government of Guangxi Zhuang Autonomous Region on Issuing Support Policies for Promoting the High-Quality Development of China (Guangxi) Pilot Free Trade Zone (GZF [2019] No. 53)*

*Notice of the General Office of the People's Government of Guangxi Zhuang Autonomous Region on Strengthening the*

*Utilization of Foreign Investment in the Region (GZBD [2019] No. 110)*

*Notice of the General Office of the People's Government of Guangxi Zhuang Autonomous Region on Issuing the Implementation Plan for the Construction of the One-Stop Service Platform for Foreign-invested Enterprises in Guangxi (GZBD [2020] No. 179)*

*Notice of the General Office of the People's Government of Guangxi Zhuang Autonomous Region on Issuing the Action Plan for Accelerating the Reform and Upgrading of Guangxi Economic and Technological Development Zone (GZBF [2021] No. 101)*

#### ■ Key Industries

Guangxi's key industries currently include premium calcium carbonate, forestry, high-end green home furnishings, modern commerce and logistics, electronic information, textiles and clothing, automobiles, digital economy, modern agriculture, healthcare, culture, sports and tourism, biopharmaceuticals, food processing, environmental protection, machinery and equipment manufacturing, green chemicals, and advanced metallic new materials.

#### ■ Contact Information

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**Economic and Technological Cooperation Division of the Investment Promotion Agency of Guangxi Zhuang Autonomous Region**

Tel: +86-0771-5865395

Email: jxc@gxipn.gov.cn

Website: <http://tzcj.gxzf.gov.cn/>

**The Task Force for Foreign Investment of Guangxi Zhuang**

## Autonomous Region

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## 6.21 Hainan Province

### ■ Introduction

Hainan Province is located at the southernmost tip of China, also known as "Qiong". Its provincial capital is Haikou. The province covers a total land area of 35,400 square kilometers, including Hainan Island, Xisha, Zhongsha, and Nansha Islands. Its sea area is approximately 2 million square kilometers. Hainan Province has a total coastline length of 1,944 kilometers, with 68 ports and harbors of different sizes. Hainan Province enjoys a special geographical advantage. It is bordered by Guangdong Province to the north across the Qiongzhou Strait and faces the sea on the other three sides. It is adjacent to the Philippines, Brunei, Indonesia, and Malaysia, serving as a maritime gateway between the Indian Ocean and the Pacific Ocean. Hainan is also a regional center connecting Northeast Asia and Southeast Asia. Currently, Hainan Province is China's largest special economic zone, the largest free trade pilot zone and the only free trade port with Chinese characteristics. In 2022, the construction and development of the Hainan Free Trade Port continued to make progress. The province achieved a GDP of RMB681.822 billion. The import and export of goods and services increased by 36.8% and 22.9% compared to the previous year. The economic openness degree of Hainan Province reached 34.7%, representing a 7.6 percentage point increase over the previous year. The number of new business entities in Hainan Province increased by 96.8%.

### ■ Investment Promotion Policy

*Master Plan for the Construction of Hainan Free Trade Port*

*Hainan Free Trade Port Law of the People's Republic of China* (adopted at the 29th session of the Standing Committee of the 13th National People's Congress on June 10, 2021)

*Special Administrative Measures for Foreign Investment Access to Hainan Free Trade Port (Negative List)* (2020 Edition)

*Special Administrative Measures for Cross-border Trade in Services for Hainan Free Trade Port (Negative List)* (2021 Edition) (Order No. 3 of the Ministry of Commerce in 2021)

*Notice of the Ministry of Commerce on Issuing the Master Plan for Comprehensive Pilot Programs for Wider Opening-up in the Service Sector in Hainan Province* (SZF 2021 No. 64)

### ■ Key Industries

To optimize the industrial structure of foreign investment, Hainan Province has been actively promoting comprehensive pilot programs for wider opening-up in the service sector, and encouraging more foreign investment in modern service sector. In 2022, the actual use of foreign capital in Hainan's modern service sector accounted for over 90% of the total, mainly concentrated in leasing and business services, finance, scientific research, and technical services. To protect the legitimate rights and interests of foreign investors, Hainan Province has further improved the complaint work mechanism for foreign investment and ensured that channels for complaints and consultations at all levels are unimpeded.

### ■ Contact Information

**Hainan International Business Council**

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Email: [iedb@investhainan.cn](mailto:iedb@investhainan.cn)

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**Hainan Provincial Task Force for Foreign Investment**

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68624713/6762220

## 6.22 Chongqing Municipality

### ■ Introduction

Chongqing is the only municipality directly under the central government in the central and western regions of China, and located in the southwest inland area of China and the upper reaches of the Yangtze River. Chongqing covers an area of 82,400 square kilometers and has jurisdiction over 38 districts and counties. Chongqing has a permanent population of 32.133 million people, with an urbanization rate of 70.96%. With distinct characteristics, Chongqing is known as both a "mountain city" and a "river city." It is a crucial center in China, serving as a key strategic point for the country's Western Development Strategy. Located at the confluence of the Belt and Road and the Yangtze River Economic Belt, Chongqing plays a unique and essential role in China's regional development and international engagement. The central government has entrusted Chongqing with significant strategic missions, including promoting the Western Development Strategy in the new era, advancing the Chengdu-Chongqing economic circle, and facilitating the construction of the New International Land-Sea Trade Corridor. For more information, please refer to *Foreign Investment Guidelines of Chongqing*.

### ■ Investment Promotion Policy

*Implementation Measures of Approving Foreign-invested R&D Centers to Enjoy Import Tax Policies for Supporting*

*Scientific and Technological Innovation in Chongqing during the 14th Five-Year Plan Period* (YSWF [2021] No. 20)

*Three-Year Action Plan for Building a High-Quality Foreign Investment Agglomeration Area in Chongqing (2022-2024)* (YFBF [2022] No. 107)

*Implementation Measures for the Hongyan Program to Attract Talents from Home and Abroad in Chongqing* (YFF [2017] No. 14)

*Provisions on Preferential Policies for Bringing in High-Level Talents in Chongqing* (YFF [2009] No. 58)

*Implementation Plan for the Pilot Program of Business Environment Innovation in Chongqing* (YFF [2022] No. 2)

#### ■ Key Industries

Advanced manufacturing: intelligent connected new energy vehicles, electronic manufacturing, integrated circuits, new display technologies, intelligent equipment, advanced materials, biopharmaceuticals, and new energy industries.

Modern services: high-end commerce and new retail, modern logistics, modern finance, modern culture and tourism, education and training, and management consulting.

#### ■ Contact Information

**Chongqing Municipal Commission of Commerce**

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Website: <http://sww.cq.gov.cn>

**Chongqing Investment Promotion Bureau**

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**Chongqing Investment Promotion Association**

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Website: <http://www.cqipa.com>

**Chongqing Municipal Task Force for Foreign Investment**

Hotline: +86-23-62663295

## 6.23 Sichuan Province

### ■ Introduction

Sichuan, located in western China, is a province with a significant economy, a large population, abundant resources, and a thriving scientific and educational sector. In recent years, Sichuan's economy has shown sustained improvement and stability. In 2022, the province's GDP reached RMB5.67 trillion, ranking sixth in the country, with a growth rate of 2.9%. Sichuan has been actively increasing its efforts to open up to the world. It has attracted 381 Fortune Global 500 companies to invest in the province. Furthermore, 23 consular offices have been approved to set up in Chengdu, making it a city with the third largest number of consulates in China, after Shanghai and Guangzhou. Additionally, Sichuan has established international sister city and friendly cooperation relationships with 456 cities, making it the leader in this regard among the central and western provincial-level regions of China.

### ■ Investment Promotion Policy

*Implementation Opinions of the People's Government of Sichuan Province on Further Improving the Utilization of Foreign Investment* (CFF [2020] No. 28)

*Notice of the People's Government of Sichuan Province on Issuing Several Policies and Measures to Solidly Stabilize Economic Growth* (CFF [2022] No. 16)

*Ten Measures on Financial Support for Foreign-invested Enterprises* (CJHF [2021] No. 47)

*Notice on the Implementation Measures for Approving the List of Foreign-invested R&D Centers to Enjoy Import Tax Policies for Supporting Scientific and Technological Innovation during the*

14th Five-Year Plan Period (CJHF [2021] No. 73)

#### ■ Key Industries

Characteristic and advantageous industries: electronic information, equipment manufacturing, advanced materials, energy and chemical engineering, food and light industrial textiles, pharmaceuticals, and medical care and healthcare.

Strategic emerging industries: aerospace, power batteries, new displays, crystalline silicon photovoltaics, clean energy equipment, software design, biopharmaceuticals, nuclear technology application, aviation equipment, rail transit, hydrogen energy, general aviation, advanced computing, quantum communication, industrial metaverse, and brain-inspired intelligence

#### ■ Contact Information

#### Sichuan Provincial Bureau of Economic Cooperation

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#### Sichuan Provincial Task Force for Foreign Investment

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66778338/66778335

## 6.24 Guizhou Province

#### ■ Introduction

Guizhou, also known as "Qian" or "Gui", is located in the hinterland of southwestern China. Covering a total territorial area of 176,000 square kilometres, the province has six prefecture-level cities, three autonomous prefectures, and one national-level new area. The province has approximately 40 million permanent residents.

Guizhou has beautiful natural

scenery and is home to four world natural heritage sites, including the Karst in Libo County, and the Hailongtun World Cultural Heritage. It is also home to the world's largest single-dish radio telescope, the Five-hundred-meter Aperture Spherical Telescope (FAST), and 18 national-level scenic spots, such as Huangguoshu Waterfall. Guizhou boasts a comfortable climate, with the central urban areas enjoying good and excellent air quality for over 98% of the days of a year. The province's annual average temperature hovers around 15 °C. It is also a national ecological conservation pilot zone. Guizhou has a rich and diverse culture, with 17 ethnic minorities that have been living there for generations, including the Miao ethnic group. It also has unique cultural heritages, such as the Yangming culture, the Yelang culture, and the Tunbao culture. Guizhou is abundant in natural resources, with 137 mineral resources discovered. Among them, reserves of 25 mineral resources, including mercury, barite, and manganese, rank among the top 3 in the country, while those of 51 mineral resources rank among the top 10. Furthermore, Guizhou is one of the four major regions in China known for its abundant traditional Chinese medicine resources. The province's high-quality, green agricultural products are highly sought-after both locally and nationally. Guizhou has remarkable transportation advantages, acting as a significant land transportation hub in southwestern China and a pivotal location along the New International Land-Sea Trade Corridor. The province's high-speed railway system connects it with the Yangtze River Delta, the Pearl River Delta, the Beijing-Tianjin-Hebei region, and Sichuan, Chongqing, and Yunnan. 90% of the prefecture-level cities in Guizhou are accessible by high-speed



rail. Guizhou was also the first province in western China to achieve full coverage of expressways at the county level, with its expressway mileage ranking fourth in the country and its comprehensive density ranking second. Guizhou has 3 aviation ports, and has opened 52 international and regional air routes, with civil aviation airports covering all the prefecture-level cities in the province.

#### ■ Investment Promotion Policy

*Notice of the General Office of the People's Government of Guizhou Province on Issuing the Interim Measures of Guizhou Province for the Pilot Work of Foreign-invested Equity Investment Enterprises and the Operating Rules of Guizhou Province for the Pilot Work of Foreign-invested Equity Investment Enterprises* (QFBF [2017] No. 59)

*Notice of Guizhou Provincial Department of Commerce, Guizhou Provincial Finance Bureau, Guiyang Customs District of P. R. China, and Guizhou Provincial Tax Service of the State Taxation Administration on Issuing the Measures of Guizhou Province for Approving Foreign-invested R&D Centers to Enjoy Import Tax Policies for Supporting Scientific and Technological Innovation* (QSF [2021] No. 18)

*Compilation of Major Industrial Investment Promotion Policies in Guizhou Province* (2022 Edition)

#### ■ Key Industries

Guizhou's development momentum is strong, with its GDP exceeding RMB2 trillion in 2022. The province has identified 10 key industries to attract foreign investment, including clean energy, new materials, big data and electronic information, new energy vehicles and battery materials, aerospace and equipment manufacturing, ecological food, healthcare and pharmaceuticals,

commerce and logistics, culture and tourism, and modern finance. We have selected 100 key projects in the *Catalogue of Foreign Investment Projects*. You are welcome to contact us and discuss project construction and development.

Please refer to *Foreign Investment Guidelines of Guizhou Province* and the *Catalogue of Foreign Investment Projects* for more information.

#### ■ Contact Information

##### Guizhou Provincial Department of Commerce

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##### Guizhou Provincial Task Force for Foreign Investment

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## 6.25 Yunnan Province

#### ■ Introduction

Yunnan is a window and gateway for China to Southeast Asia and South Asia. It is located at the junction of three major regions: China, Southeast Asia, and South Asia. It has a total of 27 ports, including 21 first-class ports and 6 second-class ports, and shares borders with Myanmar, Vietnam, and Laos. Yunnan is connected to Thailand and Cambodia by the Lancang-Mekong River and is adjacent to countries such as Malaysia, Singapore, India, and Bangladesh. It is one of the provinces in China with the most neighboring countries. Yunnan is making efforts to become a hub for China's outreach to South Asia and Southeast Asia, and actively serves

and integrates into the Belt and Road Initiative and major national development strategies such as the Yangtze River Economic Belt. Yunnan is accelerating its alignment and implementation of the RCEP rules, and deepening its integration into the RCEP market. As a result, Yunnan is connecting China with the three major markets of Southeast Asia, South Asia, and East Asia, building mutually beneficial and win-win cooperation relationships with neighboring countries. Yunnan's transportation network, which includes roadways, railways, air routes, and waterways, is rapidly improving. Yunnan has established three convenient international corridors that connect the province with countries in Southeast Asia, South Asia, and East Asia. For more information, please refer to *Investment Guidelines of Yunnan*.

#### ■ Investment Promotion Policy

*Policies and Measures to Promote Stable and High-Quality Economic Development in Yunnan Province in 2023* (YZF [2023] No. 2)

*Three-Year Action Plan for Building Yunnan Province into a Strong Industrial Province (2022-2024)*

*Policies and Measures for Improving the Utilization of Foreign Investment in Yunnan Province* (YZBF [2021] No. 12)

*Several Measures of the People's Government of Yunnan Province to Support the Development of the Real Economy* (YZF [2020] No. 11)

#### ■ Key Industries

From 2022 to 2024, Yunnan province implements a three-year action plan to strengthen its industries. The plan will focus on the development of 12 major industries, which include modern agriculture with plateau characteristics, the green aluminum valley, the photovoltaic industry hub, advanced

manufacturing, green energy, tobacco, new materials, biopharmaceuticals, digital economy, culture, tourism and healthcare, modern logistics, and export-oriented industry.

#### ■ Contact Information

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## 6.26 Xizang Autonomous Region

#### ■ Introduction

The Xizang Autonomous Region is situated on the southwestern border of China and in the southwestern part of the Qinghai-Xizang Plateau, known as the "Roof of the World," the world's largest and highest plateau. The Xizang Autonomous Region covers an area of 1.2284 million square kilometers, accounting for about one-eighth of China's total area, with a maximum width of about 1,000 kilometers from north to south and a length of up to 2,000 kilometers from east to west. It is bordered by Xinjiang to the north, Qinghai to the northeast, Sichuan to the east and the west, Yunnan to the southeast, and shares borders with countries such as Myanmar, India, Bhutan, and Nepal to the south and the west. With a border that stretches 3,842 kilometers, the Xizang

Autonomous Region plays a crucial role as a gateway in China's southwestern region. Its strategic location is of significant importance. The capital of the Xizang Autonomous Region is Lhasa. The Xizang Autonomous Region has 6 prefecture-level cities, 1 prefecture, and 74 counties.

The Xizang Autonomous Region has abundant resources in hydro, wind, solar, and geothermal energy, as well as land and grassland resources, cultural heritage, and tourism resources. It enjoys distinct geographical advantages and a unique resource endowment. Xizang plans to build itself into a national strategic resource reserve base, a high-altitude characteristic agricultural product base, a world-renowned tourist destination, a clean energy base, and an important gateway open to South Asia. For more information, please refer to the *Guidelines to Foreign Investment in the Xizang Autonomous Region*.

#### ■ Investment Promotion Policy

*Key Points for Optimizing the Business Environment in Xizang Autonomous Region in 2023* (ZZBF [2023] No. 6)

*Action Plan for Optimizing the Business Environment in Xizang Autonomous Region in 2023* (ZZBF [2023] No. 6)

*Several Provisions of the Xizang Autonomous Region on Preferential Policies for Investment Promotion* (ZZF [2021] No. 9)

*Opinions of the People's Government of Xizang Autonomous Region on Supporting the Innovative and High-Quality Development of Lhasa Economic and Technological Development Zone* (ZZF [2021] No. 27)

*Opinions on Actively and Effectively Utilizing Foreign Investment to Promote High-Quality Economic Development in Xizang Autonomous Region* (ZSF [2019] No. 117)

#### ■ Key Industries

Based on the overall layout of urban, ecological, and agricultural space and taking into account the advantages of resources, location, and industrial development foundations, the Xizang Autonomous Region, aligned with positioning goals for different regions' development, gives full play to their comparative advantages, and prompts the development of characteristic industries tailored to local conditions. Seven major industries, including clean energy, tourism and culture, plateau bioindustry, green industry, modern services, high-tech digital economy, and cross-border trade and logistics, are promoted as important engines for economic growth and a driving force for transformation and development.

#### ■ Contact Information

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**The Task Force for Foreign Investment of the Xizang Autonomous Region**

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## 6.27 Shaanxi Province

#### ■ Introduction

Shaanxi is located in the inland region of China and is an important birthplace of the Chinese nation and Chinese culture.

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It has a land area of 205,600 square kilometers and a permanent population of 39.54 million. Shaanxi boasts notable geographical advantages, as it is situated at the center of China and serves as a hub connecting the east and the west, as well as the north and the south. The province has 17 highways that run through it, with a total length of 6,700 kilometers. Moreover, over 92 international passenger and freight air routes have been established. From Xi'an, the provincial capital, 70% of China's regions can be reached within a two-hour flight. Shaanxi boasts a formidable scientific and technological innovation capacity, with 72 academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering, 110 universities, and 101 national and provincial-level laboratories. Its abundant talent pool and the smooth construction of the QinChuangYuan Platform further reinforce its innovation prowess. Shaanxi is blessed with abundant natural resources, making it a crucial hub for the energy and chemical industries in China. The province boasts ample reserves of coal, petroleum, and natural gas. The total amount of mineral resources in Shaanxi accounts for approximately one-third of the national total. At the same time, Shaanxi has China's largest inland port, the only pilot free trade zone in the northwest region, as well as numerous open platforms such as bonded zones and development zones. For more information, please refer to the *White Paper on the Investment Environment in Shaanxi Province*.

#### ■ Investment Promotion Policy

The *Several Measures of Shaanxi Province on Expanding the Utilization of Foreign Investment with a Focus on the Manufacturing Sector* is about to be released.

#### ■ Key Industries

Shaanxi is driving the deep integration of innovation and industrial chains, with a particular emphasis on cultivating industries such as automobile manufacturing, electronic information, CNC machine tools, aerospace, titanium and titanium alloys, energy and chemical engineering, biomedicine, power transmission and distribution equipment, solar photovoltaics, modern logistics, modern agriculture, and culture and tourism.

#### ■ Contact Information

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63913995

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## 6.28 Gansu Province

#### ■ Introduction

Gansu Province is situated in the northwest region of China, and in the upper reaches of the Yellow River. It is embedded at the intersection of the Loess Plateau, Inner Mongolian Plateau, and the Qinghai-Xizang Plateau. The province covers a vast land area of 425,900 square kilometers. It has beautiful natural landscapes, with mountains, plateaus, plains, valleys, deserts, and the Gobi Desert.

The province is situated at a vital location along the ancient Silk Road,

boasting abundant resources and distinctive features. Gansu Province has a distinct location advantage that makes it a vital gateway for China's western opening-up and a strategic hub for building the "dual circulation" development pattern. In addition, an open pattern of coordinated development between land and sea, with a focus on expanding towards the west and multi-directional advancement, is taking shape. Gansu Province has a wealth of concentrated resources, ranking first in 11 mineral reserves, including nickel and cobalt. The province ranks third in China for wind power installed capacity and first for photovoltaic power installed capacity. The grid-connected installed capacity of new energy has reached 38 million kilowatts, accounting for 53.8% of the province's total energy capacity. The province has a plentiful supply of human resources, with a permanent population of 24.9 million, 49 higher education institutions, and 14 graduate schools.

#### ■ Investment Promotion Policy

*Opinions of the People's Government of Gansu Province on Increasing Investment Promotion and Promoting High-Quality Development* (GZF [2021] No. 27)

*Notice on Several Measures to Support China National Economic and Technological Development Zones in Innovation and Enhancing their Demonstrative Role* (GSWWZF [2023] No. 53)

*Notice on Implementing Several Measures to Further Encourage Foreign Investment in the Establishment of R&D Centers by the Ministry of Commerce and the Ministry of Science and Technology* (GSWWZF [2023] No. 72)

*Opinions on the Implementation of Measures to Spur Foreign Investment Quality and Quantity* (GSWWZF [2023] No. 158)

#### ■ Key Industries

Gansu Province, the cradle of China's petrochemical industry, has a number of large industrial enterprises such as Lanzhou Petrochemical Company, Jinchuan Metallurgy, Baiyin Nonferrous Group, JISCO, Petrochina Changqing Oilfield Company, and HT-Tech in Tianshui. It has formed a relatively complete industrial system mainly focused on petrochemicals, non-ferrous metallurgy, coal, electricity, machinery manufacturing, electronics and electrical appliances, light industrial textiles, and food.

#### ■ Contact Information

**Department of Commerce of Gansu Province**

Tel: +86 931 8619767

Website: <http://swt.gansu.gov.cn/>

**Economic Cooperation Center of Gansu Province**

Tel: +86-931-8846623

Website: <http://swt.gansu.gov.cn/swt/c116786/invest.shtml>

**Gansu Provincial Task Force for Foreign Investment**

Hotline: +86-931-8619767/8731167

## 6.29 Qinghai Province

#### ■ Introduction

Qinghai Province, also known as "Qing," is situated in the northeastern part of the Qinghai-Xizang Plateau. Covering an area of around 720,000 square kilometers, it has a population of 5.94 million people. The provincial capital is Xining City. Throughout history, Qinghai Province has played a crucial role as a major southern route of the Silk Road.

#### ■ Investment Promotion Policy

*Opinions of the People's Government of Qinghai Province on Implementing*

*Several Measures of the State Council to Promote Foreign Investment Growth* (QZ [2018] No. 50)

*Notice of the People's Government of Qinghai Province on Issuing 20 Measures to Further Improve the Utilization of Foreign Investment* (QZ [2020] No. 37)

#### ■ Key Industries

Qinghai Province is utilizing its rich resources in minerals, hydro, wind, solar, and geothermal energy, tourism, as well as agricultural and livestock products to develop a world-class salt lake industry base, create a national hub for clean energy industries, build an international ecotourism destination, and become a leading producer of green and organic agricultural and livestock products. Xining City has formed a complete photovoltaic manufacturing industry chain of "polysilicon—monocrystalline silicon—wafer—solar cells—battery modules," covering the entire lithium battery industry chain from anode and cathode materials, diaphragm, copper foils, and aluminum foils to the manufacture of automotive batteries that can store energy. The deep processing industry chain for non-ferrous alloys such as aluminum and copper has also begun to take shape. Hainan Prefecture boasts abundant hydro, wind, solar, and geothermal energy resources, with a total installed capacity of clean energy reaching 25.54 million kilowatts. Its Big Data Industrial Park is poised to become the largest integrated intelligent information repository on the Qinghai-Xizang Plateau. Haixi Prefecture has developed seven major circular economy systems, with a focus on the salt lake chemical industry, oil and gas chemical industry, comprehensive utilization of coal, metal smelting, new materials, new energy, and characteristic biology.

#### ■ Contact Information Department of Commerce of Qinghai Province

Tel: +86 971 6321731

Email: swtwzc6321731@163.com

Website: <http://swt.qinghai.gov.cn/>

#### Qinghai Provincial Task Force for Foreign Investment

Hotline: +86-971-6321731/6133507

## 6.30 Ningxia Hui Autonomous Region

#### ■ Introduction

Ningxia, a treasure in western China, is located in the upper reaches of the Yellow River, with an area of 66,400 square kilometers and a population of 7.25 million. It consists of five prefecture-level cities and 22 counties (county-level cities and districts) and is a must-pass location on the ancient Silk Road. Ningxia is striving to build a leading area for ecological protection and high-quality development in the Yellow River Basin and to create a fertile ground for investment in the new era of Western development, opening up, and growth. The majestic Helan Mountains stretch across the northwest, while the Mount Liupan towers over the southern border. The winding Yellow River flows through the region, nurturing the beautiful and fertile Ningxia Plain and creating a land abundant with rice, fish, melons, and fruits, and earning it the reputation as the "Oasis beyond the Great Wall". For more information, please refer to *Foreign Investment Guidelines of Ningxia*.

#### ■ Investment Promotion Policy

*Opinions of the Party Committee and the People's Government of Ningxia Hui Autonomous Region on Promoting the*

*High-Quality Trade Development in the Region* (NZF [2020] No. 23)

*Opinions of the People's Government of Ningxia Hui Autonomous Region on Promoting the Development of an Open Economy in the Region* (NZF [2021] No. 26)

*Opinions of the General Office of the People's Government of Ningxia Hui Autonomous Region on Further Improving Foreign Trade and Investment* (NZBGF [2021] No. 5)

*Notice of the People's Government of Ningxia Hui Autonomous Region on Issuing Several Provisions of the Policies of Ningxia Hui Autonomous Region on Investment Promotion* (NZGF [2022] No. 1)

#### ■ Key Industries

The electronic information industry is growing rapidly. Ningxia is the first demonstration zone for "Internet+Education" and "Internet+Medical Care and Healthcare" in China. The development of the Yinchuan Economic and Technological Development Zone and the Western Cloud Base in Zhongwei is accelerating, making them important platforms for building electronic information industry clusters in semiconductor materials, and big data storage.

The new materials industry has enormous potential. Ningxia is located in the Golden Triangle of China's energy resources. The Ningdong Energy Chemical Industry Base is a national demonstration zone for the modern coal chemical industry. The province leads the nation in production capacity for tantalum, niobium, beryllium, electrolytic aluminum, and manganese metal. Additionally, there is large-scale production of monocrystalline silicon ingots (wafers), industrial sapphires, and lithium battery materials.

The clean energy industry has vast prospects. Ningxia is China's first comprehensive demonstration zone for

new energy. It has the potential for over 50 million kilowatts of wind and photovoltaic power generation, and 2 million kilowatts of hydropower, as well as abundant application scenarios for hydrogen energy. Therefore, it is an advantageous region for developing supporting industries for clean energy.

The wine industry is rapidly developing. The grape wine produced at the eastern foot of Helan Mountain boasts excellent quality, and has won over 1,000 awards in top international competitions. The area is listed as one of the world's top 10 grape wine tourism and production regions with great potential.

#### ■ Contact Information

**Department of Commerce of Ningxia Hui Autonomous Region**

Tel: +86-951-5960744/5960686

Website: <https://dofcom.nx.gov.cn/>

**The Task Force for Foreign Investment of Ningxia Hui Autonomous Region**

Hotline: +86-951-5960746

## 6.31 Xinjiang Uygur Autonomous Region

#### ■ Introduction

Xinjiang Uygur Autonomous Region is situated in the northwest of China, at the heart of the Eurasian continent, and shares borders with eight countries. It covers a vast area of 1.6649 million square kilometers and is divided into 14 prefectures (autonomous prefectures and prefecture-level cities). As of the end of 2020, the region had a total permanent population of 25.8523 million, with ethnic minorities accounting for 57.76%. In 2022, the GDP of Xinjiang reached RMB1,774.134 billion, an increase of 3.2% compared to the previous year.

Xinjiang is home to vast energy and mineral resources. It has estimated 23 billion tons of petroleum reserves, accounting for 30% of the national total, and 16 trillion cubic meters of natural gas reserves, accounting for 34% of the national total. Xinjiang has an estimated coal reserve of 2.19 trillion tons, accounting for 40% of the national total. It has rich solar energy resources, with theoretical reserves accounting for 40% of the technically exploitable potential in China. It also boasts significant wind energy resources, with its total reserves accounting for 20.8% of the national total. The region has installed a total capacity of 40.655 million kilowatts for new energy, which represents 36.09% of the total installed capacity of the power grids in Xinjiang. Xinjiang has a total arable land area of 106 million mu (7.07 million hectares), ranking fifth in the country. It is a major grain production area as well as a hub for high-quality cotton and specialty forestry and fruits in China. Xinjiang's cotton production accounts for 90.2% of the national output. Xinjiang boasts abundant tourism resources, including 573 national A-level and above scenic spots (17 of which are AAAAA-level) and 84 skiing resorts (with 5 SSSSS-level resorts, 5 SSSS-level resorts, and 36 S-level resorts). As the forefront of China's western opening-up, Xinjiang is actively building the Asia-Europe Golden Passage and serving as a gateway for western opening-up. Xinjiang has 17 open ports (including three aviation ports) and 19 international air routes. It also has 20 national-level industrial parks (excluding the Xinjiang Production and Construction Corps).

#### ■ Investment Promotion Policy

*Notice on Issuing Several Measures to Further Improve the Utilization of Foreign Investment* (XZF [2020] No. 27)

*Notice on Issuing the Implementation Opinions on Stabilizing Foreign Investment in Xinjiang* (XZBF [2021] No. 78)

*Notice of the Ministry of Finance and the State Taxation Administration on the Preferential Corporate Income Tax Policies for Newly Established Enterprises in Xinjiang's Underdeveloped Areas, Kashgar, and Horgos Special Economic Development Zones* (CS [2021] No. 27)

*Measures for Promoting Stable and High-Quality Development of Foreign Trade and Investment in Xinjiang Uygur Autonomous Region* (XZBF [2022] No. 44)

*Catalogue of Industries for Encouraging Foreign Investment (2022 Edition)—Xinjiang* (Order No. 52 of the National Development and Reform Commission and the Ministry of Commerce in 2022)

#### ■ Key Industries

Xinjiang is focusing on developing and expanding its unique and advantageous industries, with the goal of creating a modern industrial system supported by "eight major industry clusters." These clusters include strategic emerging industrial clusters such as oil and gas production and processing; coal mining, coal-fired power generation, and coal-based chemical industries; green mining; grain and oil; cotton, textiles, and clothing; green and organic fruits and vegetables; high-quality livestock products; and new energy and new materials.

#### ■ Contact Information

**Department of Commerce of Xinjiang Uygur Autonomous Region**

Tel: +86-991-2850655/2855560

Email: xjswtwzc@126.com

Website: <http://swt.xinjiang.gov.cn>

**The Task Force for Foreign Investment of Xinjiang Uygur Autonomous Region**

Hotline: +86-991-2855560



## 6.32 Xinjiang Production and Construction Corps

### ■ Introduction

The Xinjiang Production and Construction Corps was established in October 1954 and is an important component of the Xinjiang Uyghur Autonomous Region. It is a strategic force for national stability and border defense, and operates under a unique management system that combines the functions of the Party, government, military, and enterprises. It has the authority to manage its own internal administrative and judicial affairs within its jurisdiction. It is a special social organization that is subject to separate planning by the state. The Xinjiang Production and Construction Corps currently has 14 divisions, which are embedded throughout the various prefectures and counties across Xinjiang. The Corps has 6 national-level development zones, 16 provincial-level development zones, 15 listed companies, and more than 3,000 enterprises in the following categories: industrial enterprises above the designated size, construction enterprises with qualification levels, wholesale and retail enterprises above the designated size, and service enterprises above the designated size. For more information, please refer to <http://www.xjbt.gov.cn/tszx/zsyx/>

### ■ Investment Promotion Policy

*Several Measures for Further Improving the Utilization of Foreign Investment* (XBF [2020] No. 11)

*Several Policies and Measures to Support Stable Foreign Trade and Investment* (XBBF [2020] No. 40)

*Several Measures for Promoting the Stable and High-quality Development of Foreign Trade and Investment in Xinjiang*

*Production and Construction Corps* (XBBF [2022] No. 49)

*Measures of Xinjiang Production and Construction Corps to Further Support the Industrial Development of the Southern Xinjiang Division City* (XBBF [2022] No. 69)

### ■ Key Industries

The key industries include metal smelting and processing, agricultural and sideline product processing, food manufacturing, the chemical industry, non-metallic mineral products, textiles and clothing, and electric power.

### ■ Contact Information

**Commerce Bureau of Xinjiang Production and Construction Corps**

Tel: +86-991-2896457

Email: [btswjyqc@126.com](mailto:btswjyqc@126.com)

Website: <http://swj.xjbt.gov.cn/>

**The Task Force for Foreign Investment of Xinjiang Production and Construction Corps**

Hotline: +86-991-2896417

## Appendix

# Directory of Institutions that Handle the Complaints of Foreign-invested Enterprises

### National Center for Complaints of Foreign-invested Enterprises

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**Address:** 3F, Building 1, 28 Andingmen Outer East Back Alley, Dongcheng District, Beijing  
**Postal Code:** 100731  
**Tel.:** +86-10-64404523  
**Fax:** +86-10-64515310  
**E-mail:** fiecomplaint@cipainvest.org.cn

### Beijing Municipal Commerce Bureau

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**Address:** Room 320, Building 5, Courtyard 57, Yunhe East Street, Tongzhou District, Beijing  
**Postal Code:** 100743  
**Complaint Hotline:** +86-10-55579291  
**Fax:** +86-10-55579284  
**E-mail:** gyt@sw.beijing.gov.cn

### Beijing Investment Promotion Service Center

---

**Address:** 1 West Third Ring Road South, Fengtai District, Beijing  
**Postal Code:** 100161  
**Complaint Hotline:** +86-10-89153748  
**Fax:** +86-10-89153791  
**Website:** <http://invest.beijing.gov.cn/>  
**E-mail:** cbfie@invest.beijing.gov.cn

### Tianjin Commission of Commerce

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**Address:** 158 Dagu North Road, Heping District, Tianjin  
**Postal Code:** 300040  
**Complaint Hotline:** +86-22-58665728  
**Fax:** +86-22-23028280  
**E-mail:** guoying@tj.gov.cn

### Tianjin Municipal Center for Complaints of Foreign-invested Enterprises

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**Address:** 158 Dagu North Road, Heping District, Tianjin  
**Postal Code:** 300040  
**Tel.:** +86-22-58665583  
**Fax:** +86-22-58683700  
**E-mail:** sswjwsts@tj.gov.cn

### **Office for Handling Complaints of Foreign Investors of Hebei Province**

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**Address:** 334 Heping West Road, Xinhua District, Shijiazhuang, Hebei Province  
**Postal Code:** 050071  
**Tel.:** +86-311-87909310  
**Fax:** +86-311-87909710  
**E-mail:** swtfaguichu@163.com

### **Department of Commerce of Shanxi Province**

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**Address:** 7F, Building 1, Science and Technology Innovation Incubation Base, Shanxi Transformation and Comprehensive Reform Demonstration Zone, 15 Longsheng Street, Xiaodian District, Taiyuan, Shanxi Province  
**Postal Code:** 030000  
**Tel.:** +86-351-4082950  
**Fax:** +86-351-4082950  
**E-mail:** waisichu\_225@163.com

### **Shanxi Investment Promotion Bureau**

---

**Address:** 4F, Building 1, Science and Technology Innovation Incubation Base, Shanxi Transformation and Comprehensive Reform Demonstration Zone, 15 Longsheng Street, Xiaodian District, Taiyuan, Shanxi Province  
**Postal Code:** 030032  
**Tel.:** +86-351-4124938  
**Fax:** +86-351-4675000  
**E-mail:** sxts666666@163.com

### **Expo Center of Inner Mongolia Autonomous Region**

---

**Address:** 7F, Chengxin Digital Building, Xincheng District, Hohhot, Inner Mongolia Autonomous Region  
**Postal Code:** 010050  
**Tel.:** +86-471-6618131  
**Fax:** +86-471-6946907  
**E-mail:** nmgwstczx@163.com

### **Center for Government Service Hotline 12345 in Liaoning Province (Complaint Hotline: 024-12345)**

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**Address:** Room 2012, 103 Chongshan Middle Road, Huanggu District, Shenyang, Liaoning Province  
19 Chongshan East Road, Huanggu District, Shenyang, Liaoning Province  
**Postal Code:** 110032  
**Tel.:** +86-24-86903186  
**Fax:** +86-24-86903186  
**E-mail:** lnwsts@ln.gov.cn

### **Dalian Big Data Center**

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**Address:** 101 Dongbei North Road, Ganjingzi District, Dalian, Liaoning Province  
**Postal Code:** 116092  
**Tel.:** +86-411-65851403  
**Fax:** +86-411-65851403  
**E-mail:** 372630373@qq.com

### **Department of Commerce of Jilin Province**

---

**Address:** 4 Kangping Street, Changchun, Jilin Province  
**Postal Code:** 130061  
**Jilin Province Foreign  
Investors Complaint**  
**Hotline:** +86-431-12312  
**Tel.:** +86-431-81951102  
**Fax:** +86-431-81951102  
**E-mail:** jilincujin@163.com

### **Bureau for Business Environment Construction and Supervision of Heilongjiang Province**

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**Address:** 65 Gaoyi Street, Daoli District, Harbin, Heilongjiang Province  
**Postal Code:** 150010  
**Tel.:** +86-451-51522515  
**Fax:** +86-451-51522111  
**E-mail:** ysjtssl@163.com

### **Shanghai Foreign-invested Enterprises Complaints Coordination Center**

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**Address:** 29F, Shanghai Plaza, 138 Huaihai Middle Road, Huangpu District, Shanghai  
**Postal Code:** 200125  
**Tel.:** +86-21-62751473  
**Fax:** +86-21-62751423  
**E-mail:** investmentprotection\_sh@shfia.cn

### **Department of Commerce of Jiangsu Province**

---

**Address:** Room 008, 34F, Jiangsu International Economic and Trade Building, 50 Zhonghua Road, Qinhuai District, Nanjing, Jiangsu Province  
**Postal Code:** 210008  
**Tel.:** +86-25-57710377  
**Fax:** +86-25-57710266  
**E-mail:** fiecomplaint@doc.js.gov.cn

### **Department of Commerce of Zhejiang Province**

---

**Address:** 466 Yan'an Road, Hangzhou, Zhejiang Province  
**Postal Code:** 310006  
**Tel.:** +86-571-87050893  
**Fax:** +86-571-87059284  
**E-mail:** 1140997896@qq.com

### **Zhejiang Provincial Service Center for Complaints of Foreign-invested Enterprises**

---

**Address:** 466 Yan'an Road, Hangzhou, Zhejiang Province  
**Postal Code:** 310006  
**Tel.:** +86-571-28995006  
**Fax:** +86-571-28065055  
**E-mail:** lynette.guo@zjfdi.com

### **Ningbo Foreign-invested Enterprises Complaints Coordination Center**

---

**Address:** 190 Lingqiao Road, Haishu District, Ningbo, Zhejiang Province  
**Postal Code:** 315000  
**Tel.:** +86-574-89387151  
**Fax:** +86-574-89387154  
**E-mail:** wzqytsxtzx@ningbochina.com

### **Department of Commerce of Anhui Province**

---

**Address:** 1569 Qimen Road, Governmental and Cultural New Developed Area of Hefei, Hefei, Anhui Province  
**Postal Code:** 230062  
**Tel.:** +86-551-63540042  
**Business Complaints**  
**Hotline:** +86-551-12312  
**Fax:** +86-551-63540373  
**E-mail:** 1031997673@qq.com

### **Department of Commerce of Fujian Province**

---

**Address:** 118 Tongpan Road, Gulou District, Fuzhou, Fujian Province  
**Postal Code:** 350003  
**Tel.:** +86-591-87270207  
**Fax:** +86-591-87270197  
**E-mail:** wzc@swt.fujian.gov.cn

### **Xiamen Municipal Bureau of Commerce**

---

**Address:** Room 616, Foreign Trade Building, 15 Hubin North Road, Siming District, Xiamen, Fujian Province  
**Postal Code:** 361000  
**Tel.:** +86-592-2855827  
**Fax:** +86-592-2855834  
**E-mail:** tcj\_clz@xm.gov.cn

### **Department of Commerce of Jiangxi Province**

---

**Address:** 69 Beijing West Road, Donghu District, Nanchang, Jiangxi Province  
**Postal Code:** 330046  
**Tel.:** +86-791-86246242  
**Fax:** +86-791-86246235  
**E-mail:** hgwang2007@163.com

### **Department of Commerce of Shandong Province**

---

**Address:** 6 Liyang Street, Shizhong District, Jinan, Shandong Province  
**Postal Code:** 250002  
**Tel.:** +86-531-51763570  
**Fax:** +86-531-89013608  
**E-mail:** bizumin@shandong.cn

### **Center for Complaints of Foreign Investors of Shandong Province**

---

**Address:** 158 Jingsi Road, Shizhong District, Jinan, Shandong Province  
**Postal Code:** 250001  
**Tel.:** +86-531-86168384  
**Fax:** +86-531-86868383  
**E-mail:** ccpitsdcomplaint@163.com

### **Qingdao Bureau of Commerce**

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**Address:** Room 2806, Building A, World Trade Center, 6 Hong Kong Middle Road, Qingdao, Shandong Province  
**Postal Code:** 266071  
**Tel.:** +86-532-85918123  
**Fax:** +86-532-85918112  
**E-mail:** swjwzc@qd.shandong.cn

### **Appeal Center For Foreign and Taiwan Investors of People's Government of Henan Province**

---

**Address:** Room 217, Henan Provincial Commerce Department, 115 Wenhua Road, Zhengzhou, Henan Province  
**Postal Code:** 450014  
**Tel.:** +86-371-63576213  
**Fax:** +86-371-63576213  
**E-mail:** hncom\_wtzx@sina.com

### **Department of Commerce of Hubei Province**

---

**Address:** 9F, 8 Jiangnan North Road, Wuhan, Hubei Province  
**Postal Code:** 430022  
**Tel.:** +86-27-85773916  
**Fax:** +86-27-85776127  
**E-mail:** 215491829@qq.com

### **Department of Commerce of Hunan Province**

---

**Address:** 98 Wuyi Avenue, Changsha, Hunan Province  
**Postal Code:** 410001  
**Tel.:** +86-731-85281321, 82287076  
**Fax:** +86-731-85281334  
**E-mail:** yhyangzzh@163.com, 52701552@qq.com

### **Center for Complaints of Foreign-invested Enterprises of Guangdong Province**

---

**Address:** 6F, Guangdong Foreign Trade Building, 351 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province  
**Postal Code:** 510620  
**Tel.:** +86-20-38819399  
**Fax:** +86-20-38802234  
**E-mail:** touzi@gdcom.gov.cn

### **Commerce Development Promotion Center of Shenzhen Municipality**

---

**Address:** 14F, Office Building of Great China International Exchange Square, Fuhua 1st Road, Futian District, Shenzhen, Guangdong Province  
**Postal Code:** 518034  
**Tel.:** +86-755-88125523  
**Fax:** +86-755-88102090  
**E-mail:** 1826888107@qq.com

### **Department of Commerce of Guangxi Zhuang Autonomous Region**

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**Address:** Building 3, China-ASEAN Business Center, 10 Pingle Avenue, Liangqing District, Nanning, Guangxi Zhuang Autonomous Region  
**Postal Code:** 530201  
**Tel.:** +86-771-2211766  
**Fax:** +86-771-2213508  
**E-mail:** swtwzc@163.com

### **Department of Commerce of Hainan Province (Complaint Agency)**

---

**Address:** 2F, Seat of the People's Government of Hainan Province, Guoxing Avenue, Haikou, Hainan Province  
**Postal Code:** 570203  
**Tel.:** +86-898-65330249  
**Fax:** +86-898-65338762  
**E-mail:** investhainan@hainan.gov.cn

### **Department of Commerce of Hainan Province (Handling Agency)**

---

**Address:** Room 305, 3F, the Provincial Port Office Building, 429 Longshepo Road, Haikou, Hainan Province  
**Postal Code:** 570203  
**Tel.:** +86-898-65388391  
**Fax:** +86-898-65388391  
**E-mail:** invprohn@126.com

### **Chongqing Municipal Commission of Commerce**

---

**Address:** Building 2, Energy Mansion, 162 Nanbin Road, Nan'an District, Chongqing  
**Postal Code:** 400061  
**Tel.:** +86-23-62662539  
**Fax:** +86-23-62663037  
**E-mail:** 29490519@qq.com

### **Sichuan Provincial Department of Justice (Center for Complaints of Foreign-invested Enterprises of Sichuan Provincial People's Government)**

---

**Address:** 24 Shangxiang Street, Qingyang District, Chengdu, Sichuan Province  
**Postal Code:** 610017  
**Tel.:** +86-28-86762100  
**Fax:** +86-28-86764787  
**E-mail:** 1815433833@qq.com

### **Guizhou Provincial Department of Commerce**

---

**Address:** Room 1905, Zone B, World Trade Plaza, 48 Yan'an Middle Road, Guiyang, Guizhou Province  
**Postal Code:** 550001  
**Tel.:** +86-851-88555593  
**Fax:** +86-851-88592920  
**E-mail:** 5597668@qq.com



### **Service Center for Complaints of Foreign-invested Enterprises of Guizhou Province**

---

**Address:** Room 1905, Zone B, World Trade Plaza, 48 Yan'an Middle Road, Yunyan District, Guiyang, Guizhou Province  
**Postal Code:** 550001  
**Tel.:** +86-851-88555703  
**Fax:** +86-851-88555703  
**E-mail:** 554146162@qq.com

### **Center for Complaints of Foreign-invested Enterprises of Yunnan Province**

---

**Address:** 175 Beijing Road, Kunming, Yunnan Province  
**Postal Code:** 650011  
**Tel.:** +86-871-63184980  
**Fax:** +86-871-63184978  
**E-mail:** 157143737@qq.com

### **Department of Commerce of Xizang Autonomous Region**

---

**Address:** 56 Jinzhu West Road, Lhasa, Xizang Autonomous Region  
**Postal Code:** 850000  
**Tel.:** +86-891-6811759  
**Fax:** +86-891-6862170  
**E-mail:** 516430618@qq.com

### **Shaanxi Provincial Department of Commerce**

---

**Address:** Xincheng Courtyard, Xincheng District, Xi'an, Shaanxi Province  
**Postal Code:** 710004  
**Tel.:** +86-29-63913937  
**Fax:** +86-29-63913900  
**E-mail:** 609342129@qq.com

### **Department of Commerce of Gansu Province**

---

**Address:** 532 Dingxi Road, Chengguan District, Lanzhou, Gansu Province  
**Postal Code:** 730000  
**Tel.:** +86-931-8613300  
**Fax:** +86-931-8618083  
**E-mail:** gsswwz@163.com

### **Department of Commerce of Qinghai Province**

---

**Address:** Room 1405, Guomao Building, 2 Haiyan Road, Chengxi District, Xining, Qinghai Province  
**Postal Code:** 810001  
**Tel.:** +86-971-6321731  
**Fax:** +86-971-6321712  
**E-mail:** 26149056@qq.com

**Department of Commerce of Ningxia Hui Autonomous Region (Ningxia Association of Enterprises with Foreign Investment)**

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Ministry of Commerce  
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MINISTRY OF COMMERCE OF THE  
PEOPLE'S REPUBLIC OF CHINA



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