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Foreign Investment Law of the People's Republic of China

(Adopted at the 2nd Session of the Thirteenth National People's Congress of the People's Republic of China on March 15, 2019)

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Chapter I General Provisions

**Article 1** For the purposes of further expanding the country's opening up, vigorously boosting foreign investment, protecting the lawful rights and interests of foreign investors, regulating the administration of foreign investment, propelling the formation of a new pattern of extensively opening up, and promoting the sound development of the socialist market economy, this Law is enacted in accordance with the Constitution.

**Article 2** Foreign investment in the territory of the People's Republic of China (hereinafter referred to as "within China") shall be governed by this Law.

For the purposes of this Law, "foreign investment" means the investing activities within China directly or indirectly conducted by foreign natural persons, enterprises, and other organizations (hereinafter referred to as "foreign investors"), including the following circumstances:

(1) A foreign investor forms a foreign-funded enterprise within China alone or jointly with any other investor.

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(2) A foreign investor acquires any shares, equities, portion of property, or other similar interest in an enterprise within China.

(3) A foreign investor invests in any new construction project within China alone or jointly with any other investor.

(4) Investment in any other manner as specified by a law or administrative regulation or the State Council.

For the purposes of this Law, "foreign-funded enterprise" means an enterprise formed and registered within China under the laws of China in which all or part of investment is made by a foreign investor.

**Article 3** The state is adamantly committed to the fundamental national policy of opening up, and encourages foreign investors to invest within China according to the law.

The state implements high-level investment liberalization and facilitation policies, establishes and improves the foreign investment promotion mechanisms, and builds a stable, transparent, and foreseeable investment environment with a level playing field.

**Article 4** The state applies the administrative system of pre-establishment national treatment plus negative list to foreign investment.

"Pre-establishment national treatment" as mentioned in the preceding paragraph means the treatment accorded to foreign investors and their investments no less favorable to that accorded to domestic investors and their investments at the stage of investment access; and "negative list" as mentioned in the preceding paragraph means a special administrative measure for access of foreign investment in specific fields as imposed by the state. The state accords national treatment to foreign investment outside of the negative list.

The negative list shall be issued by or with the approval of the State Council.

Where any international treaty or agreement concluded or acceded to by the People's Republic of China provides for any more favorable treatment in respect of access of foreign investors, the relevant provisions of the treaty or agreement may apply.

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**Article 5** The state protects, according to the law, foreign investors' investment, income, and other lawful rights and interests within China.

**Article 6** Foreign investors and foreign-funded enterprises conducting investing activities within China shall abide by the laws and regulations of China, and neither compromise China's national security nor cause damage to the public interest.

**Article 7** The commerce department and the investment department of the State Council shall, based on their division of duties, conduct the promotion, protection, and administration of foreign investment; and other relevant departments of the State Council shall, within their respective scopes of duties, be responsible for the promotion, protection and administration of foreign investment.

The relevant departments of a local people's government at or above the county level shall conduct the promotion, protection, and administration of foreign investment according to laws and regulations and the division of duties determined by the local people's government.

**Article 8** Employees of a foreign-funded enterprise shall establish a trade union and conduct trade union activities according to the law to protect the lawful rights and interests of employees. A foreign-funded enterprise shall provide support required for activities of its trade union.

## Chapter II Investment Promotion

**Article 9** The state's various policies to support the development of enterprises shall equally apply to foreign-funded enterprises according to the law.

**Article 10** Comments and recommendations from foreign-funded enterprises shall be requested in appropriate manners in the process of development of laws, regulations, and rules relating to foreign investment.

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Regulatory documents and adjudicative instruments, among others, relating to foreign investment shall be published in a timely manner according to the law.

**Article 11** The state establishes and improves a foreign investment service system to provide foreign investors and foreign-funded enterprises with consultation and services in respect of laws and regulations, policies and measures, and investment project information, among others.

**Article 12** The state establishes multilateral and bilateral cooperative mechanisms for investment promotion with other countries and regions and international organizations to enhance international exchange and cooperation in the investment field.

**Article 13** As needed, the state establishes special economic zones or implements pilot policies and measures for foreign investment in particular regions to promote foreign investment and expand the country's opening up.

**Article 14** As needed for national economic and social development, the state encourages and directs foreign investors to invest in particular industries, fields, and regions. Foreign investors and foreign-funded enterprises may enjoy preferences according to laws, administrative regulations, or the provisions issued by the State Council.

**Article 15** The state guarantees that foreign-funded enterprises equally participate in standard development work according to the law, and reinforces information disclosure and public scrutiny in the development of standards.

The compulsory standards developed by the state shall equally apply to foreign-funded enterprises.

**Article 16** The state guarantees that foreign-funded enterprises participate in government procurement activities through fair completion according to the law. Products manufactured and services provided by foreign-funded enterprises within China shall be equally treated in government procurement according to the law.

**Article 17** A foreign-funded enterprise may conduct financing according to the law by means such as the public offering of stock, corporate bond, and other securities.

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**Article 18** The local people's governments at and above the county level may develop foreign investment promotion and facilitation policies and measures within their respective statutory powers according to laws, administrative regulations, and local regulations.

**Article 19** The people's governments at all levels and their relevant departments shall, under the principle of convenience, efficiency, and transparency, simplify the procedures for and improve the efficiency of transaction of business, and optimize government services, to raise their foreign investment service capabilities to a new level.

Appropriate departments shall develop and publish foreign investment guidelines to serve and facilitate the investment of foreign investors and foreign-funded enterprises.

### Chapter III Investment Protection

**Article 20** The state expropriates no foreign investment.

Under certain special circumstances, the state may expropriate or requisition the investment of foreign investors in the public interest according to the provisions of laws. Expropriation and requisition shall be conducted under statutory procedures, and fair and reasonable compensation shall be made in a timely manner.

**Article 21** A foreign investor may, according to the law, freely transfer into or out of China, in Renminbi or a foreign currency, its contributions made, profits, capital gains, proceeds from disposition of assets, and royalties of intellectual property rights derived from, indemnity or compensation lawfully acquired, and income from liquidation, among others, within China.

**Article 22** The state protects the intellectual property rights of foreign investors and foreign-funded enterprises, and protects the lawful rights and interests of owners of intellectual property rights and relevant right holders; and for infringements of intellectual property rights, strictly holds the infringers legally liable according to the law.

The state encourages technology cooperation on the basis of free will and business rules in the process of foreign investment. Technology cooperation conditions shall be determined under the principle of fairness by all investing parties through equal consultation. No administrative agency or its employee may force the transfer of any technology by administrative means.

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**Article 23** Administrative agencies and their employees shall keep confidential, according to the law, the trade secrets of foreign investors and foreign-funded enterprises to which they have access in performing their duties, and neither divulge nor illegally provide others with such secrets.

**Article 24** In developing regulatory documents involving foreign investment, the people's governments at all levels and their relevant departments shall comply with laws and regulations; and in the absence of any basis in laws and administrative regulations, such documents shall not derogate from the lawful rights and interests or increase the obligations of foreign-funded enterprises, shall not set any market access and withdrawal conditions, and shall not intervene the normal production and distribution activities of foreign-funded enterprises.

**Article 25** The local people's governments at all levels and their relevant departments shall fulfill their policy commitments legally made to foreign investors and foreign-funded enterprises and various contracts legally concluded.

Where any policy commitment or provision of a contract needs to be changed in the national or public interest, such change shall be made according to the statutory powers and procedures, and foreign investors and foreign-funded enterprises shall be compensated according to the law for their losses so incurred.

**Article 26** The state establishes a working mechanism for complaints of foreign-funded enterprises to address concerns of foreign-funded enterprises and their investors in a timely manner and coordinate and improve the relevant policies and measures.

Where a foreign-funded enterprise or its investor deems that an administrative action taken by an administrative agency or its employee infringes upon its lawful rights and interests, it may, through the working mechanism for complaints of foreign-funded enterprises, apply for coordination to resolve the issue.

Where a foreign-funded enterprise or its investor deems that an administrative action taken by an administrative agency or its employee infringes upon its lawful rights and interests, it may also apply for administrative reconsideration or institute an administrative lawsuit according to the law, in addition to applying for coordination to resolve the issue through the working mechanism for complaints of foreign-funded enterprises.

**Article 27** Foreign-funded enterprises may legally form and voluntarily join in a chamber of commerce or association. A chamber of commerce or association shall conduct relevant

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activities according to laws, regulations, and its articles of association to protect the lawful rights and interests of its members.

#### Chapter IV Investment Administration